

SC's approval is not required for the appointment of a QP, the RPA must ensure that the QP fulfills the minimum criteria provided by the SC. In this respect, the SC has allowed all QSPs to be deemed qualified as QPs for the period up to 31 December 2021. This framework, which is also applicable for reverse take-over (RTO) submissions, will be effective from 1 January 2021.

To enhance the co-ordination and collaboration with the industry, the SC also engaged with capital market participants for them to develop a set of commonly accepted best practices for due diligence in the industry.

FACILITATING THE DEVELOPMENT OF THE UNIT TRUST FUND INDUSTRY

To facilitate the development of the unit trust fund industry, the SC embarked on a comprehensive review of the *Guidelines on Unit Trust Funds* at the end of 2019, which was followed by the issuance of a public consultation paper to seek feedback on proposals in November 2020. In tandem with its proportional and facilitative regulatory approach, the SC remains committed to foster innovation and competitiveness within a balanced and proactive oversight regime. The review takes into consideration the evolving needs of investors as well as the development and regulatory requirements in major fund jurisdictions.

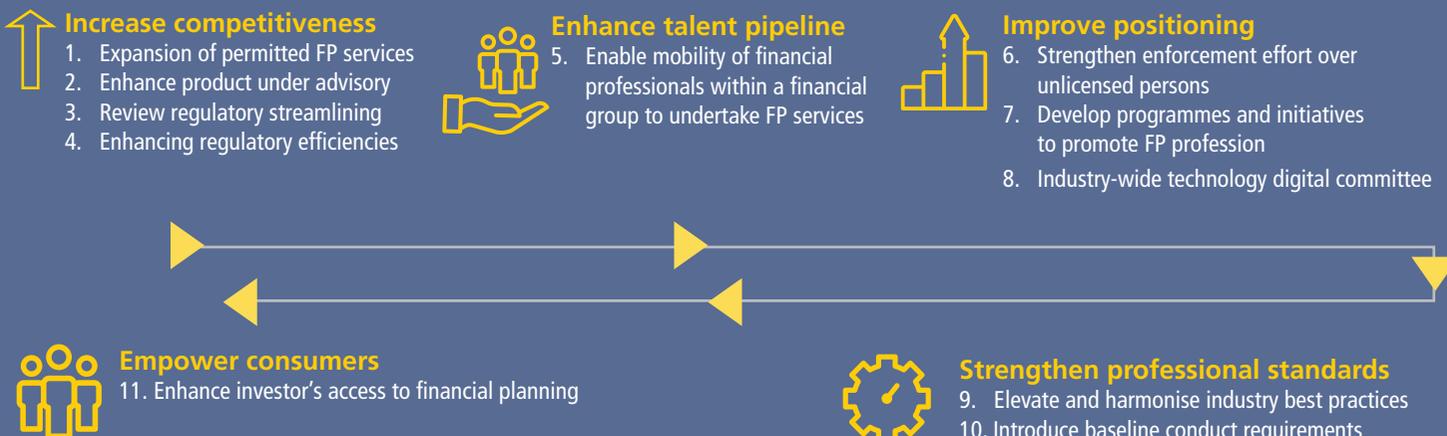
Promoting a Faster Time to Market for Retail Feeder Funds

In 2020, the SC also enhanced the authorisation process for retail feeder funds. The improved process imposes responsibility on the management company to determine whether the target fund is suitable to be offered to the public via a feeder fund structure. In addition, it removes the need for a pre-submission consultation process, resulting in quicker time-to-market for management companies who have put in place robust processes to address investor needs and demands.

Expanding the Breadth and Range of Financial Advice

Given the critical role played by financial planners (FP) in the capital market, the SC has embarked on a 3-year joint action plan with the financial planning associations to align developmental efforts and areas for reform across the industry. It also aims to elevate the profile of the industry, attract new entrants and pave the way for the next generation of financial planners. The joint action plan identifies five strategic priorities and laid out 11 recommendations to grow and transform the financial planning industry into a holistic wealth advisory industry.

Recommendations under the Joint Action Plan (2020-2023) for financial planning industry



A key recommendation arising from the joint action plan was to enable financial planners to offer advice across a wider range of capital market products, including listed securities and unlisted debt securities. To that end, financial planners were required to meet enhanced competencies as well as conduct suitability assessments in providing specific advice to clients.

The SC also allowed for collaboration between financial planners and other CMSL holders in executing the client's financial plan. This collaboration would allow for a more efficient and holistic execution of the financial plan as well as provide a greater value added service for investors. In the interest of investor protection, financial planners are required to be transparent on any fees charged and to secure clients' consent before entering into any arrangements.

ACMF PROFESSIONAL MOBILITY FRAMEWORK

The Professional Mobility Framework is an initiative under the ASEAN Capital Markets Forum (ACMF) to develop common standards for cross-border recognition of professionals and services, enabling the movements of professionals and services offered within participating ASEAN countries. The two measures covered under this framework are the ACMF Pass and the cross-border publication of research reports.

Under the ACMF Pass, qualified professionals adhering to a common standard are allowed to carry out investment advice activities in other ASEAN participating member countries. Complementing this, the cross-border publication of research reports issued by a licensed entity in a participating country can be made available in another ASEAN participating country through a hosting platform of a domestic-licensed entity.

A Memorandum of Understanding (MoU) to facilitate the implementation of this framework was signed by four participating countries i.e. Malaysia, the Philippines, Singapore and Thailand. As at December 2020, 14 investment advisers from participating countries were approved by the SC to carry out investment advice activity in Malaysia.

PROMOTING VIBRANCY IN THE CAPITAL MARKET

The SC has also introduced a number of initiatives to promote vibrancy within the capital market for both businesses and investors alike.

Providing Efficient Financing Solution for SMEs and MSMEs

The current economic situation has resulted in many small and medium enterprises (SMEs) facing difficulties in meeting their funding needs as well as in preparing for recovery beyond the pandemic-induced crisis. In this regard, convertible notes can serve as an alternative fundraising instrument, and are typically used by venture capital (VC) and private equity (PE) firms as a form of short-to medium-term bridge financing to investee companies.

Therefore, flexibilities were granted for businesses issuing convertible notes and Islamic convertible notes to VC and PE firms registered with the SC. Such flexibilities and improved efficiencies on the issuance of the convertible notes and Islamic convertible notes were provided through the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA Guidelines)*, which was revised on 28 April 2020. The new provisions allow businesses to lodge the issuances directly with the SC without requiring the services of a principal adviser, which helped to reduce time-to-market. Lodgement fees were also waived, further lowering the fundraising cost and allowing the fundraising process to be more cost-effective.

New provisions in the LOLA Guidelines outline the criteria for eligible convertible notes, including requirements for these convertible notes to be issued to and transferable only between VC and PE firms registered with the SC. The lodgement process has also been simplified by enabling the electronic submission of the required information via email.