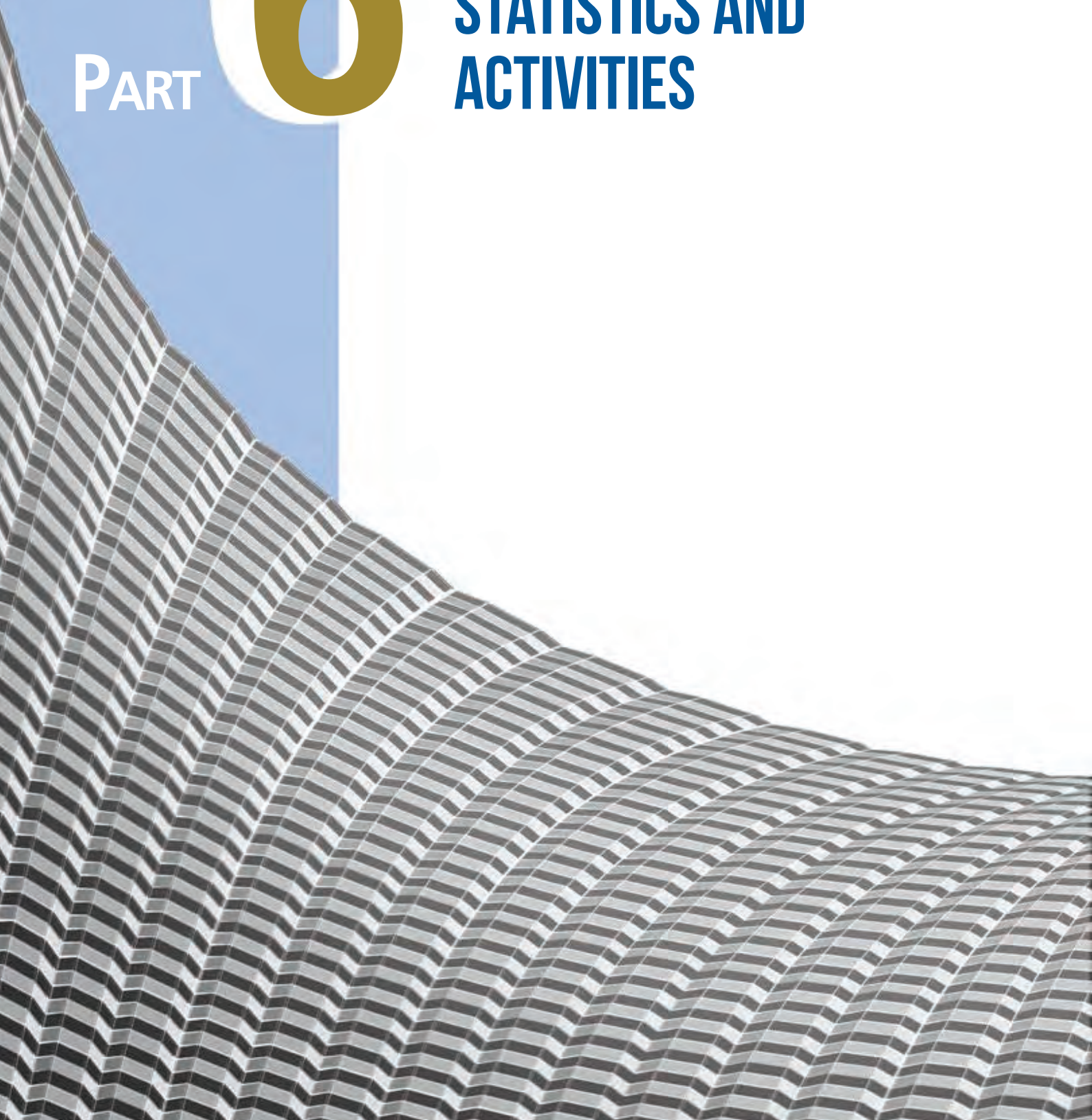


PART

6

STATEMENTS,
STATISTICS AND
ACTIVITIES



- Board Members
- Executive Team
- Shariah Advisory Council Members
- Organisation Structure
- Statement on Governance
- Financial Statements
- Corporate Proposals
- Investment Management
- Islamic Capital Market
- Venture Capital and Private Equity
- Equity Crowdfunding and Peer-to-Peer Financing
- Authorisation and Licensing
- Enforcement
- Investor Empowerment Initiatives
- Complaints and Enquiries
- Publications
- 2019 At a Glance
- Acronyms and Abbreviations

BOARD MEMBERS



**AHMAD FARIS
RABIDIN**

**DATO' WEE HOE SOON
@ GOOI HOE SOON**

**TAN SRI DR NOORUL
AINUR MOHD NUR**

**DATUK ZAINAL IZLAN
ZAINAL ABIDIN**



**DATUK SYED ZAID
ALBAR**

**DATUK DR KHAW
LAKE TEE**

**DATUK D.P.
NABAN**

**JOHAN MAHMOOD
MERICAN**



DATUK SYED ZAID ALBAR

Appointed 1 November 2018

Datuk Syed Zaid Albar is the Executive Chairman of the Securities Commission Malaysia (SC). Prior to his appointment as the SC Chairman on 1 November 2018, he was the Managing Partner of Albar & Partners.

Currently, Datuk Syed Zaid chairs the Capital Market Development Fund (CMDf) and is a member of the Board of the Financial Reporting Foundation, as well as a member of the Debt Management Office, Ministry of Finance. Datuk Syed Zaid has been elected as the Vice Chairman of the Growth and Emerging Markets (GEM) Committee of the International Organization of Securities Commissions (IOSCO), and co-chairs the IOSCO GEM Committee Working Group on Sustainability in Emerging Markets. He is also a member of the governing Board of IOSCO.

He has over 38 years experience in legal practice predominantly in the fields of corporate law, capital market, conventional banking and Islamic finance. He has been recognised for his contribution and achievements in the legal practice through numerous domestic and international awards.

With his experience in finance and law, Datuk Syed Zaid has served on the Islamic Law Review Committee of BNM and the Appeals Committee of Bursa Malaysia Bhd. He has also served on the boards of several PLCs in Malaysia.

Datuk Syed Zaid has a degree in law from the United Kingdom (UK). He is a Barrister at Law of the Lincoln's Inn, UK and an Advocate and Solicitor of the High Court of Malaya.



DATUK ZAINAL IZLAN ZAINAL ABIDIN

Appointed 5 April 2018

Datuk Zainal Izlan Zainal Abidin was appointed Deputy Chief Executive of the SC on 5 April 2018.

He joined the SC in January 2011 as Executive Director, Islamic Capital Market and was appointed Managing Director, Development and Islamic Markets in November 2016. He currently provides direct oversight on the SC's Surveillance and Supervision functions as well as the People and Corporate Resources division. He is also Chairman of Capital Markets Malaysia, an entity established by the SC to promote the Malaysian capital market.

Datuk Zainal Izlan has almost 30 years experience in the financial services industry. He began his career with Citibank before moving to MIDF Amanah Asset Management. Just before joining the SC, Datuk Zainal Izlan was the CEO of i-VCAP Management, an Islamic fund management firm based in Malaysia.

Datuk Zainal Izlan holds a Bachelor of Science in Economics (dual concentration in Accounting and Finance) from The Wharton School, University of Pennsylvania, US, and is a Chartered Financial Analyst (CFA) charterholder.

**TAN SRI DR NOORUL AINUR MOHD NUR**

Appointed 5 April 2018

Tan Sri Dr Noorul Ainur Mohd Nur has over 38 years' experience in the public sector spanning several ministries, including serving as Secretary-General of the Ministry of Higher Education; Ministry of Science, Technology and Innovation; and Ministry of Women, Family and Community Development.

She has also held key positions in the Ministry of Finance, Ministry of Education, Ministry of Information, and the National Institute of Public Administration Malaysia (INTAN).

In the international arena, she has served as Senior Advisor in the Southeast Asia Group for the World Bank in Washington DC from 2006 to 2008. In 2013, she was appointed as the Vice President of the Intergovernmental Council of the Management of Social Transformations Programme of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) for the Asia Pacific region, a post she held until 2015.

Tan Sri Noorul was also the first Malaysian to be elected as President of the Science Commission, UNESCO Paris from 2015 to 2017. Tan Sri Dr Noorul obtained her PhD in Political Science from the Graduate Centre, City University of New York, and holds a Masters of Social Science degree (MSocSci) in Development Administration from the University of Birmingham.

**DATUK DR KHAW LAKE TEE**

Appointed 17 August 2018

Datuk Dr Khaw Lake Tee was former Vice Chairperson of the Human Rights Commission of Malaysia (SUHAKAM). Until her retirement from University of Malaya, Datuk Dr Khaw was a professor at the Faculty of Law, University of Malaya, which she joined as a lecturer in 1982. At the University, she was the Deputy Vice-Chancellor of Development from 2007 to 2010 and the Dean of the Faculty of Law from 2004 to 2007.

Datuk Dr Khaw, who graduated with a Bachelor of Law (LLB) degree from the University of Malaya, obtained her PhD from the London School of Economics and a Masters of Law (LLM) degree from Monash University, Melbourne, and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1979.



JOHAN MAHMOOD MERICAN

Appointed 17 August 2018

Johan Mahmood Merican is currently the Director, National Budget Office of the Ministry of Finance. Prior to his appointment at the National Budget Office in 2018, Johan was the Deputy Director General (Human Capital) at the Economic Planning Unit (EPU) under the Prime Minister's Office from 2016.

Johan was the CEO of Talent Corporation Malaysia from its inception in January 2011 until 2016. He has also served as Principal Private Secretary to the Minister in the Ministry of Finance and subsequently, in the EPU. Before joining the Government in 2004, Johan worked in the private sector for 9 years in corporate finance and accounting roles at MRCB, Sime Darby and PricewaterhouseCoopers.

Johan trained as a Chartered Accountant, being a member of the Institute of Chartered Accountants of England and Wales since 1998. He holds a degree in Economics from the University of Cambridge.



AHMAD FARIS RABIDIN

Appointed 4 November 2018

Ahmad Faris Rabidin is a member of the Debt and Liability Management Committee. He is also a board member of Petroliaam Nasional Bhd (Petronas) and a member of the investment panel for Kumpulan Wang Amanah Pencen (KWAP).

Faris had served as an independent consultant with the Asian Development Bank (ADB), providing technical assistance to Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam–LK) and the Otoritas Jasa Keuangan (OJK) of Indonesia between 2006 and 2018. He has been involved in various strategic leadership roles in market development initiatives for the Indonesian financial and capital markets. He was also the Lead Advisor for the OJK Financial Market Masterplan and designed the Indonesian Bond Market Development Plan. Prior to this, Faris was the Regional Director of MainStream & Co Ltd, where he was responsible for the Enterprise Risk management solutions, financial market architecture framework and incubated Bond Pricing Agencies in Malaysia and Indonesia. Faris was also a member of the 1MDB Investigating Committee and Secretariat of the Council of Eminent Persons until September 2018.

Faris graduated from Heriot Watt University, Edinburgh with a degree in Actuarial Mathematics and Statistics.



DATO' WEE HOE SOON@ GOOI HOE SOON

Appointed 1 January 2019

Dato' Gooi Hoe Soon has over 35 years of experience in the fields of accounting and corporate finance. He was instrumental in the successful implementation of several corporate exercises, which included merger and acquisition and corporate debt restructuring exercises by PLCs. He currently sits on the Board of Yinson Holdings Bhd, Red Ideas Holdings Bhd, Perusahaan Sadur Timah Malaysia Bhd and is an alternate director of Hup Seng Industries Bhd. Dato' Gooi is also a member of the Debt and Liability Management Committee.

Dato' Gooi was former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd, Deputy Chairman of Avenue Capital Resources Bhd and board member of AIA Bhd. He was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd.

Dato' Gooi is a Member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.



DATUK D.P. NABAN

Appointed 1 January 2019

Datuk Naban is currently a Senior Partner of Lee Hishamuddin Allen & Gledhill. He was called to the Malaysian Bar in 1981. He is a litigator who specialises in civil, commercial and tax disputes.

Datuk Naban holds a Bachelor of Laws from the University of London and is a member of the Lincoln's Inn, England.

EXECUTIVE TEAM



DATUK SYED ZAID ALBAR
Chairman



**DATUK ZAINAL IZLAN ZAINAL
ABIDIN**
Deputy Chief Executive



KAMARUDIN HASHIM
Executive Director, Market and
Corporate Supervision



EUGENE WONG WENG SOON*
Managing Director, Corporate
Finance and Investments



**NURULHUDA NUR'AINI
MOHAMAD NOR**
Executive Director, Enforcement

**Completed tenure on 31 December 2019*



FOO LEE MEI
Chief Regulatory Officer



ONG LIANG HENG
Executive Director,
Chairman's Office



CHIN WEI MIN
Executive Director,
Digital Strategy and Innovation



SALMAH BEE MOHD MYDIN
Executive Director,
Market Development



NADIAH ABDULLAH
Executive Director, People and
Corporate Resources



SHARIFATUL HANIZAH SAID ALI
Executive Director, Islamic Capital
Market Development

SHARIAH ADVISORY COUNCIL MEMBERS



**ASSOCIATE
PROFESSOR
DR SYED MUSA
SYED JAAFAR
ALHABSHI**

**ASSOCIATE
PROFESSOR
DR MOHAMED
FAIROOZ
ABDUL KHIR**

**DATO' AHMAD
TAJUDIN
HAJI ABDUL
RAHMAN**

**PROFESSOR
DR ASHRAF
MD HASHIM**

**ASSOCIATE
PROFESSOR
DR AZNAN HASAN**
Deputy
Chairman



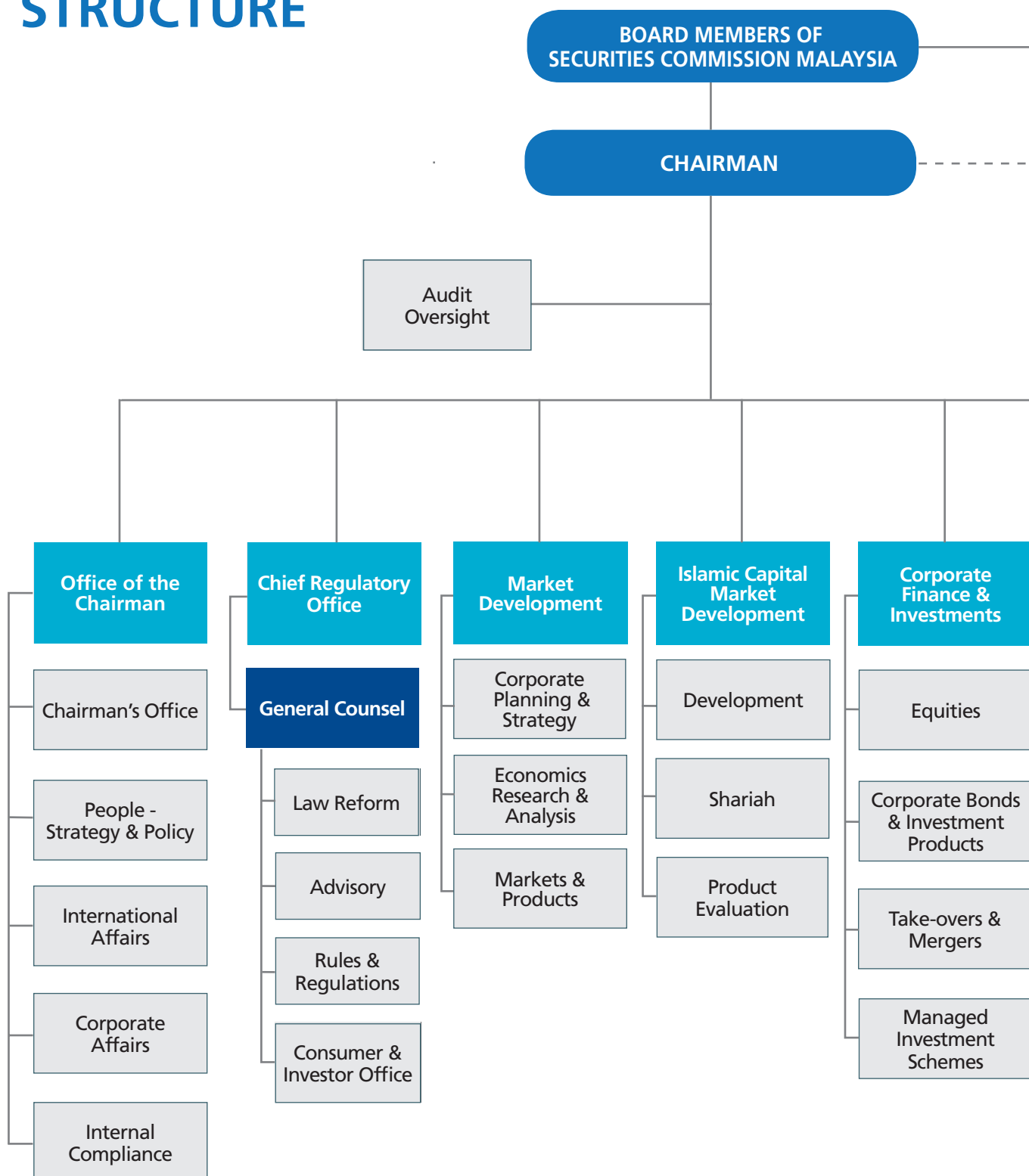
**DATUK DR MOHD
DAUD BAKAR**
Chairman

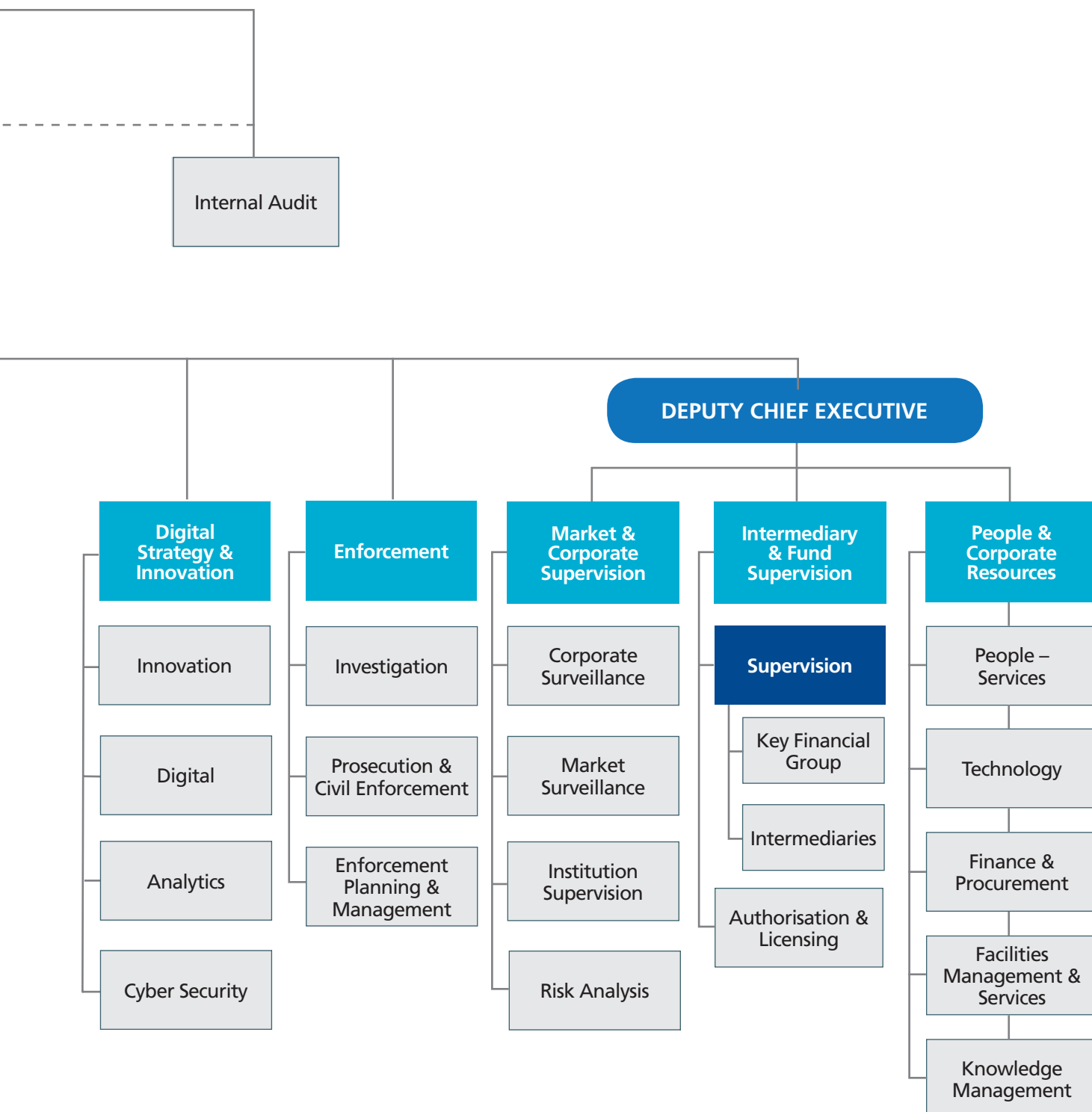
**PROFESSOR
DR ENSKU RABIAH
ADAWIAH ENSKU ALI**

**DR SHAMSIAH
MOHAMAD**

**PROFESSOR
DR ASMADI
MOHAMED
NAIM**

ORGANISATION STRUCTURE





STATEMENT ON GOVERNANCE

Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. The SC's mission is to promote and maintain fair, efficient and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensure investor protection, fair and orderly markets; and monitor, mitigate and manage systemic risks arising from the capital market. The SC's responsibilities, powers and authorities are clearly defined and transparently set out in the securities laws, namely the SCMA, *Capital Markets & Services Act 2007* (CMSA) and *Securities Industry (Central Depositories) Act 1991* (SICDA).

ABOUT THE COMMISSION

Board members

The Board is responsible for the overall governance of the Commission. The Minister of Finance appoints Board members. The Board comprises a Chairman, a Deputy Chief Executive and 7 other members who may include persons representing the government and private sector. The Chairman is entrusted with the day-to-day administration of the SC as provided by section 4B(1) of the SCMA. Datuk Syed Zaid Albar assumed the position of Chairman on 1 November 2018. A profile of Board members is featured on pages 116 to 119 and their involvement in the various committees established by the Board is provided on page 128.

The Chairman is appointed for a term of 3 years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of 2 years, and are eligible for reappointment upon completion of the term.

A person is disqualified from holding the office of a Board member if he or she holds a full time office in any PLC, becomes a member of either Houses of Parliament, or becomes an officer or director of an entity that is regulated by the Commission. Further, a Board member will also be disqualified if he or she:

- is convicted of an offence under the law involving fraud, dishonesty, corruption or violence;
- is declared a bankrupt;
- is not capable of discharging his or her duties;
- fails to attend 3 consecutive meetings of the Board without leave;
- conducts himself in such a way as to bring disrepute to the Commission;
- fails to disclose his or her interests; or
- becomes involved in any activity, which may interfere with his or her independence in discharging his or her functions.

The SCMA requires a Board member to manage conflicts of interest by disclosing his or her interest in any matter under discussion by the Board or any of its committees. Once a disclosure has been made, he or she:

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and

- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

Functions of the Commission

The Commission shall have the following functions:

- to advise the Minister on all matters relating to the capital market;
- to regulate all matters relating to the capital market;
- to ensure that the provisions of the securities laws are complied with;
- to regulate the take-overs and mergers of companies;
- to promote and regulate all matters relating to fund management, including unit trust schemes (UTS) and PRS;
- to be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- to take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- to promote and encourage proper conduct among participating organisations, participants, affiliates, depository participants and all licensed or registered persons of an exchange, clearing house and central depository, as the case may be;
- to suppress illegal, dishonourable and improper practices in the capital market, and the provision of investment advice or other services relating to the capital market;
- to consider and make recommendations for the reform of the securities laws;
- to encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- to encourage and promote self-regulation by professional associations or market institutions in the capital market;
- to license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under any securities law;
- to promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- to register or recognise all auditors of public-interest entities (PIEs) or schedule funds, and to exercise oversight over any person who prepares a report in relation to financial information of PIEs or schedule funds, in relation to capital market activities;
- to promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;
- to take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;

- to promote and regulate corporate governance and approved accounting standards of listed corporations; and
- to set and approve standards for professional qualification for the capital market.

The Commission also has the functions and powers conferred upon it by or under the securities laws.

Board meetings

There were 9 Board meetings held in 2019. The quorum required is 5. The attendance record is set out in Table 1.

The work of the Board in governing the SC is facilitated by various board committees established under section 18 of the SCMA, as listed in Table 2.

Table 1

Attendance at Board meetings

Board Member	Number of meetings attended
Datuk Syed Zaid Albar	9/9
Datuk Zainal Izlan Zainal Abidin	9/9
Tan Sri Noorul Ainur Mohd Nur	8/9
Datuk Dr Khaw Lake Tee	9/9
Johan Mahmood Merican	5/9
Ahmad Faris Rabidin	9/9
Dato' Gooi Hoe Soon ¹	8/9
Datuk D.P Naban ²	9/9

¹ Appointed to the Board on 1 January 2019.

² Appointed to the Board on 1 January 2019.

Table 2

Board Committees

Committee	Key Responsibility
1. Audit Committee	Review effectiveness of the SC's risk management and internal control systems and review the annual financial statements.
2. Issues Committee	Evaluate any proposed issuance and listing of securities of a corporation on the main market; corporate proposals involving acquisition of assets, which results in significant change in the business direction or policy of a corporation listed or to be listed on the main market; corporate proposals involving the issuance of securities for the amalgamation of 2 or more corporations listed on the main market; and registration of listing prospectus.
3. Take-overs and Mergers Committee	Review take-over and merger related applications of a novel and/ or complex nature and matters relating to national policy.
4. Managed Investment Schemes Committee	Approve the establishment of listed schemes.
5. Licensing Committee	Evaluate and approve (or reject) application for the grant of a new Capital Markets Services Licence (CMSL), applications for new licensed representatives, directors, key management or compliance officers that are submitted together with the new CMSL application, application relating to PRS providers and consider any policy recommendations relating to licensing issues.
6. Nomination and Remuneration Committee	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive (DCE) and make appropriate recommendations to the Minister of Finance.

Members

- Dato' Gooi Hoe Soon (Chairman)
- Tan Sri Noorul Ainur Mohd Nur
- Datuk Dr Khaw Lake Tee
- Ahmad Faris Rabidin

- Datuk Syed Zaid Albar (Chairman)
- Datuk Zainal Izlan Zainal Abidin
- Ahmad Faris Rabidin
- Dato' Gooi Hoe Soon
- Datuk D.P Naban

- Datuk Syed Zaid Albar (Chairman)
- Datuk Zainal Izlan Zainal Abidin
- Tan Sri Noorul Ainur Mohd Nur
- Johan Mahmood Merican
- Datuk D.P Naban

- Datuk Syed Zaid Albar (Chairman)
- Datuk Zainal Izlan Zainal Abidin
- Tan Sri Noorul Ainur Mohd Nur
- Datuk Dr Khaw Lake Tee

- Datuk Syed Zaid Albar (Chairman)
- Datuk Zainal Izlan Zainal Abidin
- Datuk Dr Khaw Lake Tee
- Ahmad Faris Rabidin
- Dato' Gooi Hoe Soon

- Ahmad Faris Rabidin (Chairman)
- Dato' Gooi Hoe Soon
- Datuk D.P Naban

Audit Committee

The Audit Committee comprises non-executive members of the SC as shown in Table 2, who are appointed by the Board. The purpose, authority and responsibilities of the Audit Committee are set out in the Audit Committee Charter as approved by the Board. Essentially, the Audit Committee provides oversight of the SC's governance, risk management and internal control practices.

The Audit Committee also provides oversight of internal audit activities, including approving Internal Audit Charter and Annual Internal Audit Plan. The Audit Committee is responsible for the review of the external auditors' proposed audit scope, approach and performance, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the current financial year, the Audit Committee had convened 7 meetings.

Shariah Advisory Council

The Shariah Advisory Council (SAC) is given the mandate to ensure that the implementation of the Islamic capital market (ICM) complies with Shariah principles. It advises the Commission on all matters related to the development of ICM and functions as a reference centre for all ICM issues.

Members of the SAC are appointed by DYMM Seri Paduka Baginda Yang di-Pertuan Agong. The 9 SAC members serve for a 3-year period commencing 1 July 2017, as listed in Table 3.

Table 3

Shariah Advisory Council members

No.	SAC Members
1.	Datuk Dr Mohd Daud Bakar – Chairman
2.	Associate Professor Dr Aznan Hasan – Deputy Chairman
3.	Dato' Ahmad Tajudin Haji Abdul Rahman
4.	Professor Dr Ashraf Md Hashim
5.	Professor Dr Engku Rabiah Adawiah Engku Ali
6.	Professor Dr Asmadi Mohamed Naim
7.	Associate Professor Dr Syed Musa Syed Jaafar Alhabshi
8.	Associate Professor Dr Mohamed Fairouz Abdul Khir
9.	Dr Shamsiah Mohamad

Table 4

Audit Oversight Board members

No.	AOB Members
1.	Dato' Gumuri Hussain (Non-Executive Chairman)
2.	Alex Ooi Thiam Poh (Executive Officer)
3.	Eugene Wong Weng Soon ¹
4.	Hew Ee-Lu
5.	Dato' Zahrah Abd Wahab Fenner ²
6.	Wong Chong Wah ³
7.	Dato' Darawati Hussain

¹ Completed statutory term as Board Member on 31 December 2019.

² Resigned as Board Member on 1 July 2019.

³ Completed statutory term as Board Member on 31 December 2019.

Audit Oversight Board

The Audit Oversight Board (AOB) was established under Part IIIA of the SCMA and its mandate is to assist the SC in discharging its regulatory function in respect of developing an effective audit oversight framework, promoting confidence in the quality and reliability of audited financial statements, and regulating auditors of PIE and scheduled funds.

The AOB also exercises oversight over any person who prepares a report relating to the financial information of PIE and schedule funds, in relation to capital market activities. The AOB members are appointed by the Board (Table 4).

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management and internal controls continue to be an integral part of the SC's governance framework. The risk management and control framework is embedded into the culture, structure and processes of the SC. The risk management and internal control approach of the SC is organised through an established arrangement involving the Board, Board Committees, management committees and supported by internal governance processes.

The Chairman with the assistance of the Executive Team is responsible for the effectiveness of risk management and internal controls in the SC. Further, a risk management committee led by the SC Chairman with members comprising all Executive Team members is responsible to provide the necessary challenge, deliberation and strategic direction on risk management issues of the SC. The Audit Committee, on behalf of the Board, reviews the adequacy and effectiveness of the SC's risk management and internal control systems. The Enterprise Risk Report is also tabled and deliberated at the Board.

Risk management, internal controls and compliance are three related components that are established to assure the SC achieves its objectives, addresses uncertainty, responds appropriately to risks and acts with integrity. Risk management is about anticipating and managing risks that could prevent the SC from achieving its objectives. Internal controls are systematic procedures implemented for the SC to conduct its operations in an orderly and efficient manner. Compliance is about driving initiatives to ensure a strong culture of ethical conduct and adherence to internal governance standards, while promoting individual integrity.

The SC faces various operational risks, which may impact its financial position or result in operational disruption. In this regard, a system of risk oversight, risk management and internal control is in place through the Enterprise Risk Management and Business Continuity Management Frameworks. The SC continuously enhances its approach to risk management to promote strong risk culture among employees including the management and escalation of risks. The SC has also put in place internal controls to manage risks in its day-to-day operations.



PEOPLE RISK

Managing integrity
and ethical conduct
of employees and
stakeholders

- A *Code of Conduct for Members of the Board* sets out the expectation required of Board Members in the discharge of their duties.
- A *Code of Conduct* sets out the expectations required of employees on ethical conduct and standards of behaviour.
- Statement of the SC's *Principles and Standards* facilitates efficient and ethical engagement between the SC and its external stakeholders, which include suppliers, contractors, vendors and consultants. The SC also expects its business stakeholders and all market participants engaging with the SC to emulate similar ethical principles.
- Feedback channels for the SC employees and agents to raise concerns on employee conduct, including the Internal Whistleblowing Procedure to expose or report internal wrongdoing or suspected breaches of law within the organisation.
- The Framework for Handling External Complaints Against the SC Employees, which sets out the process for handling complaints made by external parties against any employee of the SC in relation to the discharge of his functions.
- Conflict of Interest Declaration processes in which Board members and employees must comply with when faced with a conflict of interest situation.
- The *Compliance Management Guidelines* provides a structured approach to ensure compliance with the laws, regulations and internal governance standards, which impact the day-to-day operations of the SC.
- The Compliance and Ethics programme, an interactive e-learning tool, aims to help SC employees understand the principles of the SC's internal governance standards. These modules are intended to reaffirm the importance of maintaining the high standards of ethics, values and behaviour that the SC and its employees must continue to be associated with.
- Several in-house programmes to refresh awareness of employees on security. Periodic review of security measures is also being carried out. This includes formalisation of a guidance for employees in handling threats.



DATA RISK

Managing confidentiality, integrity and availability of data, both internally and externally

- The *Data Loss Mitigation Guidelines* acts as a reference point for employees in handling both physical and electronic records containing sensitive information. The Guidelines ensures sensitive information is appropriately secured from unauthorised disclosure and protected from alteration, corruption, loss or misuse, while preventing reputational damage and adversely impacting our stakeholders.
- The Records Management Policy is established to give clear guidance of the standards and procedures that need to be put in place to ensure that records are fit to be used as evidence and/or information by the SC, in carrying out business operations or legal obligations.



PROCESS RISK

Ensuring efficient and adequate internal processes that may have negative impact on the SC

- As part of building the employees' understanding of the SC's operations, the Business Process Flows which serve as guides are available on the SC's intranet.
- The revised *Procurement Policy and Guidelines* which came into effect on 1 July 2019 encompasses the end-to-end procurement process enhancement as well as the reinforcement of good procurement governance and control.



INFRASTRUCTURE RISK

Adequacy and effectiveness of IT, physical assets and operating premises

- Business continuity management is integral to the SC's risk management arrangement to mitigate operational disruptions. It entails the enterprise business continuity strategies and arrangements to enable the continuation or timely resumption of critical functions, and eventual restoration to normal operations following a business interruption. Business continuity plans are reviewed and tested annually to ensure applicability and comprehensiveness of the plans.
- The IT User Policy and IT Policy are established to ensure the effective protection and proper usage of the SC's computer systems.
- The *Asset Management Policy and Guidelines* sets out the treatment of assets in the SC to ensure that the SC's fixed assets are safeguarded and properly recognised and maintained in good working condition.

INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the Audit Committee in the discharge of its duties and responsibilities. IAD reports directly to the Audit Committee, which determines the adequacy of scope and function of the department. IAD accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control and governance processes.

IAD carries out its responsibilities by conducting reviews based on the approved internal audit plan, which is developed using a risk-based methodology. The main activities of IAD for the year 2019 include performing predominantly risk-based audits for the areas identified in the internal audit plan. The result of the audits and activities performed by the internal audit function was presented to the Audit Committee for its review. Where applicable, the internal audit conducted follow-up audits to ensure that Management's corrective actions were implemented appropriately and provided updates on the status of the key actions to the Audit Committee. In addition, IAD played an advisory role in the course of performing its audit activities.

IAD also reviewed the Audit Committee Charter and Internal Audit Charter to ensure these were in line with The Institute of Internal Auditors' International Professional Practices Framework.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

Consistent and constant communication with capital market participants is necessary to facilitate the effective discharge of the SC's responsibilities. Regular meetings and discussions with our key stakeholders enable the SC to provide facilitative policies, a robust regulatory framework and encourage continuous growth and development

of the capital market. All media releases, publications, guidelines, annual reports as well as consultation and response papers are posted on the SC's official website – www.sc.com.my. The SC also provides updates on its work via social media through Twitter.

The SC's Consumer and Investor Office acts as one of the key channels in engaging investors and the public. The office receives and handles public complaints and enquiries relating to the capital market. In addition, it is responsible for the SC's investor empowerment strategy under the InvestSmart® brand targeted towards the public and investors of all life stages. Through InvestSmart®, the SC undertakes various initiatives via different modalities such as exhibitions, seminars, roadshows, digital and social media on the fundamentals of making sound investment decisions.

The Securities Industry Dispute Resolution Center (SIDREC) is a body approved by the SC to handle capital market-related disputes involving monetary claims by investors against its members. SIDREC's members are licensed intermediaries and registered persons specified under Part 1 of Schedule 4 of the CMSA, carrying out dealings in securities, derivatives, PRS and fund management in Malaysia. They comprise banks, stockbrokers, futures brokers, fund managers, unit trust management companies, PRS providers and distributors as well as 2 specified developmental finance institutions (DFI). SIDREC provides an independent and impartial avenue for redress for disputes between investors and SIDREC's members. Provision for effective and affordable access to redress forms part of international best practice and it supports the Commission's investor protection and empowerment initiative.

Under SIDREC's Mandatory Scheme for claims below RM250,000, SIDREC's members are required to participate in SIDREC's dispute resolution process. Services under the Mandatory

Scheme are free to investors. Under its Voluntary Scheme, where both parties must agree to use SIDREC's expert services, SIDREC is able to accept claims exceeding RM250,000 for mediation and adjudication as well as court-referred mediation.

Apart from its involvement during the dispute resolution process with both SIDREC's members and investor claimants, SIDREC also interacts with the investing public through its awareness initiatives. In addition, SIDREC concurrently engages its members, the Commission and other stakeholders such as related industry associations and self-regulatory organisations (SROs) to share and provide insights on positive observations as well as concerns that come through from its dispute resolution process. This provides valuable

DID YOU KNOW?

In 2019, SC conducted over 1,300 engagements with diverse stakeholders in relation to market and product development, encourage innovation in services and product offerings, and provide regulatory guidance through consultations.'

feedback to the market, investors and the regulator. Also, SIDREC has an obligation to report to the Commission on issues of systemic concern that may arise from disputes received.

FINANCIAL STATEMENTS

Financial statements for the year
ended 31 December 2019

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Non-current assets			
Property, plant and equipment	3	152,515	163,377
Right-of-use assets	4	6,843	-
Other receivables	5	5,207	6,324
Other investments	6	165,182	475,052
		<u>329,747</u>	<u>644,753</u>
Current assets			
Other investments	6	581,421	262,459
Trade and other receivables	7	27,141	23,722
Cash and cash equivalents	8	95,230	64,024
		<u>703,792</u>	<u>350,205</u>
Total assets		<u>1,033,539</u>	<u>994,958</u>
Reserves			
Compensation fund reserve	9	100,000	100,000
Accumulated surplus		767,234	757,165
Total reserves		<u>867,234</u>	<u>857,165</u>
Non-current liabilities			
Post-employment benefits	10	80,650	75,690
Deferred income	11	607	3,331
		<u>81,257</u>	<u>79,021</u>
Current liabilities			
Deferred income	11	1,984	1,244
Other payables and accruals	12	83,064	57,528
		<u>85,048</u>	<u>58,772</u>
Total liabilities		<u>166,305</u>	<u>137,793</u>
Total reserves and liabilities		<u>1,033,539</u>	<u>994,958</u>

The notes on pages 140 to 164 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Revenue			
Levies		130,880	150,354
Fees and charges		12,188	15,392
Licence fees		3,223	3,236
Finance income		32,166	31,976
Registration fees		3,099	3,130
Other income		36,572	5,452
	13	218,128	209,540
Less: Expenditure			
Staff costs	14	155,744	157,575
Administrative expenses		32,211	32,122
Depreciation of property, plant and equipment	3	10,896	10,962
Depreciation of right-of-use assets	4	92	-
Rental expense		1,816	1,775
		200,759	202,434
Net operating surplus		17,369	7,106
Less: Funds to affiliates	15	(7,300)	(9,150)
Surplus/(Deficit) before tax	16	10,069	(2,044)
Tax expense	17	-	-
Surplus/(Deficit) after tax and total comprehensive income/(expense) during the year		10,069	(2,044)

The notes on pages 140 to 164 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Compensation fund reserve RM'000	Accumulated surplus RM'000	Total RM'000
At 1 January 2018	100,000	759,209	859,209
Deficit and total comprehensive expense for the year	-	(2,044)	(2,044)
At 31 December 2018/1 January 2019	100,000	757,165	857,165
Surplus and total comprehensive income for the year	-	10,069	10,069
At 31 December 2019	100,000	767,234	867,234
Note 9			

The notes on pages 140 to 164 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM'000	2018 RM'000
Cash flows from operating activities			
Surplus/(Deficit) before tax		10,069	(2,044)
Adjustments for:			
Depreciation of property, plant and equipment	3	10,896	10,962
Depreciation of right-of-use assets	4	92	-
Amortisation of deferred income		(1,984)	(1,244)
Recognition of recovery of legal/enforcement costs		(11,210)	-
Finance income		(32,166)	(31,976)
Gain on disposal of plant and equipment		(50)	(120)
Adjustment of property, plant and equipment costs		396	-
Operating deficit before working capital changes		(23,957)	(24,422)
Changes in working capital:			
Post-employment benefits		4,960	4,932
Trade and other receivables		(1,086)	9,432
Other payables and accruals		14,240	(1,844)
Net cash used in operating activities		(5,843)	(11,902)
Cash flows from investing activities			
Maturity of investments in Malaysian Government Securities and Government Guaranteed Bonds		91,251	31,464
Increase in restricted deposits		(12,730)	(6,479)
Increase in investments in deposits placed with licensed banks		(100,343)	(43,664)
Finance income received		30,950	32,830
Proceeds from recovery of legal/enforcement costs		22,506	-
Proceeds from disposal of plant and equipment		59	332
Acquisition of plant and equipment		(7,374)	(7,137)
Net cash from investing activities		24,319	7,346
Net increase/(decrease) in cash and cash equivalents		18,476	(4,556)
Cash and cash equivalents at 1 January		26,077	30,633
Cash and cash equivalents at 31 December		44,553	26,077
Cash and cash equivalents comprise:			
Cash and bank balances	8	23,155	16,242
Deposits placed with licensed banks	8	72,075	47,782
		95,230	64,024
Less: Restricted deposits		(50,677)	(37,947)
		44,553	26,077

The notes on pages 140 to 164 are an integral part of these financial statements.

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions including the exchanges and clearing houses and regulating all persons licensed under the *Capital Markets and Services Act 2007*. The address of the SC is at:

3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur, Malaysia

These financial statements were authorised for issue by the Board Members on 30 January 2020.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the SC have been prepared in accordance with *Malaysian Financial Reporting Standards* (MFRS) and *International Financial Reporting Standards*.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the SC:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The SC plans to apply the above mentioned accounting standards, amendments and interpretations that are applicable and effective from its annual period beginning on or after 1 January 2020, except for amendments to MFRS 3, which are not applicable to the SC.

The SC does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the SC.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the SC.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in ringgit Malaysia (RM), which is the SC's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

(i) Post-employment benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, medical inflation rate, retirement age and life expectancy. As such, the estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are disclosed in Note 10.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the SC, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, the accounting policy of the SC for lease contracts was changed during the financial year as compared to that in previous financial statements. The impacts arising from the changes are disclosed in Note 23.

(a) Financial instruments**(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the SC becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the SC changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(e)(i)) where the effective interest rate is applied to the amortised cost.

Financial liabilities

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership

of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the SC currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts, if any, of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the SC and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative year are as follows:

	Current	Prior year
Leasehold land	–	Over the lease period of 99 years expiring in 2094 and 2096
Buildings	50 years	50 years
Office equipment, furniture and fittings	5 – 10 years	5 – 10 years
Computer and application systems	3 years	3 years
Motor vehicles	5 years	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

(c) Leases

The SC has applied MFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the SC assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- As a lessee, it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- As a lessee, it has the right to direct the use of the asset. The SC has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the SC has the right to direct the use of the asset if either the SC has the right to operate the

asset; or the SC designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the SC allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the SC is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessee

The SC has classified leasehold land which in substance was a finance lease as right-of-use assets. For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

The SC has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The SC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Previous financial year

As a lessee

(i) Finance lease

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the SC did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the SC in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of restricted deposits.

(e) Impairment

(i) Financial assets

The SC recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The SC measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the SC considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the SC's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the SC is exposed to credit risk.

The SC estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the SC assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the SC determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the SC's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(f) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third party. The SC recognises revenue when (or as) it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The SC transfers control of a good or service at a point in time unless one of the following over-time criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided as the SC performs;
- (b) The SC's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- (c) The SC's performance does not create an asset with an alternative use and the SC has an enforceable right to payment for performance completed to date.

(ii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the SC will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the SC for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(iii) Registration fees and licence fees

Registration fees and licence fees are recognised as they accrue in profit or loss.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the SC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The SC's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

Post-employment benefits

The SC provides post-employment medical coverage to eligible employees engaged prior to 1 January 2003.

The SC's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the SC, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The SC determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Costs and expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The SC recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(h) Funds to affiliates

The SC provides funds to eligible affiliates to undertake capital market activities. These funds are recognised in profit or loss when payments have been made.

(i) Contingencies

Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(j) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the SC uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the SC can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

The SC recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer and application systems RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2018	9,154	232,162	109,347	72,477	2,635	3,325	429,100
Additions	-	-	902	945	-	5,290	7,137
Disposals	-	-	(98)	(53)	(933)	-	(1,084)
Transfer from/(to)	-	-	3,199	3,196	-	(6,395)	-
At 31 December 2018/ January 2019	9,154	232,162	113,350	76,565	1,702	2,220	435,153
At 1 January 2019, as previously reported	9,154	232,162	113,350	76,565	1,702	2,220	435,153
Adjustment on initial application of MFRS 16	(9,154)	-	-	-	-	-	(9,154)
At 1 January 2019, restated	-	232,162	113,350	76,565	1,702	2,220	425,999
Additions	-	-	891	2,854	51	3,578	7,374
Disposals	-	-	(194)	(1,127)	-	-	(1,321)
Write off	-	-	-	(983)	-	-	(983)
Transfer from/(to)	-	-	161	2,463	-	(2,624)	-
Adjustment	-	-	-	-	-	(396)	(396)
At 31 December 2019	-	232,162	114,208	79,772	1,753	2,778	430,673

	Leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer and application systems RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2018							
Accumulated depreciation	2,127	85,997	104,683	67,013	1,757	-	261,577
Accumulated impairment loss	-	109	-	-	-	-	109
	2,127	86,106	104,683	67,013	1,757	-	261,686
Depreciation for the year	92	4,643	1,841	4,008	378	-	10,962
Disposals	-	-	(96)	(45)	(731)	-	(872)
At 31 December 2018/ 1 January 2019							
Accumulated depreciation	2,219	90,640	106,428	70,976	1,404	-	271,667
Accumulated impairment loss	-	109	-	-	-	-	109
	2,219	90,749	106,428	70,976	1,404	-	271,776
At 1 January 2019, as previously reported	2,219	90,749	106,428	70,976	1,404	-	271,776
Adjustment on initial application of MFRS 16	(2,219)	-	-	-	-	-	(2,219)
At 1 January 2019, restated	-	90,749	106,428	70,976	1,404	-	269,557
Depreciation for the year	-	4,643	1,963	4,105	185	-	10,896
Disposals	-	-	(193)	(1,119)	-	-	(1,312)
Write off	-	-	-	(983)	-	-	(983)
At 31 December 2019							
Accumulated depreciation	-	95,283	108,198	72,979	1,589	-	278,049
Accumulated impairment loss	-	109	-	-	-	-	109
	-	95,392	108,198	72,979	1,589	-	278,158
Carrying amounts							
At 1 January 2018	7,027	146,056	4,664	5,464	878	3,325	167,414
At 31 December 2018/ 1 January 2019	6,935	141,413	6,922	5,589	298	2,220	163,377
At 31 December 2019	-	136,770	6,010	6,793	164	2,778	152,515

4. Right-of-use assets

	Leasehold land RM'000
At 1 January 2019, as previously reported	-
Adjustment on initial application of MFRS 16	6,935
At 1 January 2019, restated	6,935
Depreciation	(92)
At 31 December 2019	6,843

The SC leases two leasehold land that run for 99 years which expire in 2094 and 2096.

5. Other receivables

	2019 RM'000	2018 RM'000
Staff financing	6,486	8,043
Less: Unearned profit		
- Islamic financing on housing and motor vehicles	(286)	(388)
	6,200	7,655
Less: Amount due within 12 months (Note 7)	(993)	(1,331)
Amount due after 12 months	5,207	6,324

Staff financing relates to Islamic financing and conventional housing loans, Islamic financing and conventional motor vehicle loans, computer loans and study loans. The financing for housing and motor vehicles are secured over the properties and motor vehicles of the borrowers, respectively. The staff financing are repayable over a maximum period of 25 years, 7 years, 5 years and 4 years. The rate charged on these staff financing ranges from 2.0% to 4.0% per annum (2018: 2.0% to 4.0% per annum).

The maturity structures of the financing to staff as at the end of the financial year were as follows:

	2019 RM'000	2018 RM'000
Within 1 year	993	1,331
More than 1 year and up to 5 years	3,218	3,762
More than 5 years	1,989	2,562
	6,200	7,655

6. Other investments

	Non-current		Current		Total	
	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortised costs:						
– Malaysian Government Securities and Government Guaranteed Bonds	131,182	151,972	20,108	90,569	151,290	242,541
– Deposits placed with licensed banks	34,000	323,080	561,313	171,890	595,313	494,970
	165,182	475,052	581,421	262,459	746,603	737,511

Included in deposits placed with licensed banks are amounts restricted for stockbroking industry development of RM13.6 million (2018: RM13.2 million) and amount restricted for planning and implementing capacity building programmes in relation to the accounting and auditing profession of approximately RM1.6 million (2018: RM0.7 million).

7. Trade and other receivables

	2019	2018
	RM'000	RM'000
Levies	12,854	9,670
Interest receivable	8,564	7,348
Other receivables	1,031	2,115
Deposit	624	718
Prepayments	3,075	2,540
Short-term staff financing (Note 5)	993	1,331
	27,141	23,722

8. Cash and cash equivalents

	2019	2018
	RM'000	RM'000
Cash and bank balances	23,155	16,242
Deposits placed with licensed banks	72,075	47,782
	95,230	64,024

The deposits placed with licensed banks earned income at rates ranging from 3.15% to 3.75% per annum (2018: 3.15% to 3.75% per annum).

Included in deposits placed with licensed banks are amounts restricted for brokers' security deposits of approximately RM1.3 million (2018: RM1.2 million), stockbroking industry development of RM nil

(2018: RM3.2 million) and cash and deposits of approximately RM49.4 million (2018: RM33.5 million) held on behalf of government agencies or funds.

The bank balances are placed with licensed banks.

9. Compensation fund reserve

This represents an amount allocated from the accumulated surplus for the Capital Market Compensation Fund Corporation.

10. Post-employment benefits

	2019 RM'000	2018 RM'000
Net defined benefit liability	75,690	70,758
Expense recognised in profit or loss	6,747	6,419
Benefits paid	(1,787)	(1,487)
Total employee benefit liabilities	80,650	75,690

The defined benefit plan is an unfunded post-employment medical plan, which provides medical benefits for participants and their eligible dependents after retirement age until the death of the participant or spouse, or for child dependents up to age 18 or age 24, if they are still studying.

As such, the ultimate cost of the plan depends on the longevity of the retirees and their eligible dependents, the incidence and cost of events resulting in claims under the plan, and the inflation of such costs in the future.

Funding

The plan is unfunded. Employer contributions to the plan refer to the medical claim amounts paid directly by the SC. The SC expects to pay approximately RM1.8 million in contributions to its defined benefit plans in 2020.

Movement in net defined benefit liability

	2019 RM'000	2018 RM'000
Net defined benefit liability at 1 January	75,690	70,758
Included in profit or loss		
Current service cost	2,321	2,307
Interest cost	4,426	4,112
	6,747	6,419
Other		
Benefits paid	(1,787)	(1,487)
Net defined benefit liability at 31 December	80,650	75,690

Defined benefit obligation Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	2019	2018
Discount rate	5.8%	5.8%
Medical cost inflation	10%, reducing to 5% in 4 years	10%, reducing to 5% in 4 years
Normal retirement age	60 years	60 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 20.6 years (2018: 20.6 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	Defined benefit obligation Increase RM'000	Decrease RM'000
2019		
Discount rate (1% movement)	(13,630)	17,501
Medical cost inflation rate (1% movement)	16,856	(13,388)
2018		
Discount rate (1% movement)	(12,782)	16,425
Medical cost inflation rate (1% movement)	15,819	(12,565)

11. Deferred income

	2019 RM'000	2018 RM'000
At 1 January 2019/2018	4,575	5,819
Less: Recognised in profit or loss during the year	(1,984)	(1,244)
Deferred income	2,591	4,575
Current liabilities	1,984	1,244
Non-current liabilities	607	3,331
	2,591	4,575

12. Other payables and accruals

	2019 RM'000	2018 RM'000
Other payables	75,909	52,331
Accruals	5,475	3,972
Brokers' security deposits	1,680	1,225
	<u>83,064</u>	<u>57,528</u>

13. Revenue

	Note	2019 RM'000	2018 RM'000
Revenue	13.1	146,291	168,982
Other income			
- finance		32,166	31,976
- others		39,671	8,582
		<u>71,837</u>	<u>40,558</u>
Total revenue		<u>218,128</u>	<u>209,540</u>

13.1 Nature of goods and services

The following information reflects the typical transactions of the SC:

Nature of services	Significant payment term	Timing of recognition or method used to recognise revenue
Levies	30 days	Revenue is derived from Malaysia and are recognised at a point in time.
Fees and charges	Not applicable	Revenue is derived from Malaysia and are recognised at a point in time.
Licence	Not applicable	Revenue is derived from Malaysia and are recognised at a point in time.

14. Staff costs

	2019 RM'000	2018 RM'000
Remuneration, bonus, staff medical, staff training and overtime	129,710	131,719
Employees Provident Fund and SOCSO contribution	17,442	17,840
Private Retirement Scheme	1,845	1,597
Post-employment benefits	6,747	6,419
	<u>155,744</u>	<u>157,575</u>

15. Funds to affiliates

SC provides funds to various entities involved in projects and programmes that develop, promote and enhance the well-being of the Malaysian capital market.

16. Surplus/(Deficit) before tax

	Note	2019 RM'000	2018 RM'000
Surplus/(Deficit) before tax is arrived at after charging:			
Auditors' remuneration		100	100
Executive members' emoluments*		4,287	4,410
Executive member's gratuity		-	1,925
Non-executive members' allowance		1,288	1,177
Rental expense:			
Property		1,540	1,573
Plant and equipment		276	202
Depreciation of property, plant and equipment	3	10,896	10,962
Depreciation of right-of-use assets	4	92	-
Adjustment of property, plant and equipment costs		396	-
and after crediting:			
Gain on disposal of plant and equipment		<u>50</u>	<u>120</u>

* Included in executive members' emoluments are leave encashment of RM nil (2018: RM194,000).

17. Tax expense

The SC was granted approval from the Minister of Finance to be exempted from taxation with effect from Year Assessment (YA) 2007 onwards.

18. Related parties

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the SC if the SC has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the SC and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the SC either directly or indirectly.

The SC has related party relationship with Securities Industry Development Corporation (SIDC), as the Deputy Chief Executive of the SC is also the Chairperson of SIDC.

Lee Hishammuddin Allen & Gledhill (LHAG) is also the related party of the SC as the Board Member of the SC is also a partner of LHAG.

Significant related-party transactions

The significant related-party transactions of the SC are shown below:

	2019 RM'000	2018 RM'000
Related party		
Management fee	509	502
Legal fees	(289)	-
Provision of funds to affiliates	(2,500)	(2,500)
Key management personnel		
Proceeds from disposal of motor vehicles	-	242

The balances as at 31 December 2019 which arose from the transactions above are included in Note 7 and Note 12.

19. Capital commitments

	2019 RM'000	2018 RM'000
Capital expenditure commitments		
Plant and equipment		
<i>Approved but not contracted for:</i>		
Within one year	25,470	18,616

20. Financial instruments

20.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised costs (AC).

	Carrying amount RM'000	AC RM'000
2019		
Financial assets		
Other receivables	5,207	5,207
Other investments	746,603	746,603
Trade and other receivables*	24,066	24,066
Cash and cash equivalents	95,230	95,230
	<u>871,106</u>	<u>871,106</u>
Financial liabilities		
Other payables and accruals*	<u>(71,624)</u>	<u>(71,624)</u>
2018		
Financial assets		
Other receivables	6,324	6,324
Other investments	737,511	737,511
Trade and other receivables*	21,182	21,182
Cash and cash equivalents	64,024	64,024
	<u>829,041</u>	<u>829,041</u>
Financial liabilities		
Other payables and accruals	<u>(57,499)</u>	<u>(57,499)</u>

* Exclude non-financial instruments

20.2 Gains arising from financial instruments

	2019 RM'000	2018 RM'000
Gains on:		
Financial assets at amortised cost	<u>32,166</u>	<u>31,976</u>

20.3 Financial risk management

The SC has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund. The SC has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

20.4 Credit risk

Credit risk is the risk of a financial loss to the SC if a counterparty to a financial instrument fails to meet its contractual obligations. The exposure to credit risk arises principally from the individual characteristics of each customer. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The SC has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Recognition and measurement of impairment loss

In managing credit risk of receivables, the SC manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, receivables will pay within 30 days.

The SC uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2019 which are grouped together as they are expected to have similar risk nature.

	Gross- carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2019			
Not past due	32,087	-	32,087
Past due 1 - 30 days	-	-	-
Past due 31 - 90 days	-	-	-
Past due 91 - 180 days	-	-	-
Past due more than 180 days	261	-	261
	32,348	-	32,348
2018			
Not past due	29,525	-	29,525
Past due 1 - 30 days	-	-	-
Past due 31 - 90 days	-	-	-
Past due 91 - 180 days	-	-	-
Past due more than 180 days	521	-	521
	30,046	-	30,046

The receivables that are past due has not recognised any loss allowance as the receivables are supported by collateral in the form of residential properties with respective fair value exceeding its outstanding debts.

The fair values of these collateralised properties are determined using the comparison method based on professional valuation.

No impairment was performed on the receivables.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the SC is of the view that the loss allowance is not material and hence, it is not provided for.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have credit rating that are sovereign or near sovereign.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the SC has only invested in Malaysian government securities and government guaranteed bonds. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

20.5 Liquidity risk

Liquidity risk is the risk that the SC will not be able to meet its financial obligations as they fall due. The SC monitors and maintains a level of cash and cash equivalents deemed necessary by the SC to finance its operations and to mitigate the effects of fluctuations in cash flows.

Maturity analysis

The table below summarises the maturity profile of the SC's financial liabilities as at the end of the reporting period. There is no contractual interest rate for other payables and accruals.

	Carrying amount RM'000	Contractual cash flow RM'000	Under 1 year RM'000
2019			
Financial liabilities			
Other payables and accruals	71,624	71,624	71,624
2018			
Financial liabilities			
Other payables and accruals	57,499	57,499	57,499

20.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, that will affect the SC's financial position or cash flows.

20.6.1 Interest rate risk

The interest rate profile of the SC's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM'000	2018 RM'000
Fixed rate instruments		
Financial assets	818,678	785,293

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The SC does not have any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

20.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of fixed deposits is assumed to reasonably approximate their fair values.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	
2019					
Non-current					
Financial assets					
Long-term receivables	-	-	5,207	5,207	5,207
Malaysian Government Securities and Government Guaranteed Bonds	-	133,206	-	133,206	131,182
	-	133,206	5,207	138,413	136,389

2018
Non-current
Financial assets

Long-term receivables	-	-	6,324	6,324	6,324
Malaysian Government Securities and Government Guaranteed Bonds	-	152,533	-	152,533	151,972
	-	152,533	6,324	158,857	158,296

Level 1 fair value

Level 1 fair value is derived from unadjusted quoted price in active markets for identical financial assets that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Long term receivables	Discounted cash flows using a rate based on the current market rate of borrowing.

21. Reserves management

The SC's financial management objective is to maintain adequate reserves to safeguard the SC's ability to perform its duties and functions independently and effectively. Management monitors the long term capital commitments to ensure that sufficient funds are available to meet the obligations. The SC's investments are managed in a prudent manner to ensure the preservation of the funds.

22. Contingencies

The SC is of the opinion that the recognition of the following penalty imposed and corresponding receivable is not required, as the case is currently still on-going.

Contingent asset

During the year, the Audit Oversight Board (AOB) has imposed 3 sanctions to an audit firm and its partners amounting to RM631,000 for breaching the AOB's registration condition imposed under section 31O(3) of the SCMA.

The involved parties have applied to the High Court for judicial review on the AOB's decision and was granted an interim stay to all actions taken by the AOB until the stay application hearing which was adjourned to a date yet to be confirmed.

23. Significant changes in accounting policies

During the year, the SC adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the SC elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement* contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Since the SC applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The SC used the following practical expedient when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

23.1 Impacts on financial statements

The following table shows the measurement category under MFRS 117 and the new measurement category under MFRS 16 for the leasehold land as at 1 January 2019.

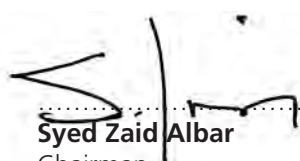
	31 December 2018 RM'000	1 January 2019 RM'000
Property, plant and equipment	6,935	-
Right-of-use assets	-	6,935

There is no significant impact to the accumulated surplus of the SC arising from the adoption of MFRS 16.

STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 136 to 164 are drawn up in accordance with *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards* so as to give a true and fair view of the financial position of the Securities Commission Malaysia as of 31 December 2019 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:



Syed Zaid Albar
 Chairman



Wee Hoe Soon @ Gooi Hoe Soon
 Member


Kuala Lumpur

Date: 30 January 2020

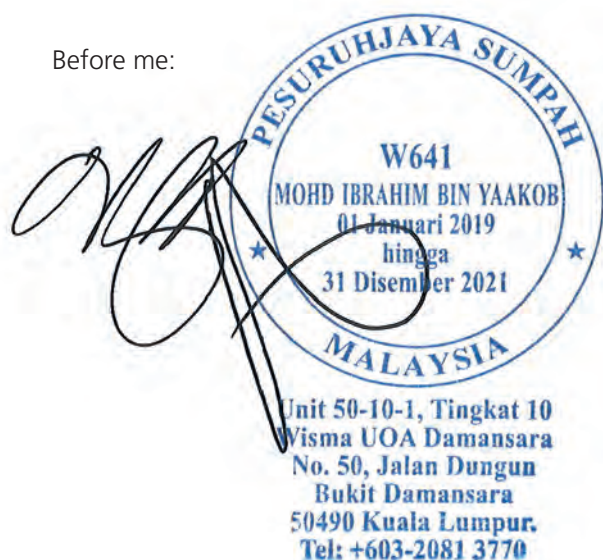
STATUTORY DECLARATION

I, Vignaswaran A/L Kandiah, the officer primarily responsible for the financial management of the Securities Commission Malaysia, do solemnly and sincerely declare that the financial statements set out on pages 136 to 164, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the *Statutory Declarations Act, 1960*.

Subscribed and solemnly declared by the abovenamed Vignaswaran A/L Kandiah, NRIC No. 561128-10-6171, at Kuala Lumpur in the Federal Territory on 30 January 2020.


.....
Vignaswaran A/L Kandiah
Officer

Before me:



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Securities Commission Malaysia (SC), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 136 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SC as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards*.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and *International Standards on Auditing*. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the SC in accordance with the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (By-Laws), and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of Board Members of the SC for the Financial Statements

The Board Members are responsible for the preparation of financial statements of the SC that give a true and fair view in accordance with *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards*. The Board Members are also responsible for such internal control as the Board Members determine is necessary to enable the preparation of financial statements of the SC that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the SC, the Board Members are responsible for assessing the SC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the SC or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the SC as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and *International Standards on Auditing* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

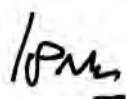
As part of an audit in accordance with approved standards on auditing in Malaysia and *International Standards on Auditing*, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the SC, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the SC.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the SC to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the SC or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the SC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the SC, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Board Members, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Malaysia

Date: 30 January 2020



Foong Mun Kong
Approval Number: 02613/12/2020 J
Chartered Accountant

CORPORATE PROPOSALS

EQUITY

The SC received 5 equity applications in 2019 of which 2 applications were for initial public offerings (IPOs) and 3 were for transfer of listings. A total of 5 equity applications were considered in 2019 (Table 1).

In 2019, the SC approved 4 IPOs for the Main Market with total funds approved to be raised from these IPOs estimated at RM0.46 billion with an aggregate market capitalisation of RM1.68 billion (Table 2).

There were 30 new listings for 2019, highest since 2006. Of these 30 listings, 4 were on the Main Market, 11 were on the ACE Market and the remaining 15 were on the LEAP Market. The total amount of funds raised from these new listings in 2019 was approximately RM2.02 billion.

The SC registered 25 equity prospectuses in 2019, comprising 13 prospectuses for IPO and 12 abridged prospectuses (Table 3).

Table 1

Status of equity applications

Applications	2019	2018
Brought forward from the previous year	4	3
Received during the year	5	11
Total for consideration	9	14
Approved during the year	(5)	(9)
Not approved during the year	–	(-)
Returned during the year	–	(-)
Total considered during the year	(5)	(9)
Withdrawn during the year	(1)	(1)
Carried forward to the next year	3	4

Table 2

Equity applications approved by type of proposals

Type of proposals	2019		2018	
	No. of proposals approved	Estimated amount to be raised (RM million)	No. of proposals approved	Estimated amount to be raised (RM million)
IPO on Main Market: – Domestic companies	4	459.94	5	5,567.79
Transfer from ACE Market to Main Market	1	–	4	–
TOTAL	5	459.94	9	5,567.79

Table 3

Registration of equity prospectuses

Applications	2019	2018
Prospectus	13	15
Abridged prospectus	12	27
TOTAL	25	42

CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuances of RM132.82 billion in 2019, a 25.96% increase from RM105.45 billion issued in 2018.

In 2019, the SC received 77 lodgements under the Lodge and Launch (LOLA) Framework and 1 application for issuances of corporate bonds and sukuk, as compared to 57 lodgements and 2 applications received in the previous year (Table 4). Ringgit-denominated corporate bonds and sukuk issues continued to form the majority of the proposals approved by / lodged with the SC with a

total nominal value of RM164.27 billion, of which 57% or RM93.64 billion were sukuk (Table 5).

There has been an overall increase in the maturity profile of ringgit-denominated corporate bonds and sukuk approved by / lodged with the SC in 2019. The number of ringgit-denominated corporate bonds and sukuk with tenures of 8 to 15 years and above 15 years increased by 26.67% and 57.69%, respectively. There was a decrease of 38.89% in the corporate bonds and sukuk with tenures of 1 to 7 years (Chart 1).

In 2019, a total of 39 ratings were assigned by credit rating agencies to ringgit-denominated corporate bonds and sukuk issues approved by / lodged with the SC. The number of unrated issues has risen by 19.44% compared to previous year (Chart 2). The mandatory rating requirement for corporate bonds and sukuk has been removed effective January 2017.

There were 7 foreign currency-denominated corporate bonds and sukuk lodged with the SC in 2019, comprising 4 sukuk by foreign issuers and 3 corporate bonds by Malaysian issuers.

Table 4

Number of corporate bonds and sukuk lodgements and applications

(i) Lodgements ¹	2019	2018
Received during the year	77	57
(ii) Applications	2019	2018
Brought forward from the previous year	-	1
Received during the year	1	2
Total for consideration	1	3
Approved during the year	(1)	(3)
Not approved during the year	-	-
Returned during the year	-	-
Total considered during the year	(1)	(3)
Withdrawn during the year	-	-
Carried forward to the next year	-	-

Note:

¹ Pursuant to the Lodge and Launch Framework

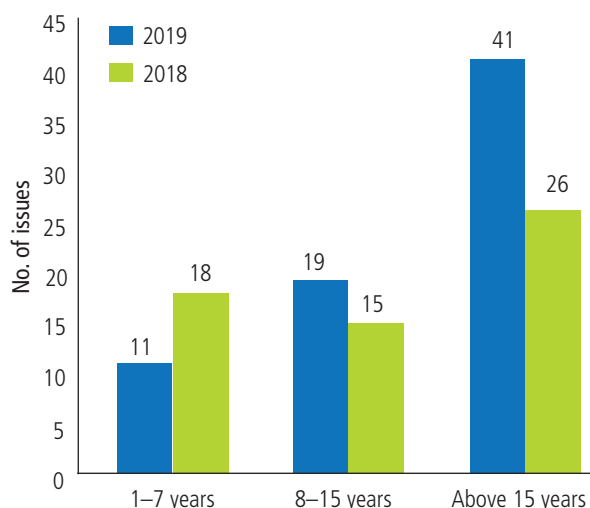
Table 5

Lodged/approved ringgit-denominated corporate bonds and sukuk issues

Type of issues	2019		2018	
	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
Corporate bonds				
– Commercial papers/Medium-term notes	26	36,788.00	19	26,224.00
– Bonds	6	13,670.00	2	10,080.00
– Loan stocks	1	172.47	3	802.88
Subtotal	33	50,630.47	24	37,106.88
Sukuk				
– Islamic commercial papers/ Islamic medium-term notes	33	88,943.84	32	50,965.00
– Islamic bonds	3	4,700.00	-	-
– Islamic loan stocks	-	-	-	-
Subtotal	36	93,643.84	32	50,965.00
Combination of corporate bonds and sukuk				
– Commercial papers/Medium-term notes	2	20,000.00	2	1,800.00
Subtotal	2	20,000.00	2	1,800.00
TOTAL	71	164,274.31	58	89,871.88

Chart 1

Tenure of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:
Tenure of facility, and not the respective notes or papers under the facility.

TAKE-OVERS AND MERGERS

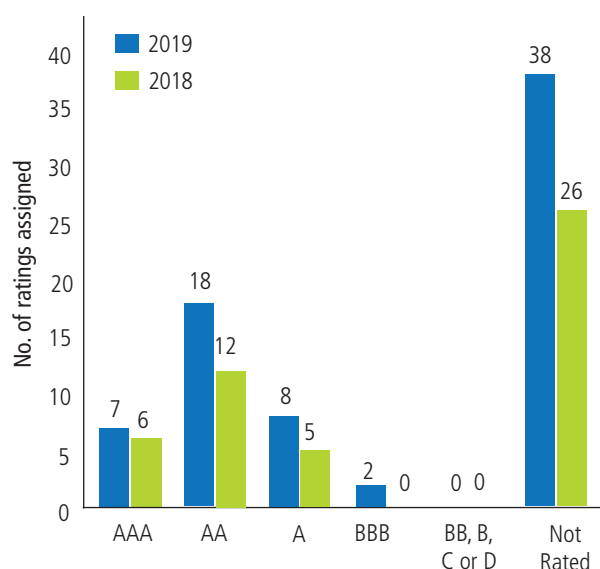
In Malaysia, take-overs and mergers, including schemes of control, are regulated by the SC under the *Capital Markets and Services Act 2007* (CMSA), the *Malaysian Code on Take-overs and Mergers 2016* (Code) and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules) to ensure that the acquisition of voting shares or control of companies takes place in an efficient, competitive and informed market. The Code / Rules provides an orderly framework within which take-overs, mergers and compulsory acquisitions are to be conducted.

In 2019, the SC considered 81 applications under the Rules, compared to 72 applications in 2018. A total of 22 offer documents were cleared by the SC in 2019 involving a total offer value of RM4.90 billion or an average of RM222.50 million per offer,

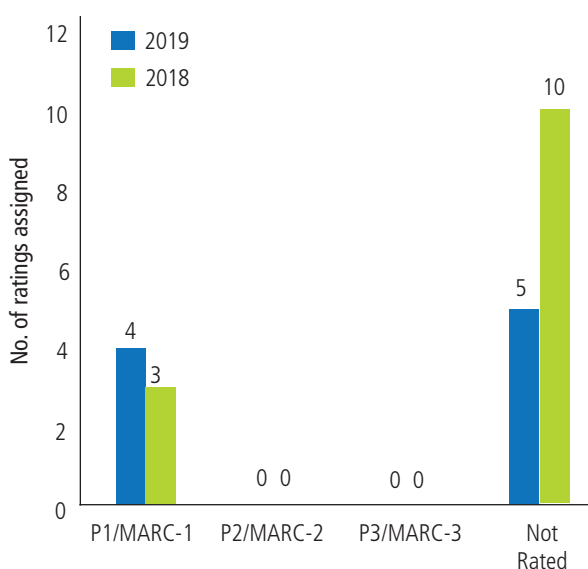
Chart 2

Rating summary of lodged/approved ringgit-denominated corporate bonds and sukuk issues

Long-term rating



Short-term rating



Note:
A corporate bond or sukuk issue may be assigned more than 1 credit rating (e.g. for commercial papers/medium-term notes programmes, both short-term rating accorded for commercial papers and long-term rating for medium-term notes are taken into account).

which represented a decrease of RM2.42 billion against the previous year (2018: 18 offers with total offer value of RM7.32 billion and 1 cash compensation scheme to shareholders to address an earlier trigger of the mandatory offer obligation). Of the 22 offers, 6 were undertaken by way of schemes (2018: 4 schemes).

The largest offer for the year was in relation to Lafarge Malaysia Bhd (a cement producer now known as Malayan Cement Bhd) at RM1.56 billion in offer value and constituting 32% of the total offer value for 2019. Also of note were the proposed privatisations of Kian Joo Can Factory Bhd and Selangor Properties Bhd (undertaken by way of scheme) with offer values of RM0.92 billion and RM0.69 billion, respectively.

In 2019, there were 11 privatisation offers (2018: 7 privatisation offers). However, MAA Group Bhd's scheme failed to obtain the requisite approval from its shareholders while the offer for LTKM Bhd did not meet the acceptance condition.

In addition, 3 take-over offers were undertaken by PLCs as offerors and constituted RM2.08 billion or 42% of the total offer value, namely Scientex Bhd, YTL Cement Bhd and YTL Corporation Bhd (for the take-over offers in Daibochi Bhd, Lafarge Malaysia Bhd and YTL Land and Development Bhd, respectively).

The industrial products and services sector garnered the most interest with total offer value of RM3.05 billion (representing 62% of total offer value involving 7 target companies or 32% of total number of offers). The consumer products and services sector recorded the highest number of offers involving 8 target companies with total offer value of RM0.52 billion (representing 36% of total number of offers or 11% of total offer value).

Additionally, the SC cleared 26 independent advice circulars comprising 22 circulars in relation to take-over offers / schemes and 4 circulars in relation to exemptions from the mandatory offer obligation pursuant to the whitewash procedures / share

Table 6

Applications considered in relation to take-overs, mergers and compulsory acquisitions

Type of applications/ documents cleared	2019	2018
Clearance of offer/ scheme documents	22	19*
Clearance of independent advice circulars	26	25
Applications for exemption from mandatory offer obligation	17	15
Other applications	16	13
TOTAL	81	72

* Includes clearance of a cash compensation scheme document to shareholders which was implemented concurrently with a take-over scheme to address an earlier trigger of the mandatory offer obligation in respect of the same offeree company.

buy-back. The SC also approved 17 applications for exemptions from having to undertake a mandatory take-over offer and 16 applications for various ancillary matters under the Rules and other rulings (Table 6).

As part of its mandate, the SC also undertakes surveillance on take-over transactions to ensure compliance with the take-over requirements. Non-compliances identified during the year included furnishing of false or misleading information to the SC, delay in providing dealing disclosures during an offer period and dealings in shares during a restricted period, for which appropriate actions have been taken ranging from the issuance of reprimand and imposition of fine to infringement notices.

The SC encourages consultations to clarify the application of the Code/Rules and its expectations to ensure compliance. In 2019, consultations with the SC involved various aspects of take-overs regulation including on concert party matters, pre-conditions to take-over offers, possible favourable deals, frustration of offer, downstream offer implications and other general enquiries.

INVESTMENT MANAGEMENT

FUND MANAGEMENT

Total AUM of licensed FMCs in Malaysia increased by 10.71% to RM823.19 billion compared to RM743.58 billion in 2018. In 2019, top 5 FMCs contributed to 56.57% of total AUM compared to 57.42% in 2018 (Chart 1).

Source of funds under management were largely from unit trust funds, EPF, corporate bodies and wholesale funds (Table 1). These funds were allocated in various asset classes and locations, of which, investment inside Malaysia by FMCs amounted to RM620.15 billion, representing 75.33% of the total AUM as at end of 2019 (Chart 2). The bulk of investment was allocated in equities with 48.61% at end of 2019, as compared to 47.24% in 2018 (Chart 3). Similar trend was observed on assets allocation inside and outside Malaysia (Chart 4).

Table 1

Source of clients' funds under management

Source of funds	2019 (RM billion)	2018 (RM billion)
Unit trust funds	482.09	426.18
EPF	131.42	112.13
Wholesale funds	58.10	64.96
Corporate bodies	80.67	73.11
Statutory bodies and government agencies	32.35	32.81
Others	21.52	19.57
Individuals	13.04	10.06
Private pension funds	4.00	4.76
TOTAL	823.19	743.58

Chart 1

Assets managed by FMCs

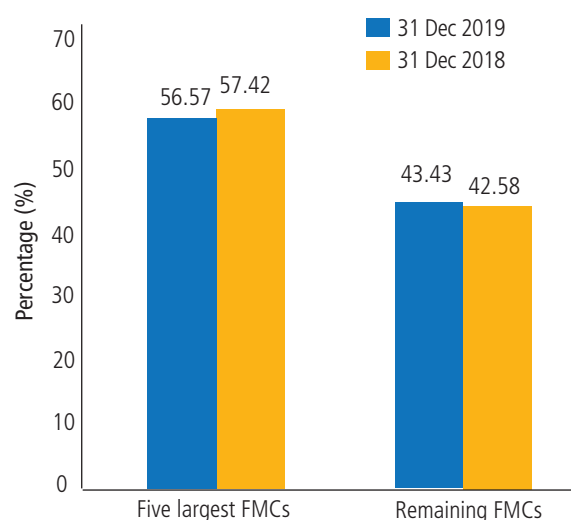


Chart 2

Assets invested inside and outside of Malaysia

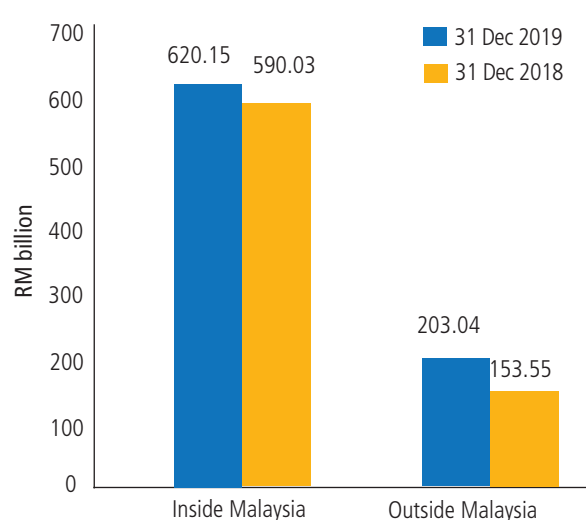


Chart 3

Assets Allocation

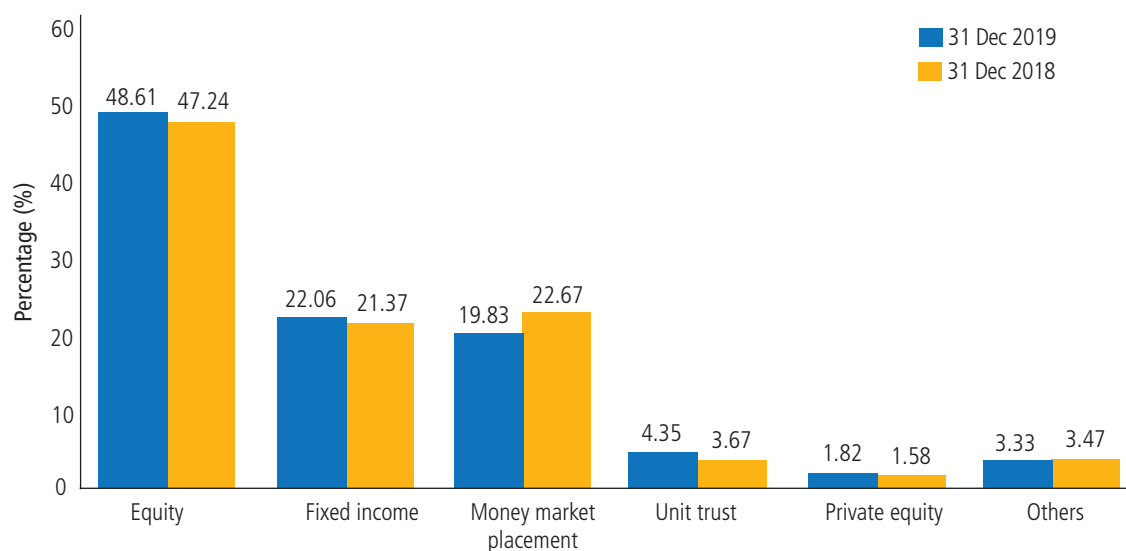
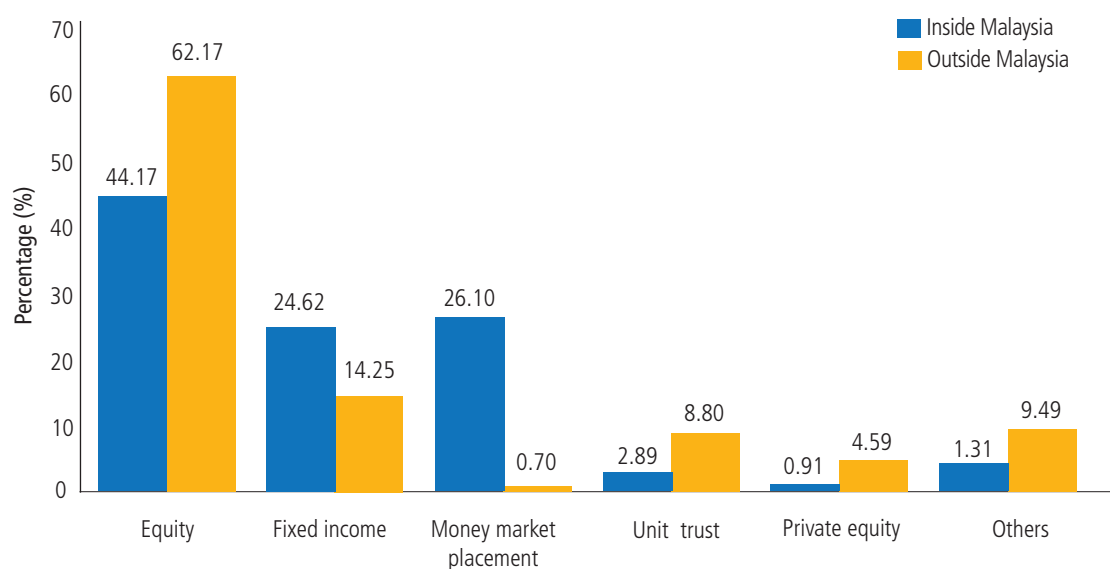


Chart 4

Assets allocation inside and outside of Malaysia as at 31 December 2019



COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

Unit trust funds continued to be the largest component of the Malaysian collective investment schemes (CIS) industry with a total NAV of RM482.09 billion recorded as at 31 December 2019, an increase of 13.12% from RM426.18 billion as at 31 December 2018. There were 39 locally-incorporated unit trust management companies approved to offer unit trust funds as at 31 December 2019. The percentage of the total NAV of unit trust funds industry against Bursa Malaysia's market capitalisation is 28.16% (2018: 25.06%) (Table 2).

In 2019, 58 new unit trust funds were launched while 8 funds were terminated and 15 funds matured, bringing the total number of unit trust funds available to investors to 685 as at 31 December 2019. Of these, 449 funds were conventional unit trust funds while the remaining 236 were Shariah-compliant unit trust funds.

The unit trust funds industry recorded a total gross sales (excluding reinvestment of distribution) of RM249.87 billion, the majority of which were distributed by unit trust management companies with total gross sales of RM131.55 billion (Table 3).

In the wholesale funds segment, 60 new funds were launched under the LOLA Framework (Table 4) to sophisticated investors while 37 funds were terminated and 7 funds matured in 2019, which brought the total number of wholesale funds offered by 44 FMCs to 323 as at 31 December 2019. Of these, 265 funds were conventional wholesale funds while 58 were Shariah-compliant wholesale funds. Total NAV of RM58.10 billion (2018: RM64.96 billion) was recorded as at 31 December 2019.

In 2019, 3 funds qualified as SRI funds under the Guidelines on SRI Funds while 1 was terminated during the year. With this, a total of 6 SRI funds qualified under the SC's Guidelines on SRI Funds

were available to investors as at 31 December 2019. Of these, 3 were unit trust funds and 3 were wholesale funds.

As at 31 December 2019, a total of 18 REITs were listed on Main Market of Bursa Malaysia with a total market capitalisation (including a stapled group) of RM43.83 billion (2018: RM41.43 billion). The total asset size grew marginally from RM52.77 billion to RM54.44 billion for the same period. There was 1 unlisted REIT offered to sophisticated investors as at 31 December 2019.

With the listing of 4 L&I ETFs on 29 November 2019, i.e. TradePlus NYSE® FANG+™ Daily (2x) Leveraged Tracker, TradePlus NYSE® FANG+™ Daily (-1x) Inverse Tracker, TradePlus HSCEI Daily (2x) Leveraged Tracker and TradePlus HSCEI Daily (-1x) Inverse Tracker, the total ETFs listed on the Main Market of Bursa Malaysia as at 31 December 2019 was 15 with a total market capitalisation of RM2.14 billion. This represents an increase of 8.08% from a total market capitalisation of RM1.98 billion as at 31 December 2018.

As at 31 December 2019, there continued to be only 1 closed-end fund (CEF) listed on the Main Market of Bursa Malaysia with a market capitalisation of RM336 million (2018: RM345.80 million).

The number of PRS remained unchanged with 12 schemes offered by 8 PRS providers. A total of 2 new private retirement funds were launched while 1 fund was terminated in 2019, which brought the total number of private retirement funds in operation to 57 as at 31 December 2019. Of these, 31 were conventional funds while 26 were Shariah-compliant funds. Total NAV of RM3.50 billion as at 31 December 2019 represented an increase of 30.60% compared to a total NAV of RM2.68 billion as at 31 December 2018.

In 2019, the SC considered 419 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses, register deeds and other ancillary matters (Table 4).

Table 2

Overall status of unit trust fund industry

	31 December 2019	31 December 2018
No. of funds launched	685	650
– Conventional	449	426
– Shariah-compliant	236	224
Units in circulation (billion units)	696.40	629.24
No. of accounts (million)*	20.65	21.06
Total NAV (RM billion)	482.09	426.18
– Conventional (RM billion)	374.77	342.72
– Shariah-compliant (RM billion)	107.32	83.46
% of NAV to Bursa Malaysia market capitalisation^	28.16	25.06

Notes:

* Including unitholders accounts with institutional unit trust scheme (UTS) advisers that operate nominee account system.

^ The comparison made between the total NAV of the unit trust funds industry and Bursa Malaysia's market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust funds.

Table 3

Distribution channels

	31 December 2019 RM billion	31 December 2018* RM billion
Unit trust management company	131.54	83.84
Institutional UTS advisers	63.95	61.81
Unit trust consultant	51.07	47.58
Corporate UTS advisers	1.39	0.72
Others	1.92	2.04
TOTAL	249.87	195.99

Note:

* 2018 figures were revised as a result of the resubmission of data.

Table 4

Number of applications and lodgements relating to CIS and PRS

(i) Lodgement	Lodged				Launched	
	2019		2018		2019	2018
Wholesale funds (WF)	59		45 ¹		60	43
(ii) Application	Considered		Approved		Pending consideration	
	2019	2018	2019	2018	As at 31 December 2019	As at 31 December 2018
Establishment of CIS	60	43	60	43	10	5
– Unit trust funds (UTF)	54	42	54 ²	42 ³	7	5
– ETF	6	1	6	1	3	-
Establishment of private retirement funds	2	-	2	-	-	-
Recognition of foreign Qualifying CIS	1	-	1	-	-	-
Increase in fund size limit	1	2	1	2	-	-
– Unit trust funds	1	1	1	1	-	-
– REITs	0	1	0	1	-	-
Exemption / Variation from guidelines	17	9	17	8	3	3
Registration of prospectuses / disclosure documents	162	124	162	124	21	8
Registration of deeds	152	120	152	120	19	7
Other applications	24	52	24 ⁴	51	-	3
TOTAL	419	350	419	348	53	26

Notes:

¹ Includes 2 funds which were qualified as SRI funds under the SC's Guidelines on SRI Funds.

² Includes 1 fund which was qualified as SRI fund under the SC's Guidelines on SRI Funds.

³ Includes 2 funds which were qualified as SRI funds under the SC's Guidelines on SRI Funds.

⁴ Includes 2 existing funds which were qualified as SRI funds under the SC's Guidelines on SRI Funds.

INVESTMENT PRODUCTS

Structured warrants

There were 6 eligible issuers of structured warrants in 2019. The SC received and registered 6 base prospectuses and 12 supplementary prospectuses from these issuers in 2019 (Table 5).

A total of 1,106 term sheets for the offering of structured warrants were registered in 2019, representing an increase of 6.7% compared to the 1,037 term sheets registered in 2018. The increase was attributable to the active issuance by issuers in meeting investor interest in 2019. The year also saw an increase in issuances of structured warrants based on shares from 879 in 2018 to 916 in 2019.

Table 5

Structured warrants considered

	2019	2018
No. of eligible issuers	6	6
Base prospectuses registered	6	6
Supplementary prospectuses registered	12	9
Term sheets registered	1,106	1,037
Issue size (billion warrants)	56.87	53.19

Table 6

Structured product programmes considered

	2019		2018	
No. of issuers lodged new programmes	5		16	
New programmes lodged	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
Principle				
– Conventional	5	25	17	85.00
– Islamic	1	5	4	15.05
TOTAL	6	30	21	100.05

In addition, issuances of structured warrants based on indices increased to 173 in 2019 compared to 140 in the previous year.

The term sheets registered in 2019 enabled the structured warrants issuers to offer up to a total of 56.87 billion structured warrants.

Structured products

In 2019, 5 issuers lodged 6 new structured product programmes with the SC under the LOLA Framework for unlisted capital market products. These programmes comprised a variety of underlying references and had an aggregate size of RM30 billion with each programme having a size limit of up to RM5 billion (Table 6).

Contracts for difference

In line with the SC's *Capital Market Masterplan 2* to promote and develop the derivatives market, the SC introduced the *Guidelines on Contracts for Difference* (CFD) on 6 April 2018. A CFD is a leveraged derivatives product that allows investors to participate in the price movement of an underlying instrument. Given the complexity of CFDs, the framework is implemented on a phased approach starting with sophisticated investors.

In 2019, there was 1 CFD provider that has started to offer CFD in Malaysia based on shares.

ISLAMIC CAPITAL MARKET

Malaysia's Islamic capital market continues to garner a larger share of the overall capital market, with a commanding 63.57%. Its market size recorded RM2,035.58 billion as at end 2019 in comparison with RM1,880.73 billion as at end 2018. This comprises total market capitalisation of Shariah-compliant equities of RM1,096.62 billion and total sukuk outstanding amounting to RM938.96 billion (Chart 1 and Table 1).

Shariah-compliant securities

As at December 2019, Shariah-compliant securities increased from 689 as at end 2018 to 714, which constituted 76.86% of the 929 listed securities on

Bursa Malaysia. The market capitalisation of Shariah-compliant securities stood at RM1,096.62 billion or 64.06% of the total market capitalisation, an increase of 5.80% as compared to end 2018 (Chart 2 and Table 2). The industrial products and services sector constitutes the most Shariah-compliant securities, with 218 (30.53%) securities, followed by consumer products sector with 145 securities (20.31%), technology with 81 securities (11.34%) and property with 78 securities (10.92%).

Sukuk

Corporate sukuk issuance represented 77.09% (2018: 68.92%) of total corporate bonds and sukuk

Chart 1

Size of Islamic capital market

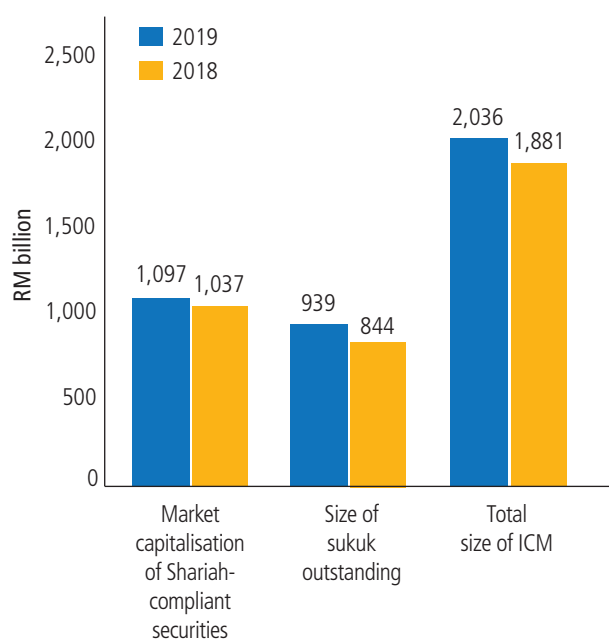
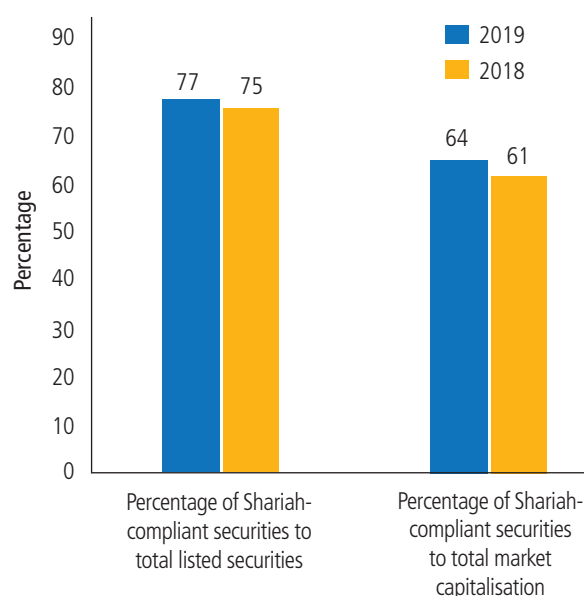


Chart 2

Percentage of number and market capitalisation of Shariah-compliant securities



issuances while corporate sukuk outstanding accounted for 79.58% (2018: 76.01%) of total corporate bonds and sukuk outstanding (Table 3).

Sukuk issuances by Government and corporates in 2019 represented 61.11% (2018: 51.80%) of total bonds and sukuk issuances whereas total sukuk outstanding represented 63.01% (2018: 60.05%) of total bonds and sukuk outstanding (Table 4).

In 2019, 4 new corporate issuers had issued SRI sukuk focusing on renewable energy, bringing the total SRI sukuk issuers to 10 since 2015. The total corporate SRI sukuk issuances increased from RM0.47 billion in 2018 to RM2.16 billion, which is 2.11% of total corporate sukuk issuances. Corporate SRI sukuk outstanding grew from RM2.61 billion in 2018 to RM4.71 billion as at end 2019, constituting 0.85% of total corporate sukuk outstanding.

Islamic fund management

The Islamic AUM as at end 2019 stood at RM180.52 billion, registering 13.66% increase from RM158.83 billion as at end 2018 (Chart 3 and

Chart 3

AUM of Islamic fund management

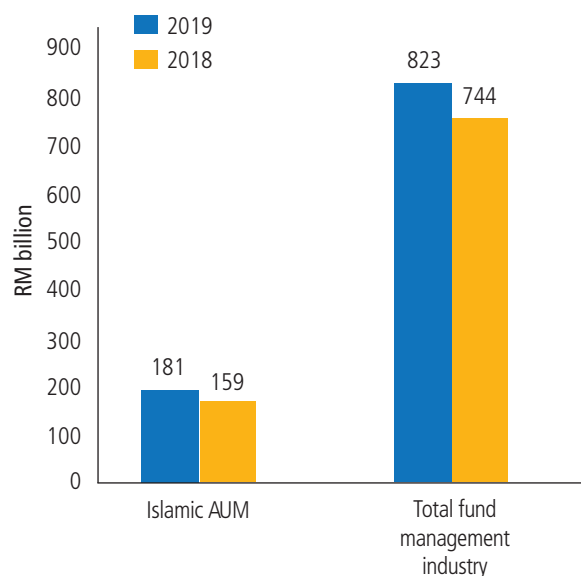


Table 5). The number of Islamic CIS (UTF, WF, PRS, REIT and ETF) stood at 330 as at end 2019 including 2 SRI Islamic unit trust funds. There were 54 FMCs managing Islamic funds, with 23 full-fledged Islamic FMCs and 31 FMCs offering Islamic windows as at end 2019.

KEY STATISTICS

Table 1

Size of ICM

Islamic capital market	2019 RM billion	2018 RM billion
Market capitalisation of Shariah-compliant securities	1,096.62	1,036.52
Size of sukuk outstanding	938.96	844.21
Total size of ICM	2,035.58	1,880.73
% ICM to total capital market	63.57%	60.55%

Table 2

Shariah-compliant securities

	2019	2018
Number of securities:		
Shariah-compliant securities	714	689
Total listed securities	929	915
% of Shariah-compliant to total listed securities	76.86%	75.30%
Market capitalisation (RM billion):		
Shariah-compliant securities	1,096.62	1,036.52
Total market capitalisation	1,711.84	1,700.37
% of Shariah-compliant securities to total market capitalisation	64.06%	60.96%

Table 3

Corporate sukuk

Total issuance (RM billion) (long-term)	2019	2018
Sukuk issuance	102.39	72.68
Total corporate bonds and sukuk issuances	132.82	105.45
% of sukuk to total corporate bonds and sukuk issuances	77.09%	68.92%
Total sukuk outstanding (RM billion) (long-term)	2019	2018
Sukuk outstanding	555.50	497.21
Total corporate bonds and sukuk outstanding	698.04	654.11
% of sukuk to total corporate bonds and sukuk outstanding	79.58%	76.01%

Table 4

Government and corporate sukuk

Total issuance (RM billion)	2019	2018
Sukuk issuance	235.20	199.90
Total bonds and sukuk issuances	384.85	385.93
% of sukuk to total bonds and sukuk issuances	61.11%	51.80%
Total sukuk outstanding (RM billion)	2019	2018
Sukuk outstanding	938.96	844.21
Total bonds and sukuk outstanding	1,490.28	1,405.78
% of sukuk to total bonds and sukuk outstanding	63.01%	60.05%

Table 5

Islamic AUM

	2019	2018
Islamic AUM (RM billion)	180.52	158.83
Total fund management industry (RM billion)	823.19	743.58
% Islamic AUM to total fund management industry	21.93%	21.36%

Table 6

Islamic UTF

	2019	2018
Islamic UTF	236	224
Total industry	685	650
NAV of Islamic UTF (RM billion)	107.32	83.45
NAV of total industry (RM billion)	482.09	426.18
% NAV of Islamic UTF to total industry	22.26%	19.58%

Table 7

Islamic WF

	2019	2018
Islamic WF	58	76
Total industry	323	307
NAV of Islamic WF (RM billion)	12.33	23.58
NAV of total industry (RM billion)	58.10	64.95
% NAV of Islamic WF to total industry	21.22%	36.30%

Table 8

Islamic PRS funds

	2019	2018
Islamic PRS	26	25
Total industry	57	56
NAV of Islamic PRS (RM billion)	1.06	0.82
NAV of total industry (RM billion)	3.50	2.68
% NAV of Islamic PRS to total industry	30.29%	30.60%

Table 9

Islamic REIT

	2019	2018
Islamic REIT	4	4
Total industry	18	18
Market capitalisation of Islamic REIT (RM billion)	18.24	17.19
Market capitalisation of total industry (RM billion)	43.83	41.43
% market capitalisation of Islamic REIT to total industry	41.62%	41.49%

Table 10

Islamic ETF

	2019	2018
Islamic ETF	6	6
Total industry	15	10
Market capitalisation of Islamic ETF (RM billion)	0.55	0.55
Market capitalisation of total industry (RM billion)	2.14	1.98
% market capitalisation of Islamic ETF to total industry	25.70%	27.78%

VENTURE CAPITAL AND PRIVATE EQUITY

The total number of registered corporations increased to 122 as at 31 December 2019 (Table 1). The venture capital segment accounted for 105 registered corporations (venture capital management companies and venture capital companies – VCMCs and VCCs), while the private equity segment consisted of 17 registered corporations (private equity management companies and private equity companies – PEMCs and PECs).

The number of investee companies decreased from 387 in 2018 to 304 in 2019. As of end 2019, the number of professionals employed by the industry, with at least four years' experience stood at 220.

Total committed funds in the industry as at end of 2019 stood at RM5,998.07 million (Table 2). This

decrease is due to some funds meeting the end of their tenure. The year 2019 saw a 7.6% decrease in investment activity amounting to RM566.37 million invested during the year from RM613.28 million in 2018. At the end of the year under review, the total cumulative investments stood at RM2,961.11 million.

There was an increase in divestment activity from RM161.0 million in 2018 to RM631.16 million in 2019. In this regard, the divestments, either partial or full, involved 149 investee companies were divested in 2019 as compared to 75 companies in 2018. Divestments saw a sharp increase during the year, largely contributed to a restructuring exercise of a major VC firm with a number of investments exited through trade sale, share buybacks or were written-off.

Table 1

Statistics of industry participants

	31 December 2019	31 December 2018
Number of registered corporations	122	117
Number of registered VCMCs and VCCs	105	105
Number of registered PEMCs and PECs	17	12
Number of investee companies	304	387
Number of VC and PE professionals ¹	220	235

¹ Professionals with more than 4 years experience.

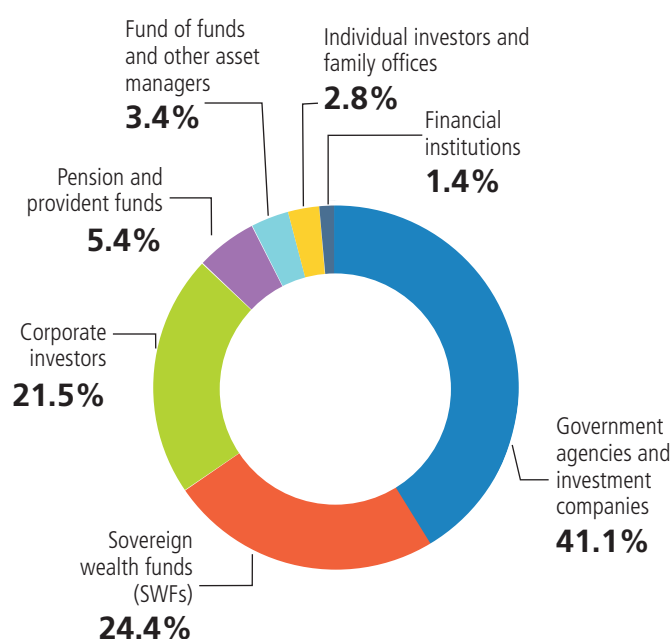
Table 2

Industry key statistics (Figures in RM million)

	31 December 2019	31 December 2018
Total committed funds under management [1]	5,998.07	6,084.19
Total drawn capital [2]	4,285.08	4,102.12
Estimated capital available for investment [3]=[1]-[2]	1,712.99	1,982.06
Total investment as at end of the period	2,961.11	3,116.33
	During 2019	During 2018
Investments in investee companies	566.37	613.28
Divestments	631.16	160.96

Chart 1

Sources of funds (2019: RM5,998.07 million)



Note:

Government agencies and investment companies: Include ministerial investment companies (e.g. Minister of Finance (Incorporated)), government agencies, statutory bodies and GLICs established for the purpose of managing investments of public funds (e.g. PNB, Ekuinas).

Public funds remain the largest source of capital for the industry with government agencies and investment companies making up 41.1%, while sovereign wealth funds contributed 24.4%. Private sector contribution to the industry were led by corporate investors (21.5%), followed by pension and provident funds (5.4%), asset managers (3.4%) and individual investors and family offices (2.8%).

The top 3 registered corporations by amount of investor commitments as at end 2019 were Xeraya Capital, Malaysia Venture Capital Management Berhad (MAVCAP) and COPE Private Equity Sdn Bhd.

Growth investments saw a significant share of deal activity in 2019 with a total of RM387.22 million invested in 63 companies, representing 73.3% of investments done in 2019. This was followed by early stage investments with RM167.72 million and 29.6% share. (Table 3).

Share of investments into IT and communications remained steady at 22.76% while manufacturing and life sciences decreased to 1.22% and 28.16% respectively. Other sectors recorded a significant increase in investments in 2019 with a share of 47.86%. These sectors include investments in wholesale and retail trading, logistics and financial services. (Chart 2).

Divestments in 2019 were mainly in investee companies in the growth stage amounting to approximately RM316.30 million, representing 50.1% of total divestments during the year. (Table 4)

Chart 2

Investments in 2019, percentage by sectors

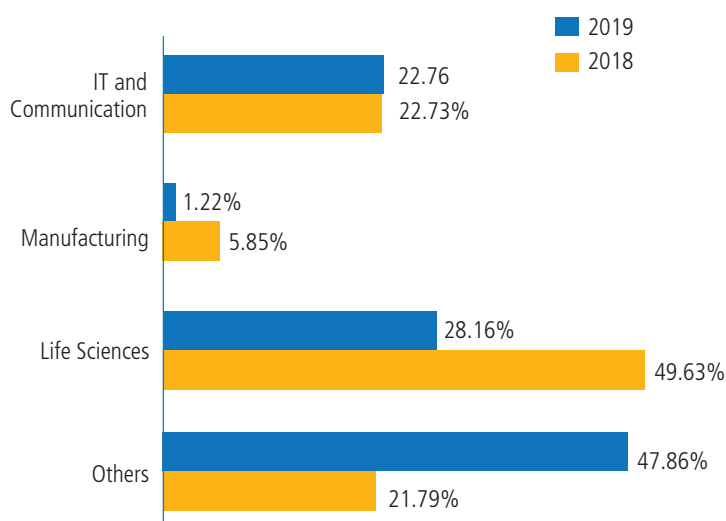


Table 3

Investments during 2019

Business stage	New investments (RM'000)	% of all investment	No. of companies
Start-up	4,192.76	0.7	3
Early stage	167,715.02	29.6	30
Growth	387,218.29	68.4	63
Bridge / mezzanine / pre-IPO	5,500.00	1.0	1
Turnaround / restructuring	1,739.13	0.3	5
All investments	566,365.20	100.0	102

Table 4

Divestments during 2019

Business stage	Divestments (RM '000)	% of all divestments	No. of companies
Seed	102,423.42	16.2	24
Start-up	24,282.28	3.9	13
Early stage	158,092.14	25.0	34
Growth	316,297.02	50.1	58
Bridge / mezzanine / pre-IPO	22,475.36	3.6	6
Turnaround / restructuring	7,592.73	1.2	14
All divestments	631,162.94	100.0	149

EQUITY CROWDFUNDING AND PEER-TO-PEER FINANCING

EQUITY CROWDFUNDING

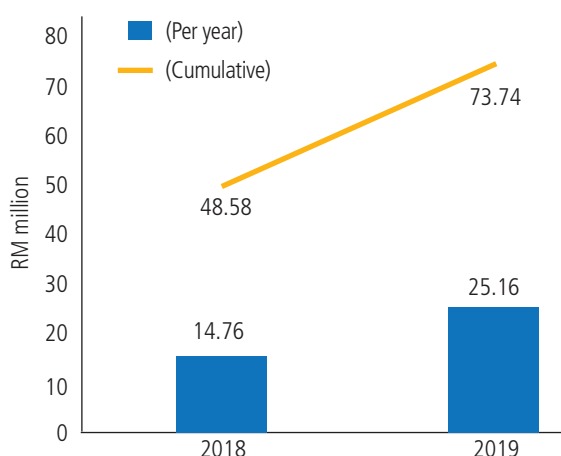
Since 2016, total capital raised stood at RM73.74 million (Chart 1) through 80 campaigns, with 85% campaign success rate. These campaigns have benefitted 77 issuers.

Campaigns

In 2019, RM25.16 million in capital was raised by 29 campaigns. 59% of these campaigns were funds raised for technology-focused projects. Similar to 2018, there is a general uptrend in the number of successful campaigns throughout 2019 (Chart 2). Majority of the 2019 campaigns have raised within the range of RM500,000 and below (Chart 3).

Chart 1

Capital raised



As a result, campaigns that have raised more than RM500,000 have decreased from 64% in 2018 to 45% in 2019 (Chart 3).

Chart 2

Successful campaigns

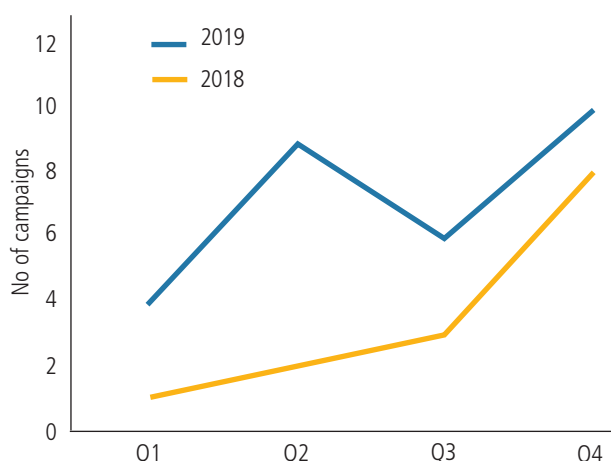
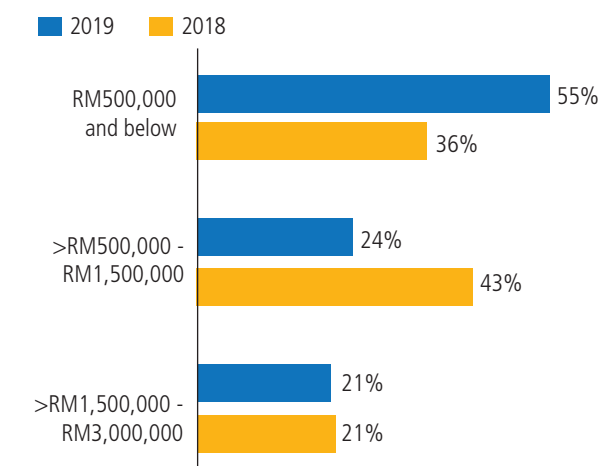


Chart 3

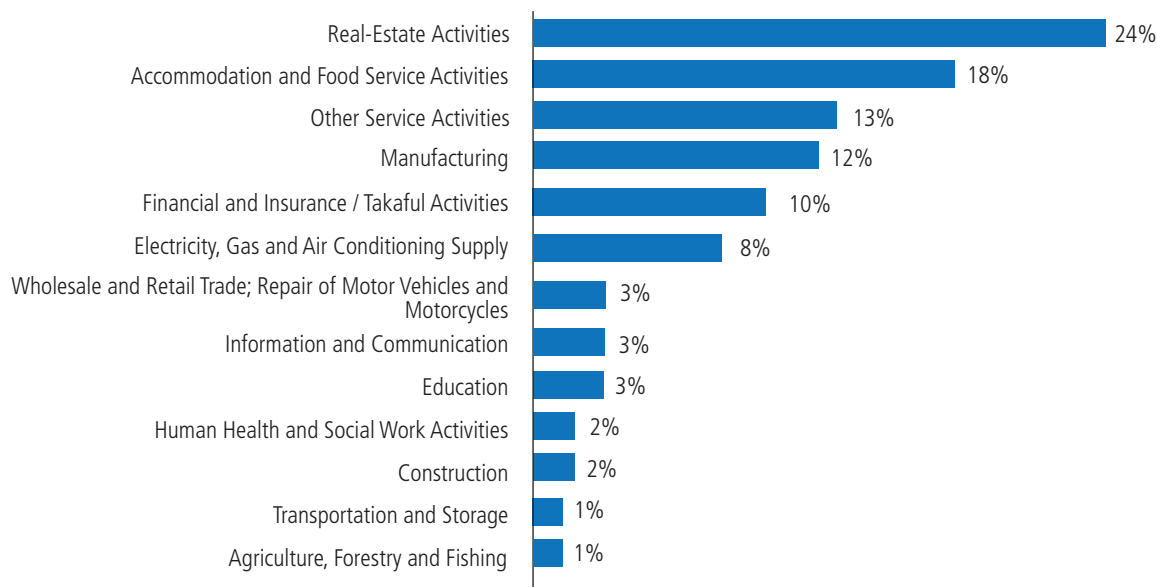
Distribution of fundraising quantity



Note: 2018 numbers have been adjusted according to the Recognised Market Operators' (RMO) latest reported numbers.

Chart 4

Capital raised by sectors in 2019



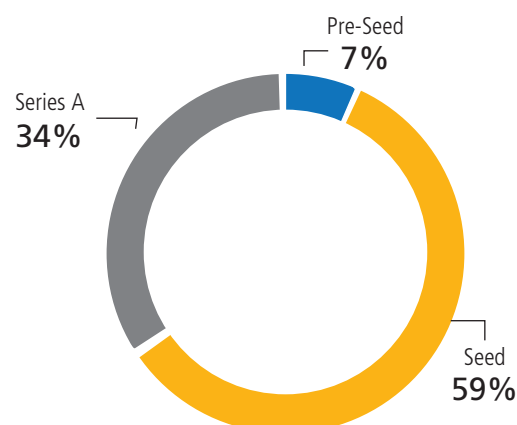
The top 3 sectors that received the most funding in 2019 were Real Estate Activities (24%), Accommodation and Food Service Activities (18%), and Other Service Activities* (13%) (Chart 4).

Issuers

A total of 29 issuers have successfully raised funds on the ECF platforms in 2019. A total of 83% of these issuers were largely based in Kuala Lumpur / Selangor. Issuers from the seed stage received the bulk of the funding in 2019, representing 59% of the total funds raised (Chart 5). Majority of these issuers sought fundraising for their business expansion.

Chart 5

Stage of fundraising in 2019



Note: * The Other Service Activities sector includes activities of membership organisations, repair of computers, personal and household goods and other personal service activities.

Investors

Table 1 represents the investor demographics in 2019.

Table 1

Investor demographics in 2019

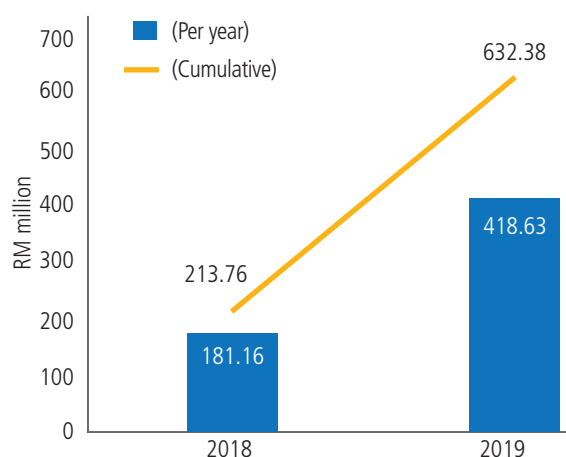
		Percentage of total investors
Nationality	Malaysian	96
	Foreign	4
Gender	Female	31
	Male	69
Age	Below 35	46
	35 to 45	31
	>45 to 55	14
	Above 55	9
Type	Retail	52
	Angel	15
	Sophisticated	31
	Institutional	2

PEER-TO-PEER FINANCING

Since 2017, total capital raised stood at RM632.38 million (Chart 6) through 8,102 successful campaigns, with 99% success rate. These campaigns have benefitted 1,866 issuers.

Chart 6

Capital raised



Note: 2018 numbers have been adjusted according to the RMOs' latest reported numbers.

Chart 7

Successful campaigns

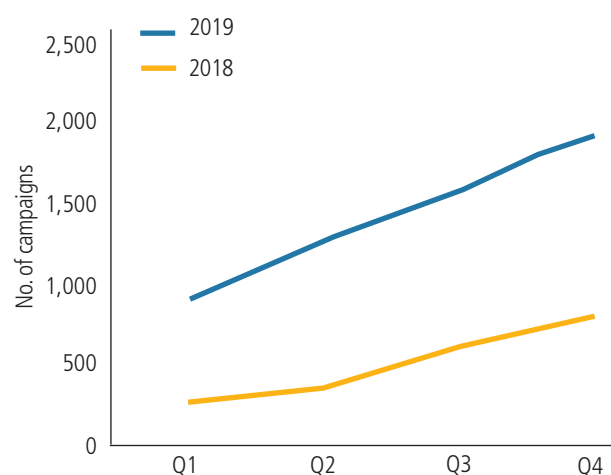
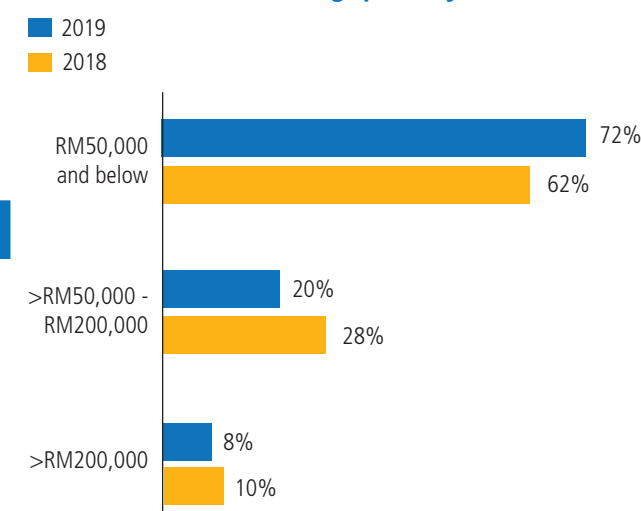


Chart 8

Distribution of fundraising quantity

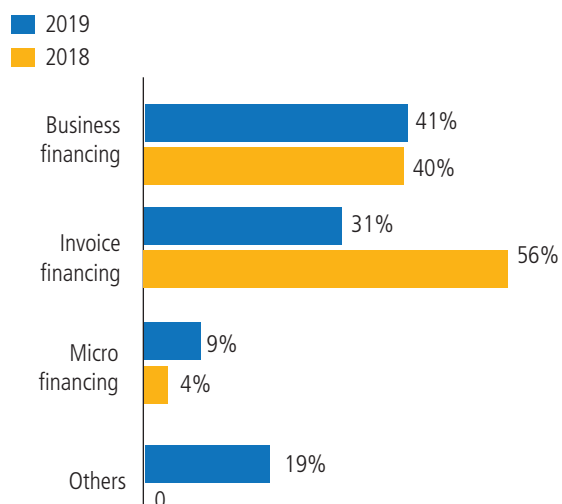


Campaigns

Total capital raised grew by 131% in 2019, which amounted to RM418.63 million (Chart 6). A total of 5,583 successful campaigns contributed to this growth in capital in 2019. Similar to 2018, there is a steady rise of campaigns throughout 2019 (Chart 7). In terms of campaign size, there remains a preference towards smaller fundraising amounts, with 72% of campaigns at RM50,000 and below (Chart 8).

Chart 9

Type of investment notes



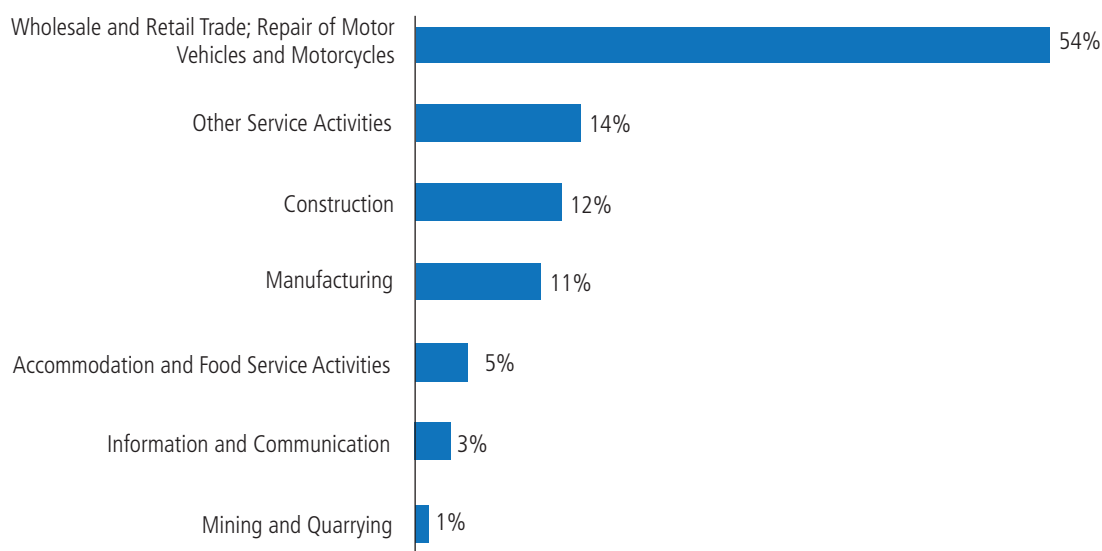
A total of 72% of the investment notes issued in 2019 are business and invoices financing notes (Chart 9). Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles sector has received the majority of the funding in 2019 (Chart 10) while 11% of the total 2019 campaigns are technology-focused projects.

Issuers

A total of 1,420 issuers have successfully raised funds via the P2P platforms in 2019. A total of 51% of these issuers are based outside of Kuala Lumpur / Selangor (e.g. Penang, Sarawak, Johor). A total of 88% of these issuers raised funds to support their day-to-day business operations (i.e. working capital).

Chart 10

Capital raised by sectors in 2019



Investors

Table 2 represents the investor demographics in 2019.

Table 2

Investor demographics in 2019

		Percentage of total investors
Nationality	Malaysian	98
	Foreign	2
Gender	Female	28
	Male	72
Age	Below 35	62
	35 to 45	24
	>45 to 55	9
	Above 55	5
Type	Retail	99
	Non-Retail*	1

Note:

* Non-retail includes Sophisticated, Angel and Institutional investors.

AUTHORISATION AND LICENSING

In 2019, the number of licensed intermediaries including individual licensees for financial planning and investment advice stood at 234 compared with 242 in 2018. The net number licence holders have reduced following 10 cessations of CMSLs, 1 cessation of CMSL-individual, 1 revocation and 2 CMSLs, which moved to the registration regime. Cessations were mainly due to business realignment, group rationalisation and restructuring, and shift in geographical focus. There were also 6 new licences issued during the year of which 2 were issued for fund management, 2 for advising on corporate finance, 1 for dealing in derivatives and 1 for financial planning. The SC continues to see interest in the fund management and financial planning segments especially in the digital fund management segment.

The number of licensed representatives increased marginally to 9,660 compared with 9,587 in 2018. In 2019, a total of 920 new licences were issued for Capital Markets Services Representative's Licence (CMSRLs) to undertake various regulated

activities. The advisory segment continued to attract new entrants, particularly financial planning.

There was a decrease in the number of registered Marketing Representatives from 541 as at December 2018 to 367 as at December 2019. Similarly, the number of registered Trading Representatives declined slightly to 107 in 2019 as compared to 126 in 2018. In 2019, the SC also approved 10 new registrations for PECs, PEMCs, VCCs and VCMCs¹.

Effective 2 January 2019, entities providing trustee services for a UTS and prescribed investment scheme, PRS, corporate bonds, sukuk or any other products as may be specified by the SC, and issuing houses are required to be registered under section 76A of the CMSA, pursuant to the introduction of the *Guidelines on the Registration and Conduct of Capital Market Services Providers* (CMSP Guidelines). To date, there is a total of 19 CMSPs, comprising 17 trustees and 2 issuing houses.

¹ 1 PEC, 4 PEMC, 3 VCC and 2 VCMC.

Table 1

Capital Markets Services Licence holders

By core activity ²	2019	2018
Dealing in securities ³	36	39
Dealing in derivatives	7	8
Fund management	97	98
Advising on corporate finance	42	42
Investment advice	15	16
Investment advice (individual)	1	1
Financial planning	34	35
Financial planning (individual)	2	3
TOTAL	234	242

By regulated activity	2019	2018
Dealing in securities		
Investment banks	10	10
Universal brokers	1	1
1+1 stockbroking companies	12	12
Special scheme foreign stockbroking companies	7	7
Issuing houses	-	2
	30	32
Dealing in derivatives		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	7	8
	17	18
Clearing		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	6	7
	16	17

² For entities licensed for more than 1 regulated activity, core activity means the activity that the intermediary is primarily licensed for.

³ Includes 5 CMSLs for dealing in securities restricted to unit trust and 1 CMSL for dealing in securities restricted to listed securities.

Table 1

Capital Markets Services Licence holders *(Continued)*

By regulated activity	2019	2018
Fund management		
<i>Portfolio management</i>		
Investment banks	1	1
Unit trust management companies	24 ⁴	25
Special scheme foreign fund managers	5	5
Islamic fund managers	23 ⁴	21
Boutique fund managers	4	3
Digital Investment Manager	2	1
Others	21	24
<i>Asset management</i>		
REITs	18	19
	98	99
Advising on corporate finance		
Investment banks	10	10
1+1 stockbroking companies	6	6
Special scheme foreign stockbroking companies	5	6
Others / standalone / boutique corporate finance companies	43	43
	64	65
Investment advice		
Investment banks	9	8
1+1 stockbroking companies	8	8
Special scheme foreign stockbroking companies	7	7
Unit trust management companies	3	2
Others / standalone / boutique investment advice companies	22	23
	49	48
Financial planning		
Unit trust management companies	5	5
Corporate unit trust advisers	17	17
Others / standalone / boutique financial planning companies	20	21
	42	43

⁴ Including 1 company licensed for DIM.

Table 1

Capital Markets Services Licence holders *(Continued)*

By regulated activity	2019	2018
Dealing in securities restricted to unit trusts		
Unit trust management companies	29	30
Islamic fund managers	10	8
Corporate unit trust advisers	17	17
Others	1	1
	57	56
Dealing in securities restricted to listed securities		
Others	1	1
	1	1
Dealing in securities restricted to over-the-counter (OTC) bond		
Others	1	1
	1	1
Dealing in PRS schemes		
Investment banks	1	1
Unit trust management companies	9	9
Corporate PRS advisers	17	17
Others	3	2
	30	29
GRAND TOTAL	405	409

Table 2

Capital Markets Services Representative's Licence holders

By core activity	2019	2018
Dealing in securities	6,326	6,373
Dealing in derivatives	469	495
Fund management	819	818
Advising on corporate finance	768	761
Investment advice	301	307
Financial planning	977	833
GRAND TOTAL	9,660	9,587

Table 3

Application for new company licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Issued	-	-	1	-	2	5	2	-	-	-	1	2

Table 4

Application for new representatives' licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Issued	417	317	43	40	90	100	131	128	43	52	196	168
Withdrawn*	70	43	13	9	44	83	27	23	4	7	52	77
Returned*	159	145	27	20	103	84	69	54	16	24	135	128

Note:

* By regulated activities

Table 5

Cessation of company/individual licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning		Financial planning (Individual)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Ceased	1*	-	2	-	2	-	2	1	1	-	2	-	1	-
Revoked	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note:

* Dealing in securities restricted to unit trust

Table 6

Cessation of representatives' licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Ceased*	514	453	107	88	88	97	121	135	46	39	47	47
Revoked	1	2	-	-	-	-	-	1	-	-	-	-
Suspended	1	-	-	-	-	-	-	-	-	-	-	-

Note:

* By regulated activities.

ENFORCEMENT

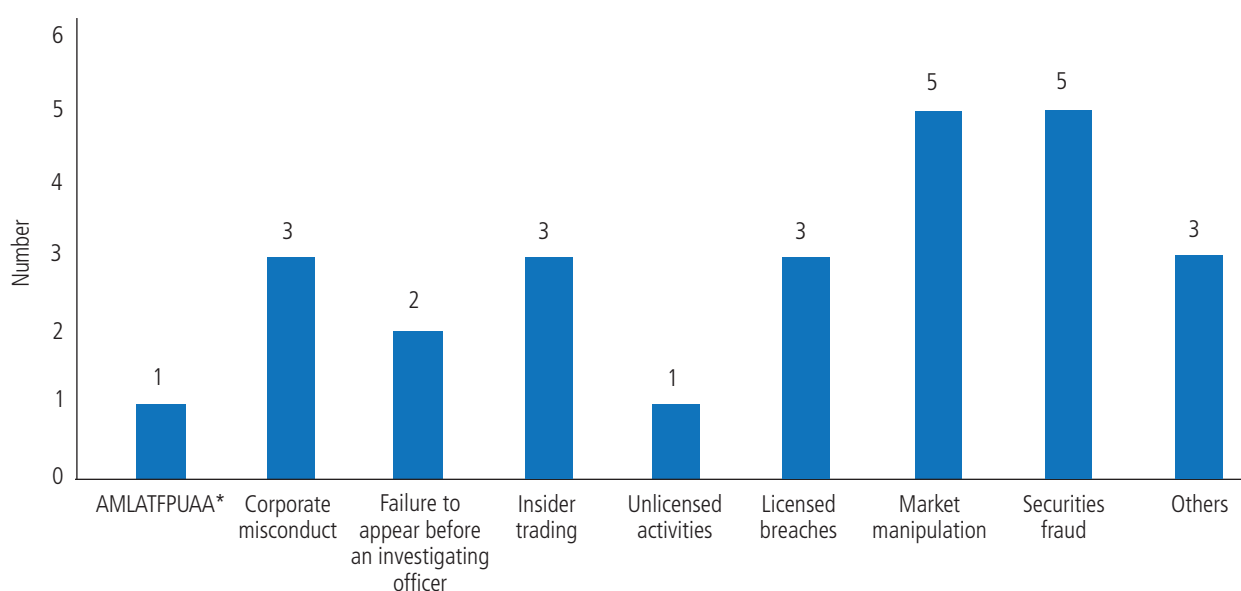
In 2019, the SC reviewed 26 cases relating to possible violations of securities offences, which is a result of its active surveillance of market and corporate activities, supervision, complaints as well as referrals from local authorities. The largest portion of these cases related to market manipulation and securities fraud (Chart 1).

As at 31 December 2019, there were a total of 48 active investigations. Most notably,

2019 saw an increase in securities fraud investigations, which constituted a quarter of the SC's active investigations in 2019 (Chart 2). This is consistent with the previous years' trend, which has shown an annual increase in securities fraud cases since 2017. Meanwhile, the portion of insider trading investigations continued its yearly decrease, marking an overall significant reduction in insider trading investigations since 2014 (Chart 3).

Chart 1

Total enforcement referrals by nature of offence



* Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

Chart 2

Active investigations by nature of offence

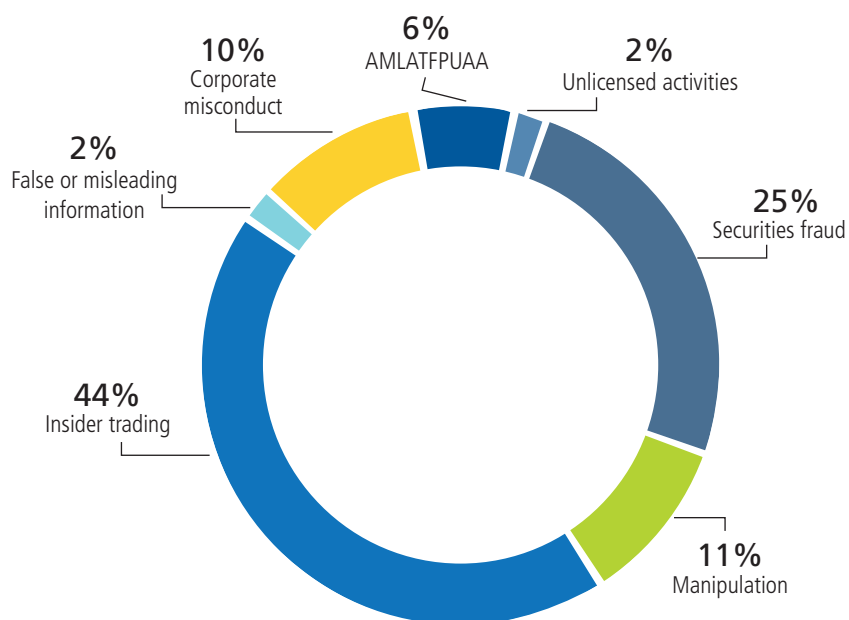
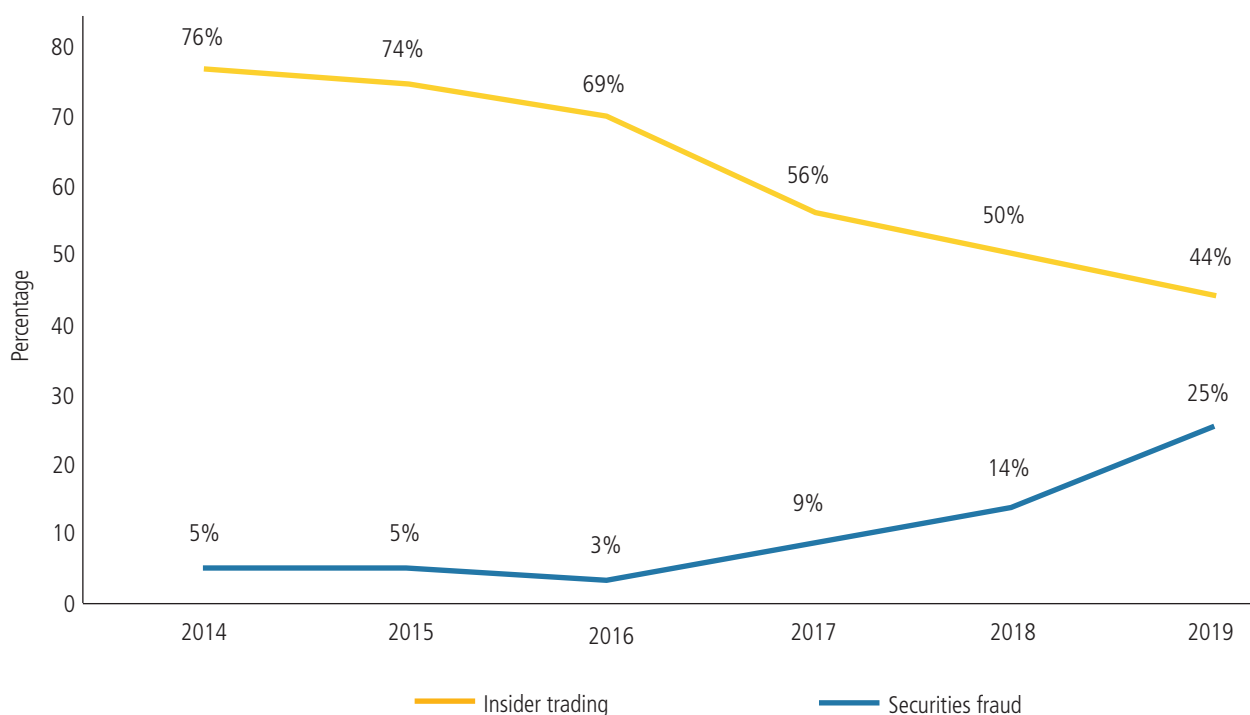


Chart 3

Insider trading and securities fraud offences from 2014 to 2019



The SC's Investigating Officers are given an array of investigative powers under the SCMA to facilitate the gathering of admissible evidence. This includes the power to obtain documentary and oral evidence, which form a central part of the investigative process.

In 2019, the SC's Investigating Officers recorded formal witness statements from 208 individuals. More than half of these statements were recorded from professionals (which included auditors, bankers, lawyers, company secretaries), directors and senior management of PLCs as well as securities accountholders (Chart 4).

Cross-border transactions commonly feature in the SC's investigations. Through the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and

the Exchange of Information (MMoU), the SC is able to seek assistance from foreign supervisory authorities, particularly in recording statements from witnesses located abroad and obtaining documents relating to banking and securities transactions from foreign entities.

In 2019, the SC made 28 requests for investigative assistance to 12 foreign supervisory authorities (Table 1). As part of the MMoU, the SC also rendered assistance to 5 foreign supervisory authorities in relation to 10 requests for investigative assistance.

Administrative actions

In 2019, a total of 99 administrative sanctions were imposed by the SC for various misconducts

Chart 4

Witness statements recorded by type of witness in 2019

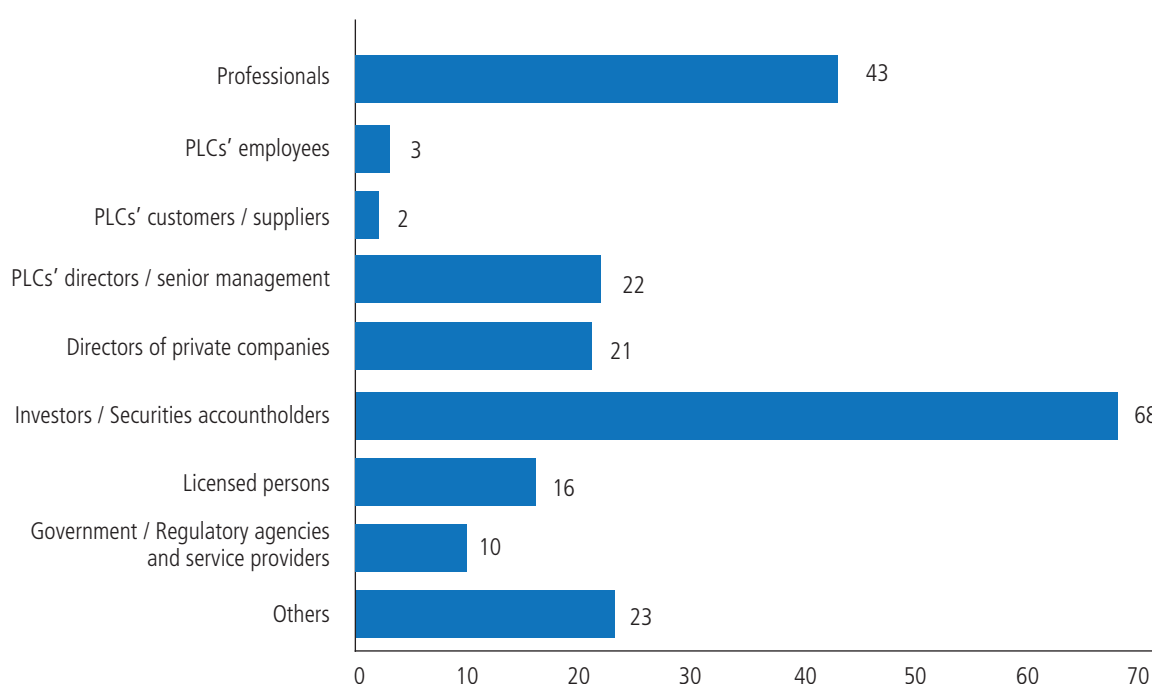


Table 1

Foreign assistance sought by the SC in 2019 by jurisdiction

Jurisdictions	No. of requests
Belgium	1
British Virgin Islands	3
China	1
Hong Kong	6
Japan	1
Korea	1
Labuan	1
Luxembourg	2
Singapore	6
Switzerland	2
United Kingdom	2
United States	2
TOTAL	28

and breaches of securities laws including making false or misleading statements to the SC, breaches of licensing conditions, failure to comply with approved accounting standards in the preparation of audited financial statements and for late submission of documents under the *Lodge and Launch (LOLA) Framework*.

Sanctions imposed on the parties in breach comprised reprimands, revocation of licences, imposition of penalties, and directives and issuance of public statements (Table 2).

In 2019, a total of RM5.38 million in penalties were imposed against the following parties:

- An audit firm for failing to immediately report to the SC on irregularities that may have had a material effect on the ability of an issuer to repay an amount under a sukuk programme, and for the audit firm's

Table 2

Administrative actions taken by types of sanction and parties in breach in 2019

Parties in breach	Types of sanction				
	Reprimand	Revocation / Suspension of Licence	Penalty	Directive	Issuance of Public Statement
Persons acting in concert	1	-	1	-	-
Licensed persons	6	2	8	5	-
Registered persons	-	-	1	-	-
PLCs or company applying for listing	7	-	-	-	-
Directors / senior management of PLC or company applying for listing	40	-	5	-	4
Private company	1	-	-	-	-
Audit firm	4	-	4	-	-
Other individuals ¹	5	-	5	-	-
TOTAL	64	2	24	5	4

¹ 2 individuals who allowed third persons who were unauthorised nominees to use their securities trading accounts, an individual found to be the beneficial owner of deposited securities in the CDS account of 2 other individuals, the said 2 individuals who had engaged in trading securities in relation to deposited securities while evidence showed that a third party (the aforementioned individual) was the beneficial owner and 2 individuals who are deemed to have operated a recognised market without the SC's authorisation under Section 34 of the CMSA.

- failure to send a copy of the issuer's audited financial statements to a trustee within the stipulated time;
- A director for failure to inform the SC of material developments to a company prior to its listing;
- 6 licensed intermediaries for delay in submitting the monthly statistical returns for wholesale funds and annual reports under the LOLA framework;
- A registered person for delay in submitting the monthly post-issuance report for its structured product under the LOLA framework;
- A responsible party for delay in submitting the post-issuance notice for a sukuk programme under the LOLA framework;
- A licensed individual for failure to comply with the condition of her licence which requires her to remain fit and proper at all times;
- 2 individual directors of a PLC for their recording of information that is false or misleading in the PLC's books and for furnishing of false or misleading information in relation to the PLC's agreements and audited financial statements to Bursa Malaysia;
- A person acting in concert in relation to a take-over offer who knowingly authorised the furnishing of information that is false or misleading to the SC;
- 2 individuals who allowed third persons who were unauthorised nominees to use their securities trading accounts;
- An individual found to be the beneficial owner of deposited securities in the CDS account of 2 other individuals; and

- 2 individuals who engaged in trading securities in relation to deposited securities while evidence showed that a third party was the beneficial owner.

Infringement notices

Apart from administrative actions under its statutory powers, the SC also utilises other forms of non-statutory enforcement tools in the exercise of its monitoring, gatekeeping and supervisory functions.

Infringement notices are issued where breaches of securities laws or guidelines detected do not warrant the initiation of a formal enforcement action or the imposition of an administrative action.

Infringement notices issued by the SC include the following:

- **Supervisory letters involving infringement** – issued pursuant to the exercise of a supervisory function or the conduct of an examination under section 126 of the SCMA.
- **Warning letters** – issued pursuant to the discharge of the SC's gatekeeping function such as the issuance of licences, approval of corporate proposals and review of prospectuses. Warning letters may be issued to licensed, registered persons or other professionals or experts.
- **Non-compliance letters** – issued pursuant to the discharge of SC's gatekeeping function for minor breaches.
- **Cease and desist letters** – issued to stop or prevent violation of securities laws. Cease and desist letters may be issued to a person who is committing or about to commit an infringing act. Failure to comply with the cease and desist order may attract formal enforcement action by the SC.

In 2019, 99 infringement notices were issued by the SC as detailed in Table 3.

Table 3

Types of infringement notices

Type	Total
Supervisory letters involving infringement	33
Warning letters	16
Non-compliance letters	26
Cease and desist letters	24
TOTAL	99

Ongoing court cases for 2019

In 2019, there were 34 ongoing criminal and civil cases at various levels of courts (Table 4).

In terms of the nature of the cases, 53% are related to insider trading while 26% related to corporate governance breaches such as financial misstatement and false disclosure. This is followed by 9% of cases involving securities fraud, 6% unlicensed activities and 6% market manipulation (Chart 5 and Table 5).

Table 4

Cases currently pending in courts

Courts	No. of cases	No. of individual
Sessions Court	16	24
High Court (Criminal)	12	24
Court of Appeal	1	1
High Court (Civil)	5	14
TOTAL	34	63

Chart 5

Ongoing court cases for 2019 by nature of cases

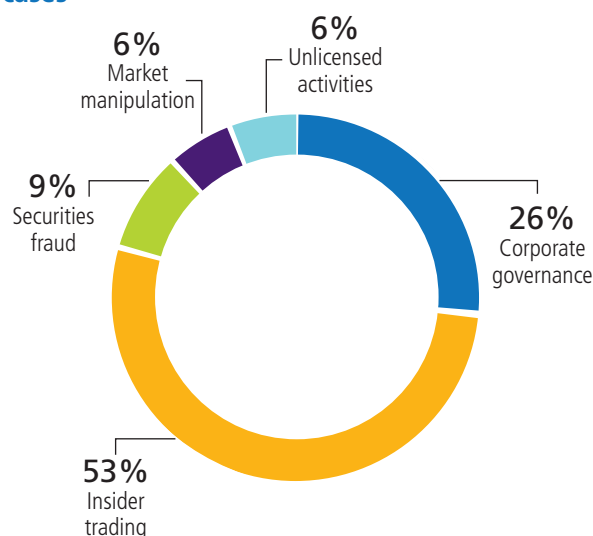


Table 5

Breakdown of ongoing court cases by nature of cases for 2019

Courts	No. of cases
Corporate governance	9
Insider trading	18
Securities fraud	3
Market manipulation	2
Unlicensed activities	2
TOTAL	34

Civil enforcement actions and regulatory settlements in 2019

In 2019, the SC obtained judgment against a former deputy managing director for causing wrongful loss and securities fraud in the amount of RM11.54 million and RM1 million civil penalty.

A total of RM17,775,986.93 was disgorged from 9 individuals by way of consent judgment following the filing of civil suits while a further RM16,037,061.19 was disgorged from 16 individuals by way of regulatory settlements.

Further details are set out in Tables 6 and 7.

Pursuant to its civil action and regulatory settlement, in 2019, the SC saw a huge increase in the amount disgorged in comparison to 2018. The SC successfully disgorged RM33.8 million through settlements in 2019 compared to RM9.2 million disgorged in 2018.

There was also an increase in the amount of civil penalty obtained in 2019. The SC had obtained RM8.7 million of civil penalty compared to RM1.4 million obtained in 2018. Following from the disgorgement amount obtained by the SC, as at 31 December 2019, RM1,264,882 have been restituted to investors while a further RM1,170,187.53 have been earmarked for

further restitution. In relation to this, a total of 619 investors have been identified for restitution while another 214 investors have been earmarked for further restitution.

Criminal convictions secured in 2019

In 2019, a total of 14 convictions were secured by the SC. There were 12 individuals convicted after full trial by the Sessions Courts for various securities offences including insider trading, false financial reporting and failure to register prospectus. The criminal convictions of the other 2 individuals were affirmed by the High Court.

The sentences meted out include jail terms of up to 5 years and fines in the range of RM70,000 to RM3 million.

Further details are set out in Table 9.

Chart 6

Comparison of disgorgement and civil penalty obtained by the SC in 2018 and 2019

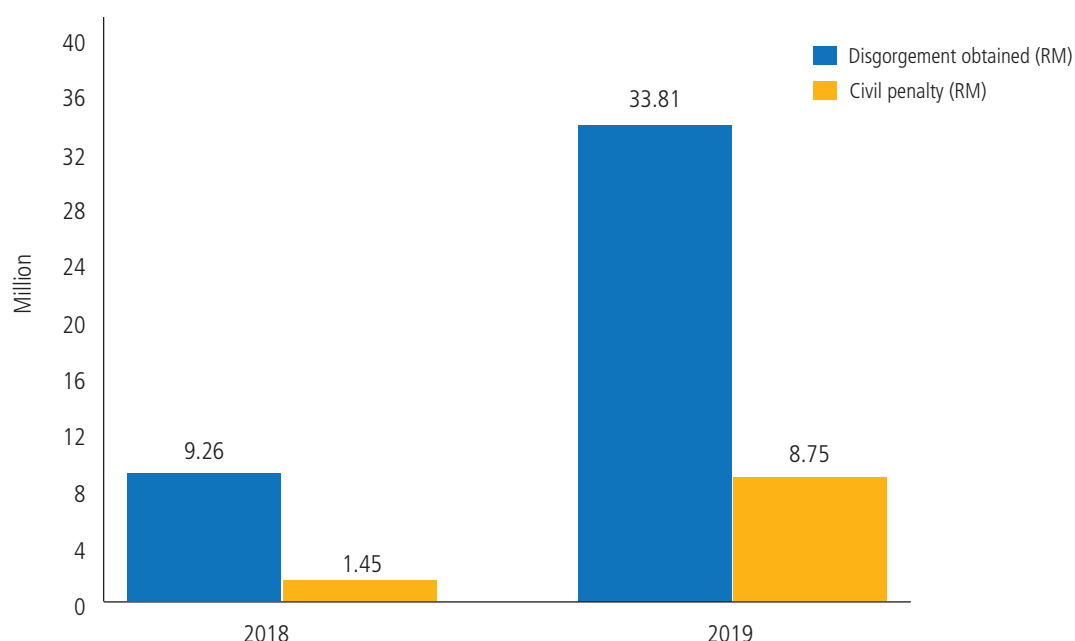


Table 6

Outcome of civil action taken in 2019

No.	Breach	Defendants	Outcome
1.	Insider trading in the shares of Bolton Bhd.	Lim Chiew	<p>On 8 December 2005, the SC filed a civil suit against Lim Chiew.</p> <p>On 28 September 2017, the Kuala Lumpur High Court declared that the SC had successfully proven its claim against Lim Chiew. The High Court ordered Lim Chiew to pay the sum of RM1,242,061.08 claimed by the SC and a civil penalty of RM50,000.</p> <p>On 7 January 2019, the Court of Appeal allowed Lim Chiew's appeal and set aside the High Court's order.</p>
2.	Knowingly authorising the furnishing of a misleading statement in relation to a failure to disclose 4 individuals as parties acting in concert in an announcement dated 29 September 2008 to Bursa Malaysia.	Lei Lin Thai (Lei LT)	<p>On 20 February 2019, a civil action was filed against Lei LT.</p> <p>On 8 March 2019, the High Court recorded a Consent Judgment between the SC and Lei LT in the sum of RM2,258,578.53.</p>
3.	Insider trading in the shares of Three-A Resources Bhd.	Dato' Mohd Nor Abdul Wahid (Dato' Mohd Nor)	<p>On 27 February 2019, the SC filed a civil suit against Dato' Mohd Nor.</p> <p>On 14 March 2019, the High Court recorded a Consent Judgment between the SC and Dato' Mohd Nor granting the orders which were sought by the SC, including payment in a sum of RM50,201.40 and a civil penalty of RM1 million.</p>
4.	Insider trading in the shares of Malaysia Pacific Corporation Bhd shares.	Dato Ch'ng Poh @ Ch'ng Chong Poh (Dato Ch'ng Poh).	<p>On 26 March 2019, the SC filed a civil suit against Dato Ch'ng Poh.</p> <p>On 2 April 2019, the High Court recorded a Consent Judgment between the SC and Dato Ch'ng Poh, granting the orders which were sought by the SC, including payment in a sum of RM390,777 and a civil penalty of RM1 million.</p>

Table 6

Outcome of civil action taken in 2019 (Continued)

No.	Breach	Defendants	Outcome
5.	<ul style="list-style-type: none"> Making a statement or disseminating information that is false or misleading and likely to induce the sale and purchase of securities by other persons by making press statements attributed concerning the affairs of Kenmark Industrial Company (M) Bhd (Kenmark) from 3 June 2010 to 9 June 2010. Insider trading in the shares of Kenmark. 	<ul style="list-style-type: none"> Datuk Ishak Ismail (First Defendant) BHLB Trustee Bhd (Second Defendant) 	<p>On 24 September 2010, the SC filed a civil suit against Datuk Ishak and BHLB Trustee Bhd.</p> <p>On 6 May 2019, the High Court recorded a Consent Judgment between the SC and Datuk Ishak, granting the orders which were sought by the SC, including payment in a sum of RM18,906,849 and a civil penalty of RM1 million</p> <p>The suit against the Second Defendant was withdrawn with no order as to costs.</p>
6.	Insider trading in the shares of Ranhill Power Bhd.	<ul style="list-style-type: none"> Amran Awaluddin (First Defendant) Nooralina Mohd Shah (First Defendant) 	<p>On 19 April 2019, the SC filed a civil suit against the defendants.</p> <p>On 23 May 2019, the High Court recorded a Consent Judgment between the SC and the Defendants, granting the orders which were sought by the SC, including payment in a sum of RM359,061 and a civil penalty of RM1 million from each Defendant.</p> <p>The SC was also awarded a sum of RM50,000 in costs.</p>
7.	Insider trading in the shares of TH Group Bhd.	<ul style="list-style-type: none"> Ang Pok Hong (Ang PH) Wendy Wong Soon Soon (Wendy Wong) 	<p>On 8 August 2019, a civil action was filed against Ang PH and Wendy Wong for breach of insider trading provisions.</p> <p>On 11 September 2019, the High Court recorded a Consent Judgment between the SC and Ang PH and Wendy Wong for the sum of RM2,190,729.</p>
8.	Insider trading in the shares of Hirotako Holdings Bhd.	Ng Ee-Fang (Ng EF)	<p>On 12 July 2019, a civil action was initiated against Ng EF for breach of insider trading provisions.</p> <p>On 30 August 2019, the High Court recorded a Consent Judgment between the SC and Ng EF for the sum of RM578,640 and a civil penalty of RM750,000.</p>
9.	<ul style="list-style-type: none"> Use of manipulative and deceptive devices. Causing wrongful loss to a listed corporation. 	Datin Chan Chui Mei (Datin Chan)	<p>On 26 September 2016, the SC filed a civil suit against Datin Chan.</p> <p>After a full trial, the High Court on 17 December 2019 granted the orders which were sought by the SC, including payment of a sum of RM11.54 million, a civil penalty of RM1 million and costs of RM150,000 to the SC.</p>

Table 7

Regulatory settlements in 2019

No.	Offence	Offender(s)	Settlement
1.	<ul style="list-style-type: none"> Insider trading in the shares of Johor Land Bhd (JLand). 	Dato' Harjit Singh Gurdev Singh (Dato' Harjit)	On 29 January 2019, Dato' Harjit entered into a settlement with the SC in the sum of RM173,352.
	<ul style="list-style-type: none"> Communicating inside information in relation to the proposed privatisation of JLand. to Dato' Harjit. 	A.F.M Shafiquel Hafiz (Shafiquel)	On 30 January 2019, Shafiquel entered into a settlement with the SC in the sum of RM173,352.
2.	Insider trading in the shares of Malaysia Airlines Bhd (MAS).	<ul style="list-style-type: none"> Datuk Kamarudin Meranun (Datuk Kamarudin) Abdul Radzim Abdul Rahman (Abdul Radzim) Mohamed Radzif Mohamed Shamsudin (Mohamed Radzif) 	<p>On 2 April 2019, Datuk Kamarudin entered into a settlement with the SC in the sum of RM3,637,252.</p> <p>On 9 April 2019, Abdul Radzim and Mohamed Radzif entered into a settlement with the SC in the sum of RM750,000 respectively.</p>
3.	Insider trading in the shares of MAS.	Terence Wong @ Huang Thar-Rearn (Terence Wong)	On 8 April 2019, Terence Wong entered into a settlement with the SC in the sum of RM573,150.
4.	Insider trading in the shares of EON Capital Bhd.	Poh Yang Hong (Poh YH)	On 15 April 2019, Poh YH entered into a settlement with the SC in the sum of RM260,160.
		Ong Saw Peng (Ong SP)	On 3 July 2019, Ong SP entered into a settlement with the SC in the sum of RM1,546,300.59.
5.	Insider trading in the shares of Harn Len Corporation Bhd.	Chong Ah Kaim (Chong AK)	On 5 May 2019, Chong AK entered into a settlement with the SC in the sum of RM65,157.
		Low Kok Yong (Low KY)	On 7 May 2019, Low KY entered into a settlement with the SC in the sum of RM85,596.
6.	<ul style="list-style-type: none"> Insider trading in the shares of DIS Technology Holdings Bhd (DIS Tech). Communicating inside information in relation to the misstatement of the financial results in the quarterly reports of DIS Tech (financial misstatement) to Law Cheng Tiang (Law CT). Procuring Law to dispose the DIS Tech shares. 	Lim Eu Keong (Lim EK)	On 23 July 2019, Lim EK entered into a settlement with the SC in the sum of RM87,669.
	<ul style="list-style-type: none"> Insider trading in the shares of DIS Tech. 	Law Cheng Tiang (Law CT)	On 24 July 2019, Law CT entered into a settlement with the SC in the sum of RM87,669.

Table 7

Regulatory settlements in 2019 (Continued)

No.	Offence	Offender(s)	Settlement
	<ul style="list-style-type: none"> Communicating inside information pertaining to the financial misstatement to Lee Weng Wai (Lee WW). Procuring Lee WW to dispose the DIS Tech shares. 	Lim EK	In addition to the above, on 23 July 2019, Lim EK also entered into a settlement with the SC in the sum of RM83,700.
	<ul style="list-style-type: none"> Insider trading in the shares of DIS Tech. 	Lee WW	On 23 July 2019, Lee WW entered into a settlement with the SC in the sum of RM83,700.
7.	Insider trading in the shares of Putrajaya Perdana Bhd.	Dato' Seri Tham Ka Hon (Dato' Seri Tham)	On 15 October 2019, Dato' Seri Tham entered into a settlement with the SC in the sum of RM4,180,309.80.
		Loo Soo Loong (Loo SL)	On 18 October 2019, Loo SL entered into a settlement with the SC in the sum of RM2,106,257.20.
		Chu Yoke Fong (Chu YF)	On 15 October 2019, Chu YF entered into a settlement with the SC in the sum of RM1,393,436.60.

Table 8

Details of criminal prosecution in 2019

No.	Nature of offence	Offender(s)	Date charged
1.	Insider trading in the shares of DIS Tech.	Cheah Yew Keat	10 October 2019

Table 9

Outcome of criminal trials and appeals in 2019

No.	Nature of offence	Offender(s)	Outcome
1.	Insider trading in the shares of TH Group Bhd.	Lei Lin Thai (Lei LT)	<p>Lei LT was charged on 29 January 2015.</p> <p>All charges were withdrawn on 11 March 2019 following a Consent Judgment recorded between the SC and Lei LT on 8 March 2019.</p>
2.	Insider trading in the shares of JLand.	Dato' Harjit Singh Gurdev Singh (Dato' Harjit)	<p>Dato' Harjit was charged on 22 February 2018.</p> <p>All charges were withdrawn on 14 February 2019 following a settlement entered into between the SC and Dato' Harjit on 29 January 2019.</p>
	Communicating inside information in relation to the proposed privatisation of JLand to Dato' Harjit.	A.F.M. Shafiquil Hafiz (Shafiquil)	<p>Shafiquil was charged on 22 February 2018.</p> <p>The charge was withdrawn on 4 March 2019 following a settlement entered into between the SC and Shafiquil on 30 January 2019.</p>
3.	Furnishing false statements in relation to the revenue of Axis Incorporation Bhd (Axis) to Bursa Malaysia.	<ul style="list-style-type: none"> Koh Tee Jin (Koh TJ) Lee Han Boon (Lee HB) Saipuddin Lim Abdullah (Saipuddin Lim) 	<p>Koh TJ, Lee HB and Saipuddin Lim were charged on 21 March 2013.</p> <p>On 10 July 2017, Lee TJ and Saipuddin Lim each pleaded guilty to 1 charge of furnishing false statements to Bursa Malaysia. The other 4 charges were taken into consideration by the court under section 171A of the <i>Criminal Procedure Code</i> (CPC) when meting out the sentence. Lee HB was sentenced to 7 months' imprisonment and a RM200,000 fine while Saipuddin Lim was sentenced to 12-month imprisonment.</p> <p>On 21 March 2019, Koh TJ pleaded guilty to 1 charge of furnishing false statements to Bursa Malaysia. Three other similar charges were taken into consideration by the court under section 171A of the CPC when meting out the sentence. Koh was sentenced to 1-day imprisonment and a fine of RM200,000.</p> <p>The fifth charge against Koh TJ was withdrawn by the prosecution following Koh TJ's guilty plea.</p>
4.	Abetting United U-Li Corporation Bhd (U-Li) in making a misleading statement in its <i>Annual Report</i> and Financial Statements for the financial year ended 31 December 2004 to Bursa Malaysia.	Yue Chi Kin (Yue CK)	<p>Yue CK was charged on 28 April 2009.</p> <p>On 21 October 2015, the Sessions Court found Yue CK guilty and sentenced him to 1-year imprisonment and a fine of RM400,000 (in default, 6-month imprisonment)</p> <p>On 10 March 2019, the High Court allowed Yue CK's appeal and set aside the Sessions Court's conviction and sentence. The SC filed an appeal to the Court of Appeal on 25 March 2019 against the High Court's decision.</p>

Table 9

Outcome of criminal trials and appeals in 2019 (Continued)

No.	Nature of offence	Offender(s)	Outcome
5.	Insider trading in the shares of Three-A Resources Bhd.	Dato' Mohd Nor Abdul Wahid (Dato' Mohd Nor)	Dato' Mohd Nor was charged on 13 February 2018. The charge was withdrawn on 15 April 2019 following a Consent Judgment recorded between the SC and Dato' Mohd Nor on 14 March 2019.
6.	Allowing a person who is not an authorised nominee of a deposited security to effect dealings in respect of the deposited security (shares of Three-A Resources Bhd).	Azuzay Zamani (Azuzay)	Azuzay was charged on 13 February 2018. The charge was withdrawn on 15 April 2019 following an administrative action initiated against him on 20 March 2019.
7.	Submission of false information to the SC in relation to the status of the utilisation of proceeds from a rights issue by Kiara Emas for the financial years ended 31 March 1997, 1998, 1999 and 2000.	Ravandaran Thangeveloo (Ravandaran)	Ravandaran was charged on 13 August 2004. On 5 April 2019, Ravandaran pleaded guilty to the first, second and third charges against him and was sentenced to a fine of RM150,000 (in default, 1-year imprisonment) for each of the 3 charges. The fourth charge was taken into consideration by the court under section 171A of the CPC when meting out the sentence.
8.	Furnishing a false statement in relation to Kosmo Technology Industrial Bhd's (Kosmo Tech) eight quarterly reports on the unaudited consolidated results for the financial years 2006 and 2007 to Bursa Malaysia.	<ul style="list-style-type: none"> Norhamzah Nordin (Norhamzah) Mohd Azham Mohd Noor (Mohd Azham) 	Both Mohd Azham and Lim Hai Loon were charged on 26 May 2011. Norhamzah was charged on 7 June 2011. On 23 September 2016, all 3 were acquitted and discharged by the Sessions Court at the end of the prosecution's case.
	Abetting Kosmo Tech in furnishing the false statements to Bursa Malaysia.	Lim Hai Loon (Lim LH)	On appeal, the High Court allowed the Prosecution's appeal and ordered all 3 to enter their defence. On 29 April 2019, the Sessions Court convicted Norhamzah, Mohd Azham and Lim HL and sentenced them as follows: <ul style="list-style-type: none"> Norhamzah was sentenced to 2-year imprisonment and a fine of RM1.45 million. Mohd Azham was sentenced to 2-year imprisonment and a fine of RM1.45 million. Lim HL was sentenced to 1-year imprisonment and a fine of RM560,000. The Sessions Court Judge allowed a stay of the jail terms pending the accused persons' respective appeals to the High Court.

Table 9

Outcome of criminal trials and appeals in 2019 (Continued)

No.	Nature of offence	Offender(s)	Outcome
9.	Failing to appear before an Investigating Officer of the SC to be examined orally in connection with an ongoing investigation.	Chok Chew Lan (Chok CL)	<p>Chok CL was charged on 24 October 2017.</p> <p>On 12 June 2018, the Sessions Court ruled that the Prosecution had proven a <i>prime facie</i> case and ordered Chok CL to enter her defence.</p> <p>On 23 July 2018, Chok CL pleaded guilty to both charges and was sentenced to a fine of RM35,000 for each charge.</p> <p>On appeal, the High Court on 20 March 2019 affirmed the sentence imposed by the Session Court.</p>
10.	Insider trading in the shares of Malaysia Pacific Corporation Bhd.	Dato Ch'ng Poh @ Ch'ng Chong Poh (Dato Ch'ng Poh)	<p>Dato Ch'ng Poh was charged on 10 January 2014.</p> <p>The charges were withdrawn on 16 April 2019 following a Consent Judgment recorded between the SC and Dato' Ch'ng Poh on 2 April 2019.</p>
11.	Insider trading in the shares of Ranhill Power Bhd (RPB).	Amran Awaluddin (Amran)	Amran and Nooralina were charged on 31 July 2015.
	Abetting Amran in the insider trading of RPB shares.	Nooralina Mohd Shah (Nooralina)	All charges were withdrawn on 27 May 2019 following a Consent Judgment recorded between the SC and both Amran and Nooralina on 23 May 2019.
12.	Distribution of application forms for securities without a copy of prospectus registered by the SC.	<ul style="list-style-type: none"> Chong Yuk Ming (Chong YM) Balachandran A. Shanmugam (Balachandran) 	<p>Chong YM and Balachandran were charged on 21 April 2011.</p> <p>On 28 June 2019, Chong was sentenced to 1-day imprisonment and a fine of RM600,000 (in default, 6 months' imprisonment). Balachandran was sentenced to 1-day imprisonment and a fine of RM400,000 (in default, 4 months' imprisonment).</p>
13.	<ul style="list-style-type: none"> Misleading statement in a material particular Insider trading in the shares of Kenmark Industrial Co. (M) Bhd 	Datuk Ishak Ismail (Datuk Ishak)	<p>Datuk Ishak was charged on 13 June 2016.</p> <p>All charges were withdrawn on 10 June 2019 following a Consent Judgment recorded between the SC and Datuk Ishak on 6 May 2019.</p>

Table 9

Outcome of criminal trials and appeals in 2019 (Continued)

No.	Nature of offence	Offender(s)	Outcome
14.	Furnishing of false information to Bursa Malaysia in relation to the revenue in Megan Media Holdings Bhd's (MMHB) Quarterly Report on Consolidated Results for the Financial Period ended 31 January 2007.	Dato' Dr Haji Mohd Adam Che Harun (Dato' Adam)	<p>Dato' Adam was charged on 10 December 2007.</p> <p>On 17 May 2017, the Sessions Court found Dato' Adam guilty and sentenced him to 18 months' imprisonment and a fine of RM300,000 (in default, 1-year imprisonment)</p> <p>On appeal, the High Court on 21 June 2019, affirmed the conviction by the Sessions Court. The appeal against his sentence was allowed in part, whereby the imprisonment term of 18 months was reduced to 6 months while the fine of RM300,000 was maintained.</p> <p>The High Court also allowed Dato' Adam's application for a stay of execution of the imprisonment term pending his appeal to the Court of Appeal.</p>
15.	Using a scheme to defraud Liqua Health Corporation Bhd (Liqua) in connection with the purchase of 45,960,450 units of Liqua shares.	Alice Poh Gaik Lye (Alice Poh)	<p>Alice Poh was charged on 14 June 2010.</p> <p>Goh BM was charged on 8 June 2010.</p> <p>On 14 February 2017, the Sessions Court ruled that the Prosecution had proven a <i>prima facie</i> case and ordered both Alice Poh and Goh BM to enter their defence.</p>
	Abetting Alice Poh in the commission of the scheme to defraud Liqua.	Goh Bak Ming (Goh BM)	<p>On 1 July 2019, the Sessions Court acquitted and discharged Alice Poh and Goh BM at the end of the defence case.</p> <p>On 8 July 2019, the Prosecution filed an appeal to the High Court against the acquittals.</p>
16.	Furnishing a false statement in relation to an announcement made by Linear Corporation Bhd to Bursa Malaysia that its wholly owned subsidiary had accepted a construction project at RM1.6 billion to design and construct a district cooling plant in Manjung, Perak, for what was termed as the 'King Dome Project'.	Alan Rajendram Jeya Rajendram (Alan)	<p>Alan was charged on 9 July 2015.</p> <p>On 28 December 2017, Alan was acquitted and discharged by the Sessions Court at the end of the Prosecution's case.</p> <p>On appeal, the High Court on 31 July 2019, overturned the Sessions Court's decision and ordered Alan to enter his defence.</p> <p>Alan pleaded guilty to the charge and was sentenced to 7-month imprisonment and a fine of RM100,000 (in default, 6-month imprisonment).</p>

Table 9

Outcome of criminal trials and appeals in 2019 (Continued)

No.	Nature of offence	Offender(s)	Outcome
17.	Submission of false information to the SC in relation to the status of the utilisation of proceeds from a rights issue by Kiara Emas for the financial years ended 31 March 1997, 1998, 1999 and 2000.	Tan Kam Sang (Tan KS)	<p>Tan KS was charged on 13 August 2004.</p> <p>On 18 November 2019, Tan KS pleaded guilty to the first, second and third charges against him and was sentenced to a fine of RM150,000 (in default, 1-year imprisonment) for each of the 3 charges.</p> <p>The fourth charge was taken into consideration by the court under section 171A of the CPC when meting out the sentence.</p>
18.	Insider trading in the shares of Three-A Resources Bhd (3A).	Fong Chiew Hean (Fong CH)	<p>Fong CH was charged on 25 October 2016.</p> <p>On 22 August 2019, Fong CH pleaded guilty to 9 charges of insider trading. The Sessions Court convicted Fong CH on the first charge and took into consideration the subsequent 8 charges when meting out the sentence as per section 171A of the CPC during sentencing. Fong CH was sentenced to 1-day imprisonment and a fine of RM1 million.</p>
	Abetting Fang Siew Yee (Fang SY) in the insider trading of 3A shares.	Tan Bee Geok (Tan BG)	<p>Tan BG was charged on 25 October 2016.</p> <p>On 22 August 2019, Tan BG pleaded guilty to 8 charges of abetting Fang SY in insider trading. The Sessions Court convicted Tan BG on the first charge and took into consideration the subsequent 7 charges when meting out the sentence as per section 171A of the CPC. Tan BG was sentenced to 1-day imprisonment and a fine of RM1 million.</p>
	<ul style="list-style-type: none"> Communicating inside information in relation to the collective venture between the businesses of 3A and Wilmar International Limited to Fang Ciew Hean. Abetting Fang SY in the insider trading of 3A shares. 	Fang Ciew Hean (Fang CH)	<p>Fang CH was charged on 25 October 2016.</p> <p>On 3 September 2019, Fang CH pleaded guilty to the charge of communicating inside information to Fang CH and was sentenced to 1-day imprisonment and a fine of RM1 million.</p> <p>On 3 September 2019, Fang CH pleaded guilty to 7 charges of abetting Fang SY in insider trading. The Sessions Court convicted Fang CH on the first charge and took into consideration the subsequent 6 charges when meting out the sentence as per section 171A of the CPC. Fang CH was sentenced to 1-day imprisonment and a fine of RM1 million.</p>
19.	Insider trading in the shares of Malaysian Merchant Marine Bhd.	Ramesh Rajaratnam (Ramesh)	<p>Ramesh was charged on 29 April 2015.</p> <p>On 11 September 2019, the Sessions Court found Ramesh guilty and sentenced him to 5-year imprisonment and a fine of RM3 million (in default, 3-year imprisonment).</p> <p>The Sessions Court allowed a stay of the jail term pending Ramesh's appeal to the High Court.</p>

Table 9

Outcome of criminal trials and appeals in 2019 (Continued)

No.	Nature of offence	Offender(s)	Outcome
20.	Insider trading in the shares of Hirotako Holdings Bhd (Hirotako)	Ng Ee-Fang (Ng EF)	Ng EF was charged on 13 March 2018. The charges were withdrawn on 10 September 2019 following a Consent Judgment recorded between the SC and Ng EF on 30 August 2019.
	Allowing a person who is not an authorised nominee of a deposited security to effect dealings in respect of the deposited security (Hirotako shares)	Daniel Yong Chen-I (Daniel Yong)	Daniel Yong was charged on 13 March 2018. The charge was withdrawn on 10 September 2019 following an administrative action initiated against him on 30 August 2019.
21.	Insider trading in the shares of TH Group Bhd (TH Group)	Ang Pok Hong (Ang PH)	Ang PH was charged on 5 February 2015. The charges against Ang PH were withdrawn on 13 September 2019, following a Consent Judgment recorded between the SC and Ang PH on 11 September 2019.
	Abetting Ang PH in the insider trading of TH Group shares.	Wendy Wong Soon Soon (Wendy Wong)	Wendy Wong was charged on 5 February 2015. The charges against Wendy Wong were withdrawn on 13 September 2019 following a Consent Judgment recorded between the SC and Wendy Wong on 11 September 2019.
22.	Distribution of application forms for securities without a copy of prospectus registered by the SC (Bestino Group Bhd)	<ul style="list-style-type: none"> Chong Yuk Ming (Chong YM) Balachandran A. Shanmugam (Balachandran) 	<p>Chong YM and Balachandran were charged on 21 April 2011.</p> <p>On 28 June 2019, Chong YM was sentenced to 1-day imprisonment and fine of RM600,000 (in default, 6-month imprisonment). Balachandran was sentenced to 1-day imprisonment and a fine of RM400,000 (in default, 4-month imprisonment).</p> <p>Chong YM filed an appeal to the High Court against his conviction and sentence and the Prosecution filed a cross appeal against the sentence.</p> <p>On 22 October 2019, Chong YM withdrew his appeal against the conviction and the SC withdrew its appeal against the sentence.</p>

Table 9

Outcome of criminal trials and appeals in 2019 *(Continued)*

No.	Nature of offence	Offender(s)	Outcome
23.	Offering securities without having prospectus registered by the SC (JPG Holdings Bhd)	Raja Samsul Bahri Raja Muhammad (Raja Samsul)	Raja Samsul, Dato' Abdul Malek and Noor Aida were charged on 1 June 2016. On 12 November 2019, the Sessions Court acquitted and discharged all 3 at the end of the defence case.
	Issuance of securities without having prospectus registered by SC (JPG Holdings Bhd)	<ul style="list-style-type: none"> Dato' Abdul Malek Yusof (Dato' Malek) Noor Aida Abdullah (Noor Aida) 	
24.	Insider trading in the shares of Sime Darby Bhd, Maxis Communication Bhd, UEM World Bhd and VADS Bhd.	Sreesanthan Eliathambhy (Sreesanthan)	<p>Sreesanthan was charged on 20 July 2012 with 7 counts of insider trading.</p> <p>In 2018, Sreesanthan filed a revision to the High Court against dismissal of his striking out application and discovery application for all recorded statements during investigation.</p> <p>On 12 July 2019, the High Court dismissed Sreesanthan's revision for both the striking out and discovery application for all recorded statements during investigation.</p>

Table 10

Compounds in 2019

No.	Nature of offence	Offender(s)	Compound Offered
1.	Falsify or cause to be falsified any matter that is entered, recorded or stored in any books in relation to the business of Eastspring Investments Bhd, a holder of a Capital Market Services Licence	Nor Azlina Mohd Akhir	The SC compounded the offence for RM150,000.

INVESTOR EMPOWERMENT INITIATIVES

InvestSmart®

Fest 2019

18 – 20 October 2019
Mid Valley Exhibition Centre, Kuala Lumpur



13,000+
Visitors



50+
Exhibitors



41
Speakers



346
#FinPlan4u
Participants

Description

The SC held its annual flagship investor education event, InvestSmart® Fest 2019 themed 'Invest Smart • Bijak Labur' from 18 to 20 October 2019 at Mid Valley Exhibition Centre, Kuala Lumpur. The event was officiated by YB Datuk Seri Saifuddin Nasution Ismail, Minister of Domestic Trade and Consumer Affairs. Visitors to the event were exposed to various investment opportunities available through the capital market. This includes opportunities for alternative investment platforms such as ECF, P2P financing, DIM and DAX, which were showcased at the Digital Pavilion, a dedicated space within the exhibition hall. The 3-day event also offered over 400 free consultations with licensed financial planners at the #FinPlan4U financial services desk, enabling the public to seek initial assessment of their financial status and information on how to manage their savings and investment. This year's #FinPlan4U also featured the retirement advisory services by the Employees Provident Fund (EPF).

ScamBuster Walk Hunt 2019

In conjunction with the InvestSmart® Fest 2019, the SC also organised the ScamBuster Walk Hunt on 20 October 2019, participated by 19 teams. Following the success of its ScamBuster Run held for the past two years, the objective of the ScamBuster Walk Hunt was to raise awareness among Malaysians on illegal investment schemes via a fun-themed educational activity. All proceeds raised were channelled to the SC HEART, the regulator's corporate social responsibility and charity initiative.



Bersama InvestSmart® @ Borneo – Sabah 2019

29 – 30 June 2019
Kota Kinabalu, Sabah



9,000+
Visitors



34
Speakers



22
Exhibitors

Description

The inaugural East Malaysia flagship investor education event titled 'Bersama InvestSmart® @ Borneo-Sabah 2019' was held in Kota Kinabalu on 29 and 30 June. The 2-day event aimed to equip investors in Sabah with the fundamentals on making sound investment decisions, which included learning about investment opportunities and protecting against investment scams.

The opening ceremony was officiated by Sabah State's Assistant Minister of Finance, YB Tuan Sarifuddin Hata, representing the Chief Minister of Sabah, YAB Datuk Seri Panglima Haji Mohd Shafie Haji Apdal.



SC-IN-THE-COMMUNITY

Description

Face-to-face community engagement initiative where the SC provides information on smart investing including ways to avoid scams. The team also handled investor queries and organised surveys to gauge investor behaviour.

InvestSmart® @ Bursa Malaysia's The Marketplace Fair, Penang

5 January 2019
Penang

8,500
Participants

Description

The Marketplace Fair@Penang is a 1-day share investment event organised by Bursa Malaysia to educate and inculcate a share investment culture among the public. Held in a fun and interactive environment at the Setia Spice Convention Centre, Penang, the InvestSmart® team engaged with visitors to share knowledge about the Malaysian capital market. The event was officiated by the Minister of Finance, YB Tuan Lim Guan Eng.

InvestSmart® @ BNM's Karnival Kewangan, Miri

23 – 24 February 2019
Miri, Sarawak

17,000
Participants

Description

BNM hosted its first Karnival Kewangan event for the year at the Permaisuri Imperial City Mall, Miri, Sarawak. The event aimed to engage the community of Miri to empower them with knowledge, awareness and tools about financial products and services. About 17,000 visitors attended the 2-day event. The InvestSmart® team took the opportunity to create awareness and share information on the capital market products and services with the visitors. The InvestSmart® team also took part in the 'Forum Jenayah Kewangan' alongside with BNM, Royal Malaysia Police (PDRM) and Malaysian Communications and Multimedia Commission (MCMC).

InvestSmart® @ Agensi Kaunseling and Pengurusan Kredit's Public Programme on Women in Finance

23 March 2019
Institut Kefahaman
Islam Malaysia,
Kuala Lumpur

150
Participants

Description

'Women in Finance' is AKPK's first public programme, which was planned in conjunction with the International Women's Day. The programme aimed to expose concerns on women's financial well-being (provide avenues in cases of emotional imbalance, legal and entrepreneurship). This event was organised in collaboration with the Institute of Islamic Understanding Malaysia (IKIM). The InvestSmart® team engaged with women participants to spread awareness on the SC, the InvestSmart® brand and the Malaysian capital market.

InvestSmart® @ BNM's Karnival Kewangan, Kuala Terengganu

4 – 6 April 2019
Kuala Terengganu,
Terengganu

25,000
Participants

Description

BNM hosted its Karnival Kewangan event at TH Hotel & Convention Centre, Kuala Terengganu. The event aimed to engage with the community in Kuala Terengganu to empower them with knowledge, awareness and tools about financial products and services. The InvestSmart® team took this opportunity to exchange knowledge with visitors and raise awareness about capital market products and services.



InvestSmart® @ Minggu Saham Amanah Malaysia 2019

19 – 25 April 2019
Sungai Petani, Kedah

163,000
Participants

Description

The InvestSmart® team participated again in the Minggu Saham Amanah Malaysia (MSAM) organised by Permodalan Nasional Bhd's in Sungai Petani, Kedah. As in previous years, InvestSmart® team played the lead role together with representatives from the PPA to engage visitors during the week-long event and spread awareness on the Malaysian capital market as well showcase the InvestSmart® brand and its initiatives. Investment games, 'Where Investment Drops!' and 'Wheel of Wisdom' were the attractions among the visitors.

InvestSmart® @ MCMC

13 May 2019
MCMC Headquarter,
Cyberjaya

95
Participants

Description

The MCMC invited InvestSmart® to hold a half-day talk session titled 'Pengurusan Kewangan: Asas-Asas Pelaburan' to staff at its headquarter in Cyberjaya. The event was also broadcasted via a live feed to include MCMC's staff at 4 regional offices. Organised by the Akademi MCMC, the event promoted the general understanding among its staff on legitimate investment products and created awareness on the importance of retirement planning.



InvestSmart® @ BNM's Karnival Kewangan, Melaka

13 – 14 July 2019
Melaka

28,800
Participants

Description

BNM hosted their financial carnival at AEON Bandaraya Melaka. The event is a one-stop edutainment centre to elevate public's awareness on financial matters and financial literacy. The InvestSmart® team took the opportunity to engage and raise awareness about capital market products and services. The InvestSmart® team also took part in the forum on financial crime along with BNM, PDRM and MCMC.

InvestSmart® @ Malaysian Financial Planning Council's National Financial Literacy Workshop for Youth 2019

27 July 2019
Ipoh, Perak

300
Participants

24 August 2019
Kota Bharu, Kelantan

300
Participants

2 November 2019
Petaling Jaya, Selangor

300
Participants

Description

The InvestSmart® team was invited to set up booth and speak at three workshops organised for youth by the Malaysian Financial Planning Council. Held in Ipoh, Kota Bharu and Petaling Jaya, in collaboration with the Malaysian Youth Council, these workshops aimed to promote the importance of financial planning and cultivate good saving habits and smart investment culture among youth.

InvestSmart® @ Universiti Sains Islam Malaysia

3 September 2019
USIM Campus,
Negeri Sembilan

200
Participants

Description

The InvestSmart® team participated in a programme organised by Bursa Malaysia for final-year students of

Universiti Sains Islam Malaysia (USIM). The event, titled 'Program Kebolehpasaran Graduan IPT 2019', was organised to prepare the students for employment and expose them to the stock market and other opportunities available in the capital market. The half-day event featured speakers who presented various topics such as career overview and an introduction on capital market products, financial planning as well as fundamental and technical analysis.

InvestSmart® @ BNM's Karnival Kewangan, Perlis

28 – 29 September 2019
Kangar, Perlis

7,568
Participants

Description

BNM hosted its Karnival Kewangan event in Kangar, attracting nearly 8,000 visitors. It was aimed at widening the outreach of financial education by engaging with the community in Perlis. The InvestSmart® team raised awareness about the SC and the capital market. The team also took part in the forum on financial crime along with BNM and PDRM.

InvestSmart® @ MOF's Living in Future Time (LIFT) Festival 2019

28 – 29 December 2019
Menara PERKESO,
Putrajaya

7,000
Participants

Description

MOF in collaboration with BNM organised a finance and technology festival to showcase and promote literacy in financial technology. The InvestSmart® team engaged retail investors in Putrajaya and its surrounding areas, particularly the civil servants. This event provided a good platform to raise awareness on the SC's role in the capital market and its investor education initiatives under the InvestSmart® brand.



INVESTSMART® @SC

Description

This half-day event, held at the SC building is targeted to a specific investor demography, where issues of common interest were shared. The event exposed participants to various investment opportunities in the Malaysian capital market and alternative investments such as ECF and P2P financing.

Melabur Untuk Masa Hadapan Anda

13 April 2019
Civil Servants from Institut
Tadbiran Awam Negara and
Spearheading & Pioneering
Malaysian Indian Equity
Enhancement Association

144
Participants

Invest Smart • Bijak Labur

9 December 2019
Members of Malaysia
Co-operatives in Klang Valley

130
Participants

DIGITAL CHANNELS

- The InvestSmart® website attracted 35,053 users;
- InvestSmart® Mobile Application to-date has 1,607 registered users;
- InvestSmart® Facebook Page garnered 63,702 followers;
- InvestSmart® Instagram has more than 1,350 followers;
- InvestSmart® Twitter garnered 340 followers;
- Jump2Invest has been downloaded 301 times.

MEDIA AND BROADCAST

- The SC, in collaboration with the Ministry of Communications and Multimedia Malaysia released 4 public service announcements:
 - Public service announcements on radio stations
 - Radio announcements were made from 15 January 2019 to 31 March 2019 on all Malaysian radio stations to remind the public not to invest in something they do not fully understand.
 - A 30-second audio titled '*T.I.P.U*', highlighting the *modus operandi* of scammers is aired on all radio stations starting from 1 December 2019 to 31 March 2020.
 - '*Silap Labur, Duit Lebur*' jingle
 - A 30-second anti-scam awareness video jingle '*Silap Labur, Duit Lebur*' was televised on all local TV stations and public transportations operated by Prasarana Malaysia beginning 23 March until 30 September 2019.
 - TV crawler public service message
 - Broadcast on all TV channels during news segments starting from 1 December 2019 to 31 March 2020, with the following messages:
 - o **English**
Be a smart investor! Do not invest in something you do not understand. This message is brought to you by the Securities Commission Malaysia.
www.investsmartsc.my
 - o **Bahasa Malaysia**
Jom jadi pelabur bijak! Jangan labur di dalam produk yang anda tidak faham. Pesanan oleh Suruhanjaya Sekuriti Malaysia
www.investsmartsc.my
- In conjunction with the IOSCO World Investor Week 2019 (WIW2019) from 30 September to 6 October 2019, the SC:
 - Broadcasted a 3-minute InvestSmart® Series edumercial on digital assets that was aired on BFM89.9 radio station with Chin Wei Min, the SC Executive Director, Digital Strategy and Innovation. He shared his views on digital assets and what investors should look out for.
 - Multiple messaging campaigns such as '*Silap Labur, Duit Lebur*' and the '*T.I.P.U*' audio messaging were played on 3 main radio stations namely Hot FM, Fly FM and One FM. These audio messagings aimed to raise awareness among Malaysians about the features and *modus operandi* of illegal investment schemes.

COMPLAINTS AND ENQUIRIES

For the period ending 31 December 2019, the SC received:

- 821 complaints; and
- 1,336 enquiries.

Table 1

	2019	2018	2017
Complaints	821	558	444
Enquiries	1,336	1,104	626

Chart 1

Classification of complaints

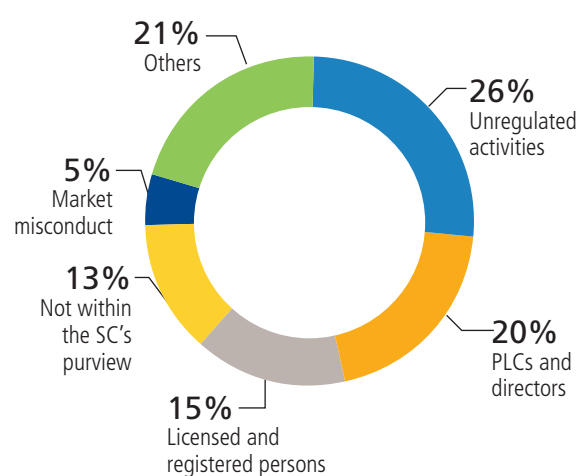
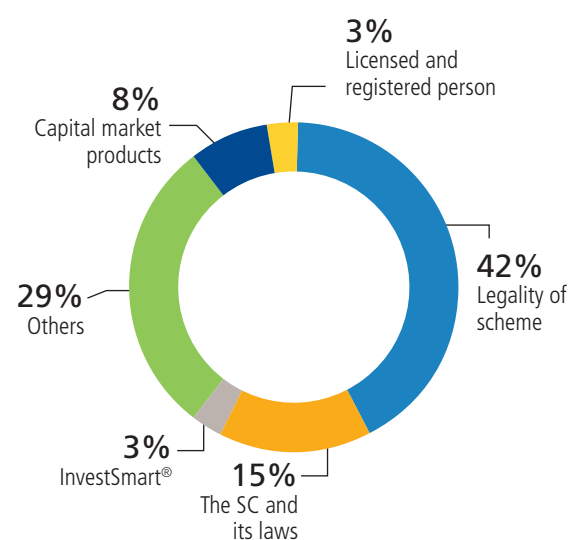


Chart 2

Classification of enquiries



PUBLICATIONS

ACTS, GUIDELINES AND CODES

Guidelines on Marketing and Distribution of Unit Trust Funds

Revised | 4 March 2019

Guiding Principles on Business Continuity

Issued | 13 May 2019

Vendor Code of Conduct

Issued | 13 May 2019

Guidelines on Recognized Markets

Revised | 17 May 2019

Guidelines on Registration of Credit Rating Agencies

Revised | 14 May 2019

Guidelines on Registration of Bond Pricing Agencies

Revised | 14 May 2019

Guidelines on the Registration and Conduct of Capital Market Services Providers

Revised | 14 May 2019

Guidelines on Financial Markets Infrastructures

Revised | 14 May 2019

Guidelines on Compliance Function for Fund Management Companies

Revised | 14 May 2019

Guidelines on Recognized Markets (ECF, P2P, DAX and Property Crowdfunding Framework)

Revised | 17 May 2019

Prospectus Guidelines for Collective Investment Schemes

Revised | 23 May 2019

Guidelines on Listed Real Estate Investment Trusts

Revised | 18 June 2019

Guidelines on Seasoned Corporate Bonds and Sukuk

Revised | 19 July 2019

Quick Guide on Guidelines on Implementation of Targeted Financial Sanctions Relating to Proliferation Financing for Capital Market Intermediaries

Issued | 29 October 2019

Licensing Handbook

Revised | 8 November 2019

Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors

Revised | 19 July and 26 November 2019

Prospectus Guidelines

Revised | 26 November 2019

Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework

Revised | 26 November 2019

Guidelines on Sales Practices of Unlisted Capital Market Products

Revised | 26 November 2019

Guidelines Note on Liquidity Risk Management for Fund Management and Unit Trust Management Companies

Issued | 16 December 2019

BOOKS, REPORTS AND CONSULTATION PAPERS

Public Consultation Paper No. 1/2019: Proposed Regulatory Framework for the Issuance of Digital Assets through Initial Coin Offerings

Issued | 6 March 2019

Public Consultation Paper No. 2/2019: Proposed Regulatory Framework for Property Crowdfunding
Issued | 6 March 2019

Securities Commission Malaysia Annual Report 2018 / Laporan Tahunan 2018 Suruhanjaya Sekuriti Malaysia
Issued | 14 March 2019

Islamic Green Finance - Development, Ecosystem and Prospects
Issued | March 2019

Proceedings of the SC-OCIS Roundtable 2018
Issued | 25 March 2019

Corporate Governance Monitor 2019
Issued | April 2019
Revised | May 2019

Audit Oversight Board Annual Report 2018 / Laporan Tahunan Lembaga Pemantauan Audit 2018
Issued | 25 June 2019

Audit Oversight Board Annual Inspection Report – Findings and Insights 2018
Issued | 25 June 2019

Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market
Issued | 26 November 2019

Sustainable and Responsible Investment Sukuk Framework – An Overview
Issued | 26 November 2019

BOOKLETS, BULLETINS AND PAMPHLETS

SC-OCIS Scholar-in-Residence
Issued | March 2019

List of Shariah-Compliant Securities by the Shariah Advisory Council of the Securities Commission Malaysia / Senarai Sekuriti Patuh Syariah oleh Majlis Penasihat Syariah Suruhanjaya Sekuriti Malaysia
Issued | 31 May and 29 November 2019

Malaysian Islamic Capital Market
Issued | June 2019

The Reporter
Issued | June 2019

Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia / Keputusan Majlis Penasihat Shariah Sekuriti Malaysia 2018
Issued | 31 December 2019

WEBSITES

www.sc.com.my

www.investsmartsc.my

JANUARY

7

SC: File restitution claims

PETTING HYEN Members of the public who had booked to visit illegal animals and exotic trading schemes had been given 14 days' notice to quit by February 2005.

The two-month notice was issued to Kishan Kumar (Noida, India; mobile 97529 12141) and Vinod Kumar (Jaipur, India; mobile 76665 011362), who had illegally sold crocodiles from the public between February and April 2005, purported to be sold in a factory, and exotic trading scheme.

The Secretary, Commissioner

the two individuals were found to have carried out bad management without a license.

On 15 February 2005, some time elapsed against the two individuals, notification processes were initiated in October 2005 and April 2006 for the 'wildlife' and 'endangered species', and the SC.

In 5 September 2004, a total of RMG4.71/2.70 from the two has been paid to the Government of India for the eligible license. To date, the SC has successfully disbursed RMF4.044.36 to 23 affected structures.

Interested in the issue she uses to advance their claims together with numerous proof of investment to the SC, before the SC dated 14/6/2019, after which the SC has not yet made a decision on the claim, based on available bank statements (F1/F2) received by claimants.

In a separate statement, the SC said it has appointed Ong Liang Hong as secretary/ director in the claimants' company.

Ong will be responsible for specific projects and initiatives in the SC. He will also be actively involved in the engagement and coordination with stakeholders to develop their proposals and to seek the endorsement of the Malaysian capital market.

Ong trained as an investment analyst more than 25 years' experience in the corporate finance. He was a senior managing director at CMBB Bank prior

KUALA LUMPUR: The Securities Commission (SC) has added a new chapter in the Guidelines on Recognised Markets to require digital asset platform operators to be registered as a recognised market operator.

In a technical briefing to the media on Thursday, the SC said the new framework is part of its efforts to promote innovation while ensuring investor protection in the trading of digital assets.

"While there is a framework to facilitate the trading of digital assets, investors are reminded to be mindful of the risk when dealing in digital assets such as sudden price fluctuations and liquidity risks," it

price fluctuations and liquidity risks, it said.

29

30

31

FEBRUARY

12

MARCH



14

6

[illegible]

KUALA LUMPUR: The Securities Commission Malaysia (SC) Chairman Datuk Syed Zaid Albar (pic) has been elected as the new International Organisation of Securities Commissions (IOSCO) Growth and Emerging Markets (GEM) Committee member.

IOSCO is the leading global standard setter for securities regulation and regula-

lates more than 95 per cent of the world's securities markets in more than 115 jurisdictions, SC said in a statement.

"International cooperation and engagement through IOSCO is critical given the increasingly complex market environment, growing financial innovation and expanding cross-border activities.

"Malaysia's leadership position in IOSCO strengthens the SC's commitment to drive the digital finance agenda and augment Malaysia's position as a global financial hub for sustainable finance," he was quoted as saying in the statement. —Bernama

23-24

10th SC-OCIS
Roundtable in
London



29

The SC reprimands
3 China-based
companies and stated
that retention of the 4
directors are prejudicial
to public interest

APRIL

16-17

Regional Supervisory
College for Asia Pacific
hosted by the SC



22

16th SC-BNM Bilateral Meeting



29-30

SC-World Bank-IOSCO Asia
Pacific Hub Conference at the
SC themed 'Islamic Finance: A
Catalyst for Financial Inclusion'





17

30

14

The SC issues
*Guiding Principles on
Business Continuity
for Capital Market
Entities*



6

The SC launches
the inaugural
*Corporate
Governance
Monitor 2019*



3

The SC
Townhall

2

Former Kosmo
directors and
accounts manager
jailed and fined for
false disclosures

- SC Fintech Roundtable
- New ECF, P2P Financing Operators and Property Crowdfunding Framework announced at the SC Fintech Roundtable

AOB fines audit firm and revokes registration of audit partner for breach of independence requirement

MAY

Auditors urged to adopt more structured root cause analysis framework

PETALING JAYA: The Securities Commission's Audit Oversight Board (AOB) said while firms are taking measures to improve audit quality, it is concerned that issues in areas such as sampling and the audit of revenue recognition still persist. The AOB urges audit firms to adopt a more structured and formalised root cause analysis framework to ensure that the remediation measures taken to address the findings raised are effective and sustainable, said AOB in a press release yesterday in conjunction with the issuance of its Annual Report and Annual Inspection Report for 2018. The reports share common inspection findings, trend analysis, and assessment of remediation efforts and progress taken by inspected audit firms. In 2018, the AOB inspected six major audit

firms and seven other audit firms. These firms collectively audited public listed companies (PLCs) representing about 4% of the total market capitalisation of PLCs. It noted an overall reduction in the number of recurring findings – out of eight firms re-inspected, only one recurring finding each was noted in two of the audit firms. In 2018, for the first time, the AOB took enforcement actions against Engagement Quality Control Review (EQCR) partners for their failures in exercising their gatekeeping functions in the audit engagements. It said new registration criteria were introduced to ensure that the auditors' gatekeeping role remains relevant and more importantly, to encourage audit firms to increase

their capacity and improve their audit quality. The new criteria include ensuring that registered audit partners are attached to only one audit firm at all times and requiring an audit firm registered with AOB to have at least three audit partners. The EQCRs of public interest entities and schedule funds audits must now be carried out by an AOB-registered partner of the same audit firm appointed as the auditor. The continued registration of an audit firm with the AOB is also subject to the audit firm having at least one PIE or schedule fund audit client in the last 24 months. Last year, the AOB took enforcement actions against 11 individual auditors and three audit firms for failure to comply with laws, regulation and auditing standards.

JUNE

4

The SC registers
3 DAX

25

AOB issues
Annual Report
and *Annual*
Inspection
Report 2018

28

Former directors of
Bestino Group found
guilty of distributing
application forms for
securities without
prospectus

29

SC InvestSmart® @Borneo,
Kota Kinabalu, Sabah



JULY

1

The SC Hari
Raya Open
House

4

The SC cautions
investors against
unauthorised ICO
and DAX



SC sees changes in senior management

New appointments, redesignations are part of its reorganisation

BY ROSIE LIM

KUALA LUMPUR: The Securities Commission Malaysia (SC), which is undergoing reorganisation, has appointed and redesignated several senior management executives following the reorganisation.

SC deputy chief executive Datuk Zaid Ibrahim Zaid Ibrahim will now have direct oversight over regulatory and surveillance functions as well as the strategic corporate department and the people and organisation development department, according to a statement yesterday.

Meanwhile, the regulator has appointed Nadiah Abdulhadi as its executive director of corporate services and legal, replacing Tengku Zarina Tengku Chik, who will assume a new role as the executive officer of Securities Industry Development Corp (SIDC) effective Sept 1.

“In line with the SC’s vision of promoting innovation to drive competitive advantage within the capital market, the regulator will be reorganised to be fit for a more professional focus on the longer-term development of the broader capital market and finance capital market,” said the SC.

Meanwhile, in line with the SC’s vision of promoting innovation to drive competitive advantage within the capital market, the regulator will be reorganised to be fit for a more professional focus on the longer-term development of the broader capital market and finance capital market,” said the SC.



AUGUST

8

The SC announces its organisation review and senior management appointments

26

SC-BNM together with MOF organised Budget 2020 Focus Group discussion

30

- Former executive director sentenced and fined for furnishing false statement to Bursa Malaysia
- SC Merdeka Leadership Talk



Launch of the *Malaysia National Strategy for Financial Literacy 2019-2023* by FEN - the SC joint collaboration with BNM



23



AOB hosts the 9th Annual Meeting of the ASEAN Audit Regulators Group

17-18

9

Visit by Lord Mayor of the City of London, Alderman Peter Estlin

SEPTEMBER

17

Former deputy executive chairman sentenced to a 5-year jail term and RM9 million fine for insider trading

Former exec deputy chairman jailed five years and fined RM9mil for insider trading

PETALING JAYA: The Kuala Lumpur Sessions Court has sentenced a former executive deputy chairman of a public-listed company to a five-year jail term and a fine of RM9mil for insider trading offences, after a full trial with 24 witnesses having testified for both the prosecution and defence.

In a statement by the Securities Commission (SC), Danuk Ramesh Rajaratnam, 55, former executive deputy chairman of Malaysian Merchant Marine Bhd (MMM), was found to have disposed 10,200,800 MMM shares while in possession of material non-public information.

EdgeProp registered as first property crowdfunding operator

BY SURIN MURUGIAH

KUALA LUMPUR: The Securities Commission Malaysia (SC) has registered EdgeProp Sdn Bhd as the first recognised market operator to establish and operate a property crowdfunding platform in Malaysia, following the revision of the SC's Guidelines on Recognised Markets in May.

In a statement yesterday, SC said EdgeProp was granted an approval in principle this month.

Property crowdfunding is an initiative announced in Budget 2019 to provide an alternative financing avenue for first-time homebuyers through a property crowdfunding scheme.

The SC said property crowdfunding offers the same potential as that of equity crowdfunding and peer-to-peer financing platforms in providing an alternative source of financing but is specifically tailored for first-time homebuyers.

At the same time, it will provide investors access to a new investment option.

The SC would like to caution that it is an offence under the securities laws to operate a PCP (property crowdfunding platform) without authorisation from the SC.

Any persons found to be in breach may be liable to a fine not exceeding RM10 million or imprisonment term not exceeding ten years or both," it said.

25

The SC registers 1st property crowdfunding platform in Malaysia

OCTOBER

2

The SC revokes fund management licence of VCB Capital Sdn Bhd

VCB Capital's appeal against licence revocation fails

KUALA LUMPUR: The Securities Commission Malaysia (SC) has dismissed an appeal brought by VCB Capital Sdn Bhd after its fund management licence was revoked by the regulator on June 19.

VCB's licence was revoked after the SC found that the manner in which VCB conducted its business had cast a doubt on its competence and soundness of judgement as a fund manager.

In a statement yesterday, the SC said VCB was found to have breached the Guidelines on Compliance Function for Fund Management Companies and Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries.

10

The SC charges former managing director for insider trading

Former DIS Tech MD charged for insider trading

BY TAN XUE YING

KUALA LUMPUR: Dustin Cheah Yew Kiat, former managing director (MD) of previously listed firm DIS Technology Holdings Bhd (DIS Tech), claimed trial yesterday to five counts of insider trading.

Cheah, 42, is alleged to have disposed of 2.8 million DIS Tech shares via accounts belonging to one Cheah N, while in possession of non-public information from March 1 to 4, 2018, said the Securities Commission Malaysia (SC).

The information referred to in all charges relates to the alleged misstatement of DIS Tech's quarterly financial reports between the third quarter of 2018 and the fourth quarter of 2018, which had a significant impact on DIS Tech's financial results.

fine of not less than RM1 million, upon conviction.

Deputy public prosecutor from the SC, Zulaida Zulkifli, requested bail of RM300,000 for all charges at the Sessions Court yesterday. She also reported.

But Cheah's lawyer S Subramaniam, in seeking for a lower bail, said his client is a person with disability, having suffered polio since the age of three, and is now paraplegic, the report said.

The court then allowed Cheah bail of RM200,000 in one surety for all charges, and ordered him to surrender his passport. The case will be mentioned again on Dec 3.

DIS Tech was removed from Bursa Securities in August 2018, after failing to appoint a sponsor within a stipulated time frame to assist the company in drawing up a regularisation plan.

The manufacture of moderns

15-17

SC Industry Dialogue



18-20

- SC InvestSmart® Fest 2019
- 1st ScamBuster Walk Hunt



DECEMBER

17

The SC wins suit against Stone Master former Deputy Managing Director for causing RM11.54 million in wrongful loss

26

AOB fines auditor for non-compliance with the *International Standards on Auditing*



Auditor fined RM63,000 for not adhering to international auditing standards

KUALA LUMPUR: The Audit Oversight Board (AOB) of the Securities Commission of Malaysia (SCM) has fined an auditor, Huang Khen Yeong RM63,000 for failing to comply with the International Auditing Standards when carrying out a Public Interest Entity (PIE).

AOB said in a statement yesterday that it had informed Huang, who is a partner of Deloitte P.T., that he had failed to create and implement auditing procedure involving various PIE auditing location.

"Huang is also found to have carried out auditing procedure that was incomplete, among others amalgamation group, construction contract and goodwill," according to the statement.

Huang did not make any appeal on the case and the fine would take effect immediately. - Bernama

26

The SC launches the *SRI Roadmap for the Malaysian Capital Market* and the revised *SRI Sukuk Framework - An Overview*

NOVEMBER

22-23

The SC hosts the 6th edition of SCxSC Fintech Conference



ACRONYMS AND ABBREVIATIONS

ABMI	Asian Bond Market Initiative
ACMF	ASEAN Capital Markets Forum
AE	Advanced economies
AGM	Annual general meeting
AMBD	Autoriti Monetari Brunei Darussalam
AMLATFPUAA	<i>Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001</i>
AOB	Audit Oversight Board
ASEAN	Association of South-East Asian Nations
ASEAN GBS	<i>ASEAN Green Bond Standards</i>
ASEAN SBS	<i>ASEAN Social Bond Standards</i>
ASEAN SUS	<i>ASEAN Sustainability Bond Standards</i>
ATCM	Association of Trust Companies Malaysia
AUM	Assets under management
A-MDP	ACMF Market Development Programme
BNM	Bank Negara Malaysia
BPS	Basis points
BRIDGe	Brokerage Industry Digitisation Group
CAGR	Compounded annual growth rate
CCAF	Cambridge Centre for Alternative Finance
CeIO	Certified Integrity Officer
CEO	Chief Executive Officer
CG	Corporate governance
CG Monitor	<i>Corporate Governance Monitor</i>
CIS	Collective investment schemes
CMA	Capital Market Authority of Saudi Arabia
CMD	Capital Market Development
CMM	Capital Markets Malaysia
CMP 2	<i>Capital Market Masterplan 2</i>
CMSA	<i>Capital Markets and Services Act 2007</i>
CMSL	Capital Market Services Licence
CMSP	Capital Market Services Providers
CMSRL	Capital Markets Services Representative's Licence
CPC	<i>Criminal Procedure Code</i>
CRWG	Cyber Risk Working Group
DAX	Digital asset exchanges
DFI	Developmental financial institutions
DCE	Deputy Chief Executive
DIM	Digital investment management
DRP	Dividend reinvestment plan
DOSM	Department of Statistics Malaysia
ECF	Equity crowdfunding
EME	Emerging market economy

ESG	Environmental, social and governance
ETF	Exchange-traded fund
FATF	Financial Action Task Force
FBMKLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FID	Financial Institution Development
FEN	Financial Education Network
FIMM	Federation of Investment Managers Malaysia
Fintech	Financial technology
FMC	Fund management companies
FSSG	Financial Statements Surveillance Group
G20	Group of 20 – International forum for the governments and central bank governors from 19 countries and the European Union
GBI-Global	Government Bond Index - Global
GBI-EM	Government Bond Index - Emerging Market
GDP	Gross domestic product
GEM	Growth and emerging markets
GFC	Global financial crisis
GIACC	Governance, Integrity and Anti-Corruption Centre
GLIC	Government-linked investment companies
IBFC	International Business and Financial Centre
ICM	Islamic capital market
ICMR	Institute for Capital Market Research Malaysia
ICO	Initial coin offering
ICULS	Irredeemable convertible unsecured loan stock
IFWMB	<i>Islamic Fund and Wealth Management Blueprint</i>
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPO	Initial public offering
JC3	Joint Committee on Climate Change
JKKMAR	Special Cabinet Committee on Anti-Corruption
LEAP	Leading Entrepreneur Accelerator Platform
L&I	Leveraged and Inverse
LOLA Framework	Lodge and Launch Framework
LRM	Liquidity Risk Management
MACC	Malaysian Anti-Corruption Commission
MCCG	<i>Malaysian Code on Corporate Governance</i>
MESTECC	Ministry of Energy, Science, Technology, Environment and Climate Change
MFRS	<i>Malaysian Financial Reporting Standards</i>
MGFT	Malaysian Green Financing Taskforce
MGS	Malaysian Government Securities
MNPI	Material non-public information
MOF	Ministry of Finance
MoU	Memorandum of understanding
MRWG	Market Risk Working Group
MSCI	Morgan Stanley Capital International
MSWG	Minority Shareholders Watch Group
MSME	Micro, small and medium enterprise
MyCIF	Malaysia Co-investment Fund
MVCDG	Malaysian Venture Capital and Private Equity Development Council
NACP	National Anti-Corruption Plan
NACSA	National Cyber Security Agency

NAV	Net asset value
OACP	Organisational Anti-Corruption Plan
OECD	Organisation for Economic Co-operation and Development
OCIS	Oxford Centre for Islamic Studies
OPR	Overnight policy rate
P2P	Peer-to-peer financing
PCF	Property crowdfunding
PDS	Private debt securities
PE	Private equity
PEC/PEMC	Private equity companies / Private equity management companies
PIE	Public interest entity
PLC	Public-listed company
PPA	Private Pension Administrator Malaysia
PROFOUND	Financial Scheme for Continuous Professional Development
PRS	Private retirement schemes
PSS	Permitted short selling
QP	Qualified Person
QSP	Qualified Senior Personnel
RCEP	Regional Comprehensive Economic Partnership
REIT	Real estate investment trust
RI	Reporting Institution
RMO	Recognised market operator
RPA	Recognised principal adviser
SAC	Shariah Advisory Council
SC	Securities Commission Malaysia
SCMA	<i>Securities Commission Malaysia Act 1993</i>
SCxSC	Synergistic Collaborations by the SC
SDG	Sustainable Development Goals
SICDA	<i>Securities Industry (Central Depositories) Act 1991</i>
SFN	Sustainable Finance Network
SIDREC	Securities Industry Dispute Resolution Center
SRI	Sustainable and responsible investment
SRO	Self-regulatory organisation
SROC	Systematic Risk Oversight Committee
TFS-PF Guidelines	<i>Guidelines on Implementation of Targeted Financial Sanctions Relating to Proliferation Financing</i>
UK	United Kingdom
US	United States of America
US Fed	US Federal Reserve
UST	US Treasury
UTS	Unit trust scheme
VA	Virtual assets
VASP	Virtual assets service provider
VC	Venture capital
VCC/CMC	Venture capital corporation / venture capital management corporation
WC-FSL	Working Committee on Financial Services Liberalisation
WC-CMD	Working Committee on Capital Market Development