



**PART 5**  
**ORGANISATION**  
**INFORMATION**

## BOARD MEMBERS



**DATO' ALIZATUL KHAIR  
OSMAN KHAIRUDDIN**

**TAN SRI MAZLAN  
MANSOR**

**DATIN RASHIDAH  
MOHD SIES\***

**TAN SRI WEE HOE SOON  
@ GOOI HOE SOON**

Note:

\* Completed term as Board Member on 12 January 2024.

\*\* Appointed as Board Member on 15 January 2024.

# Datuk Dr. Shahrazat Haji Ahmad (*not in picture*) is appointed as a new Board Member effective 15 February 2024.



**DATO' SERI DR. AWANG ADEK  
HUSSIN**

**DATUK DR. ZUNIKA  
MOHAMED**

**DATO' MOHAMMAD FAIZ  
AZMI**

**KEMAL RIZADI ARBI\*\***

## BOARD MEMBERS



**DATO' SERI DR. AWANG ADEK HUSSIN**  
Appointed 1 June 2022

Dato' Seri Dr. Awang Adek Hussin was appointed the Executive Chairman of the Securities Commission Malaysia (SC) on 1 June 2022. He is also the Chairman of the Board of Governors of Universiti Sains Malaysia (USM).

Prior to his appointment as Chairman of the SC, Dato' Seri Dr. Awang Adek served as Malaysia's Ambassador to the United States of America (USA) from 2014 to 2016 and Chairman of Majlis Amanah Rakyat (MARA) from 2017 to 2018.

Dato' Seri Dr. Awang Adek has extensive experience in economics and finance, having spent over 30 years in government and public service. He served as Deputy Minister of Rural Development from 2004 to 2006 and Deputy Minister of Finance from 2006 to 2013. He was also a member of Parliament from 2004 to 2008, and a senator from 2009 to 2013.

Dato' Seri Dr. Awang Adek was with Bank Negara Malaysia for 17 years from 1985 until 2001, holding several positions and eventually rising to the rank of Assistant Governor. He had also served on the boards of directors of several financial institutions and organisations including the SC, the first Director General of the Labuan Financial Services Authority (LFSA), Permodalan Nasional Bhd (PNB), Chairman of Tenaga Nasional Bhd (TNB), and also Chairman of Perbadanan Nasional Bhd (PERNAS).

Dato' Seri Dr. Awang Adek received his Bachelor's degree in mathematics and economics from Drew University, US, as well as his Master's and Doctor of Philosophy (PhD) in economics from University of Pennsylvania, US.



**TAN SRI WEE HOE SOON**  
**@ GOOI HOE SOON**  
Appointed 1 January 2019

Tan Sri 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 includes mergers and acquisitions and corporate debt restructuring exercises by PLCs.

He is a member of the EPF Investment Panel and also currently sits on the board of directors of Yinson Holdings Bhd, Red Ideas Holdings Bhd, Perusahaan Sadur Timah Malaysia (PERSTIMA) Bhd, AIA Bhd and LMS Compliance Ltd.

Tan Sri Gooi was the former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd and Deputy Chairman of Avenue Capital Resources Bhd. He was also the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. Tan Sri Gooi is a Member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.



**DATUK DR. ZUNIKA MOHAMED**  
Appointed 1 June 2020

Datuk Dr. Zunika Mohamed is currently the Deputy Secretary General (Policy), Ministry of Economy. She is a trained economist and has served in various capacities at several ministries over the last 25 years, including as the Deputy Secretary General (Policy) of the Ministry of Agriculture.

She holds a doctorate in Economics from Universiti Putra Malaysia and obtained her postgraduate and undergraduate economics degrees at the International Islamic University Malaysia and University of Texas, US respectively. Datuk Dr. Zunika also has a diploma in Public Administration from the National Institute of Public Administration (INTAN) Malaysia.



**DATIN RASHIDAH MOHD SIES**  
Appointed 15 September 2020

Datin Rashidah Mohd Sies is currently the Deputy Secretary General (Management) of the Ministry of Finance, a position she has held since 22 March 2021. Datin Rashidah has served the Ministry of Finance for more than 29 years. She brings onboard a wealth of knowledge and experience, being at the forefront of issues pertaining to investment, finance, economic policies, federal budgeting, and financial legislation and regulation, among others.

Datin Rashidah obtained a Master of Business Administration from International University California, US, following a Bachelor's degree in Business Administration (Finance) from Idaho State University, USA. She holds a Diploma in Public Administration from INTAN.

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\* Completed term as Board Member on 12 January 2024.



### **TAN SRI MAZLAN MANSOR**

Appointed 1 March 2022

Tan Sri Mazlan Mansor was the Deputy Inspector General of the Royal Malaysia Police prior to his retirement in August 2020.

He had served in the Police Force for almost 41 years, helping various senior positions including Director of Commercial Crime Investigation Department, Chief Police Officer of Selangor and Commissioner of Police Sarawak, to name a few. In addition to his vast experience in investigation work, Tan Sri Mazlan had also served as a Legal/ Prosecution Officer at the Criminal Investigations Department (CID), Bukit Aman after having obtained an LL.B. (Honours) degree from the University of Wales, Aberystwyth UK in 1992.

In 2021, Tan Sri was appointed as an Independent Non-Executive Director on the board of AmREIT Managers Sdn Bhd (AmREIT). He has stepped down from the AmREIT board prior to the effective date of his appointment as a Member of the SC Board. Tan Sri Mazlan also currently sits as Independent Non-Executive Director in RCE Capital Bhd.

Tan Sri Mazlan's appointment provides diversity to the Board. He brings with him a wealth of experience, given the various positions he had helmed as a senior Royal Malaysia Police official. His appointment to the boards of the two PLCs, as well as on AmREIT, a regulated entity, had provided Tan Sri Mazlan with the relevant exposure for undertaking the role as an independent board member.



### **DATO' MOHAMMAD FAIZ AZMI**

Appointed 15 August 2023

Dato' Mohammad Faiz Azmi has over 38 years of experience in the audit and business advisory services in Malaysia and the UK. He recently retired as a partner and the Executive Chairman of PwC Malaysia. He was the leader of PwC's Global Islamic Finance Team practice from 2007 to 2012. He was also PwC's Malaysia's Financial Services Leader and joint Head of Audit and led the ESG and Shariah Investing part of PwC's Sustainability and Climate Change practice in Malaysia.

Much of his recent work has been with the Federal and State Governments involving Accrual Accounting, acting as an Administrator for an airline and certain government entities, sustainability work and being part of the Federal Government's National Covid vaccine rollout. He has also been involved in the preparation of the Federal Government's financial accounts and restructuring and investigations into government agencies. He was recently appointed as a board member of the SC.

Dato' Faiz is a member of Malaysian Institute of Accountants (MIA), a Fellow of the Institute of Chartered Accountants England and Wales (ICAEW) and the Malaysian representative on the ICAEW council in London. He has held the post of President of MIA, Chairman of the Malaysian Accounting Standards Board (MASB) and ICAEW City Group Chairman in Malaysia. He is currently Chairman of MyPac (a local education NGO), Chairman of the MASB's Standing Committee on Islamic Financial Reporting and a member of the International Accounting Standards Board's Islamic Finance Consultative Group. He is a council member of Climate Governance Malaysia.

He was educated in Malaysia and UK and read law at the University of Durham before being called to the English Bar. He is an alumnus of Lincoln's Inn and a member of the Inns of Court of Malaysia. He is a member of the Worshipful Company of Chartered Accountants England and Wales. He was conferred the Darjah Kebesaran Dato' in 2013 by the Sultan of Selangor. He was conferred an Honorary Degree of Doctorate of Laws by the University of Nottingham in July 2016.



### **DATO' ALIZATUL KHAIR OSMAN KHAIRUDDIN**

Appointed 15 August 2023

Dato' Alizatul Khair Osman Khairuddin graduated with a Bachelor of Laws (Honours) from the University of Malaya in 1976 and a Master of Laws from the London School of Economics, University of London, UK, in 1982.

Dato' Alizatul Khair has extensive experience in the legal and judicial fields since 1976. Among the posts she held were Legal Advisor to the Ministry of Education, Deputy Head of the Civil Division of the Attorney General's Chambers and State Legal Advisor of Penang at the Penang State Legal Advisor's Office in 1995.

Dato' Alizatul Khair was later appointed a Judicial Commissioner at the Shah Alam High Court (2003), Judge at the Shah Alam High Court (2004), Judge at the Kuala Lumpur High Court (2008) and Judge of the Court of Appeal in 2011.

In 2017, Dato' Alizatul Khair was appointed to the Federal Court where she served until her retirement in 2019.



### **KEMAL RIZADI ARBI**

Appointed 15 January 2024

Kemal Rizadi Arbi has 30 years of global experience in the financial services and corporate sector involved in Islamic finance, investment banking, corporate finance, fund management, sustainable finance, fintech, virtual assets, and as a regulator, policymaker and strategic developer of capital markets (including the Islamic capital market) in the Middle East and Asian region.

He is currently an Advisor with the government of Oman and has been with the Executive President and Vice President's Office at the Capital Market Authority (Oman CMA) since 2013, which regulates and develops the financial industry in Oman relating to the capital market and insurance sectors (both conventional and Islamic). He has been involved in the development of the Islamic capital market in Oman from the very beginning since the introduction of Islamic finance.

Prior to joining the Oman CMA, he had established initiatives for the development of the Malaysian and ASEAN+3 capital markets (including Islamic capital markets), through various senior positions at the SC.

He had also advised the Board of Directors of PLCs in various industries on corporate transactions, while working as a senior corporate and investment banker at the Maybank and Avenue Capital Resources Bhd group (previously owned by the Minister of Finance (Incorporated) Malaysia). In addition, he had been a Board Member of an asset management company previously owned by the Johor Corporation involved in fund management.

He graduated with a Bachelor of Science degree in Actuarial Science from the University of Iowa, US as a JPA scholar. He also holds an MBA (Finance) from the International Islamic University Malaysia and Chartered Islamic Finance Professional (CIFP) master's degree from the International Centre for Education in Islamic Finance University (INCEIF University), Malaysia.

## EXECUTIVE MEMBERS



**BUDIMAN  
LUTFI MOHAMED**  
Director  
Enforcement

**DATUK SERI  
ABDUL  
JALIL HAMID**  
Executive Director  
Strategic  
Communications  
& Chairman's Office

**ALEX OOI  
THIAM POH**  
Executive Director  
and Head  
Audit Oversight

**DATO' ZAIN  
AZHARI MAZLAN**  
Executive Director  
Corporate Finance &  
Investments

**SALMAH BEE  
MOHD MYDIN**  
Executive Director  
Market Development

**DATUK KAMARUDIN  
HASHIM**  
Managing  
Director





**DATO' SERI DR.  
AWANG ADEK  
HUSSIN**  
Chairman

**DATIN AZALINA  
ADHAM**  
Managing  
Director

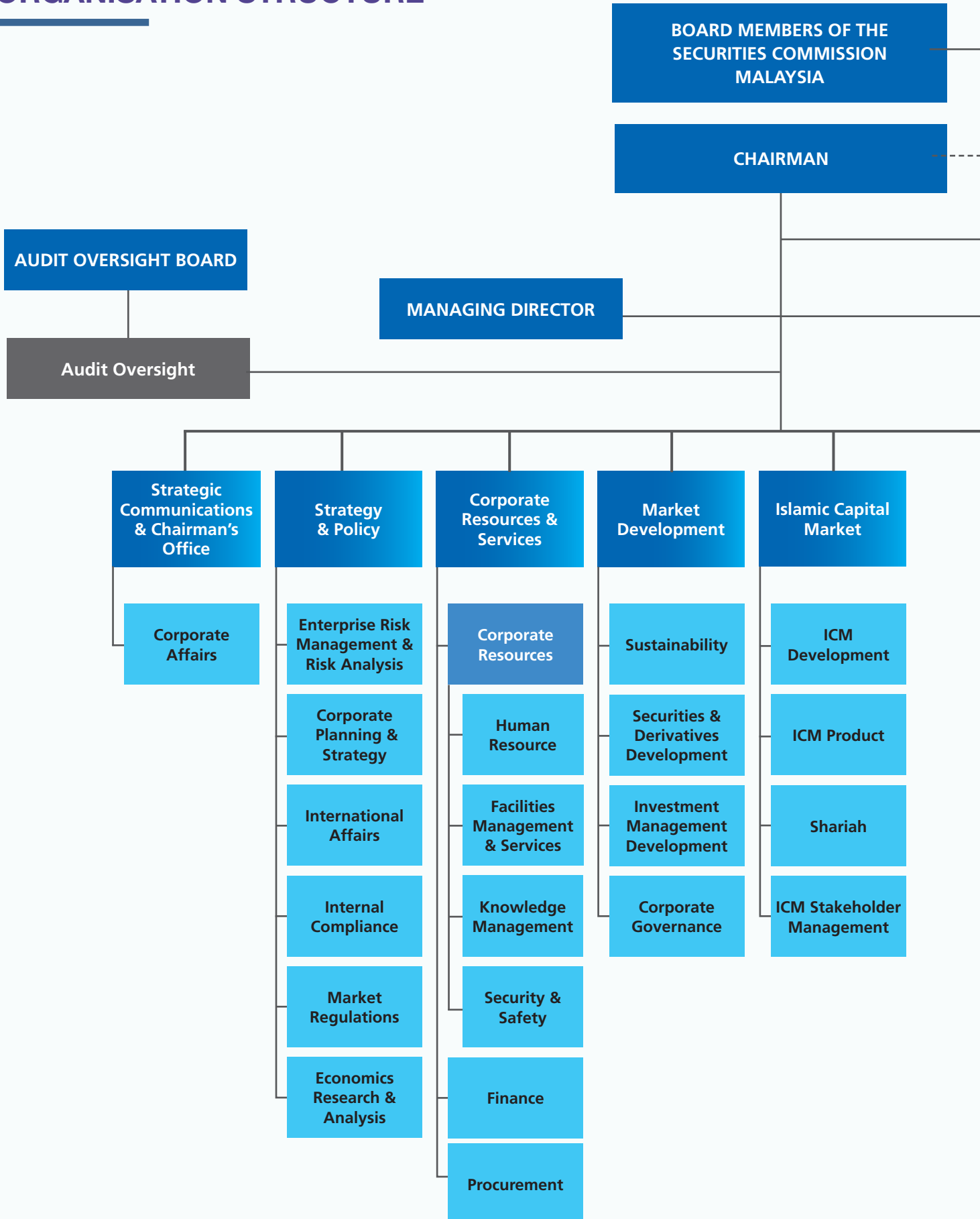
**SHARIFATUL  
HANIZAH  
SAID ALI**  
Executive Director  
Islamic Capital  
Market

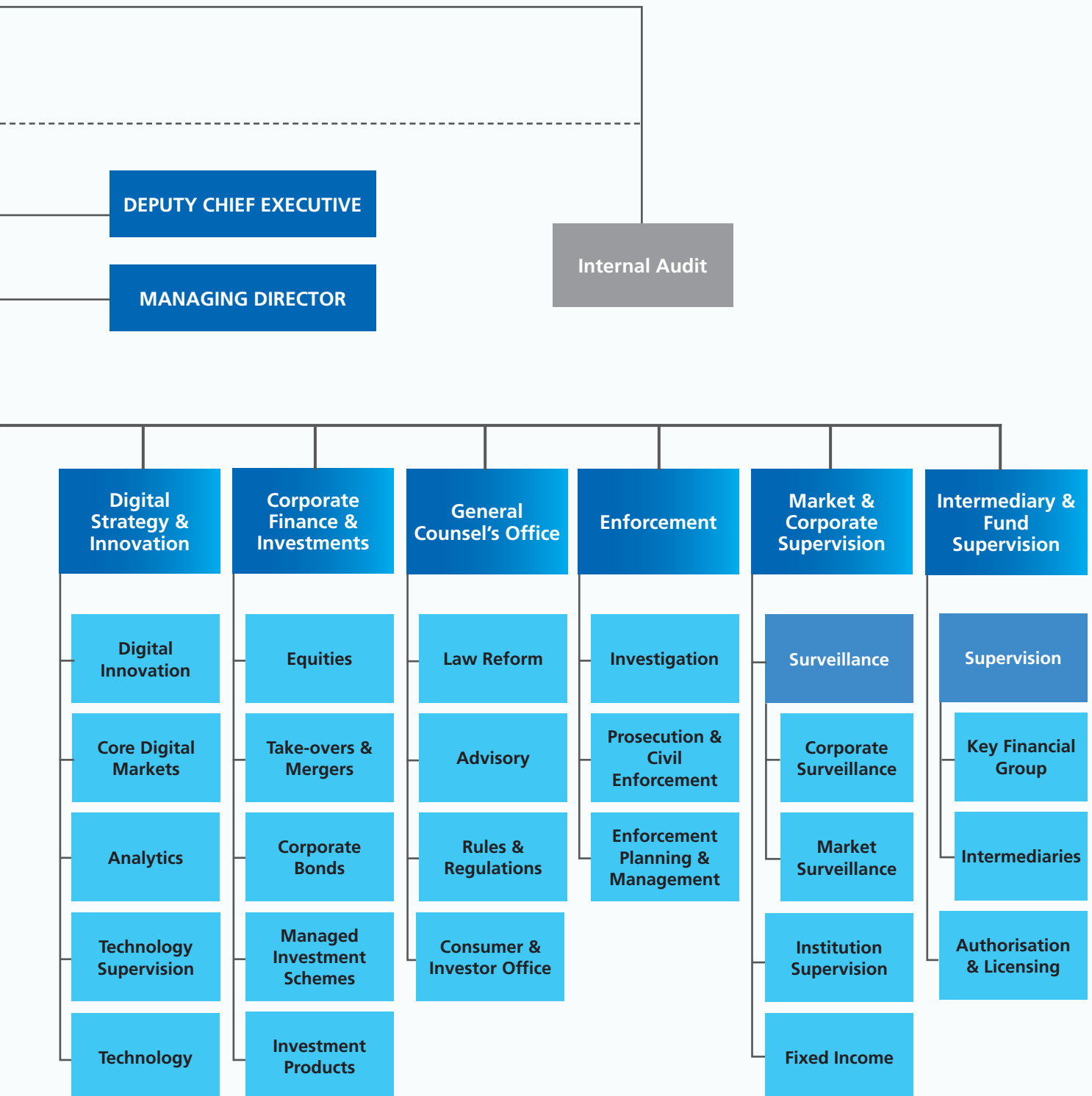
**YEW YEE TEE**  
Executive  
Director and  
General  
Counsel

**DR. WONG HUEI  
CHING**  
Executive  
Director  
Digital Strategy  
& Innovation

**SHAMSUL  
BAHRIAH  
SHAMSUDIN**  
Director  
Intermediary  
& Fund  
Supervision

# ORGANISATION STRUCTURE





## SHARIAH ADVISORY COUNCIL MEMBERS



**PROFESSOR DR. AZNAN HASAN**  
Chairman



**DR. ENGU RABIAH ADAWIAH  
ENGKU ALI**  
Deputy Chair



**PROFESSOR DR.  
ASHRAF MD HASHIM**



**PROFESSOR DATO'  
DR. ASMADI  
MOHAMED NAIM**



**ASSOCIATE PROFESSOR  
DR. MOHAMED FAIROOZ  
ABDUL KHIR**



**SAHIBUS SAMAHAH  
DATO' SETIA DR.  
HAJI ANHAR HAJI OPIR**



**DR. MARJAN  
MUHAMMAD**



**ASSISTANT PROFESSOR  
DR. AKHTARZAITE  
HAJI ABDUL AZIZ**



**BURHANUDDIN LUKMAN**

Note:

\* Tan Sri Dr. Mohd Daud Bakar completed term as Chairman of the Council on 30 June 2023.

\* Dr. Shamsiah Mohamad, Profesor Dato' Dr. Mohd Azmi Omar and Dr. Zaharuddin Abdul Rahman completed term as Council Members on 30 June 2023.

## STATEMENT ON GOVERNANCE

The 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 securities laws, namely the SCMA, *Capital Markets and 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 seven 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.

Dato' Seri Dr. Awang Adek Hussin assumed the position of Chairman on 1 June 2022. A profile of Board members is featured on pages 150 to 153 and their involvement in the various committees established by the Board is provided on page 161.

The Chairman is appointed for a term of three years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of two 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 full time office in any public-listed company, becomes a member of either Houses of Parliament, or becomes an officer or director of an entity that is regulated by the Commission.

Similarly, a Board member shall not hold office if he or she—

- is convicted of a criminal offence involving fraud, dishonesty, corruption or violence;
- is declared a bankrupt;
- is not capable of discharging his or her duties;
- fails to attend three 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 is 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 functions of the Commission are the following—

- advise the Minister on all matters relating to the capital market;
- regulate all matters relating to the capital market;
- ensure that the provisions of the securities laws are complied with;

- regulate the take-overs and mergers of companies;
- promote and regulate all matters relating to fund management, including unit trust schemes and PRS;
- supervise and monitor the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- 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;
- suppress illegal, dishonourable and improper practices in the capital market, and in the provision of investment advice or other services relating to the capital market;
- consider and make recommendations for the reform of the securities laws;
- encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- encourage and promote self-regulation by professional associations or market institutions in the capital market;
- license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under the securities laws;
- promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- 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;
- 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;
- take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;
- promote and regulate corporate governance and approved accounting standards of listed corporations; and
- 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

A total of 11 Board meetings were held in 2023. The quorum required is five. 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 members	Number of meetings attended
Dato' Seri Dr. Awang Adek Hussin	11/11
Tan Sri Gooi Hoe Soon	11/11
Datuk Dr. Zunika Mohamed	9/11
Datin Rashidah Mohd Sies <sup>1</sup>	10/11
Lynette Yeow Su-Yin <sup>2</sup>	5/5
Tan Sri Mazlan Mansor	11/11
Dato' Mohammad Faiz Azmi <sup>3</sup>	4/4
Dato' Alizatul Khair Osman Khairuddin <sup>3</sup>	4/4

Note:

<sup>1</sup> Completed term as Board Member on 12 January 2024.

<sup>2</sup> Completed term as Board Member on 10 June 2023.

<sup>3</sup> Appointed as Board Member on 15 August 2023.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) 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 ARC are set out in the Audit and Risk Committee Charter as approved by the Board. Essentially, the ARC provides oversight of the SC's governance, risk management and internal control practices.

The ARC has an oversight role over the internal audit function, including reviewing the outcome of audits and approving the annual internal audit plan.

The ARC reviews the suitability, independence and performance of external auditors and makes recommendations to the independent non-executive Board members for the annual appointment/reappointment of the external auditors. The ARC is also responsible for the review of the external auditors' proposed audit scope, approach, audit fee and audit outcome, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the current financial year of 2023, the ARC had convened seven meetings.

**TABLE 2**  
Board Committees

Committee	Key responsibility	Members
<b>1. Audit and Risk Committee</b>	Review the effectiveness of the SC's governance, risk management and internal control systems, and review the annual financial statements.	<ul style="list-style-type: none"> <li>Tan Sri Gooi Hoe Soon (Chairman)</li> <li>Datuk Dr. Zunika Mohamed</li> <li>Datin Rashidah Mohd Sies<sup>1</sup></li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> <li>Dato' Alizatul Khair Osman Khairuddin<sup>3</sup></li> </ul>
<b>2. Issues Committee</b>	Review and decide on primary listings of corporations and business trusts on the Main Market; acquisition of assets which results in a significant change in business direction or policy of a corporation or business trust listed on the Main Market; and secondary or cross listings of foreign corporations or foreign business trusts on the Main Market.	<ul style="list-style-type: none"> <li>Dato' Seri Dr. Awang Adek Hussin (Chairman)</li> <li>Tan Sri Gooi Hoe Soon</li> <li>Datin Rashidah Mohd Sies<sup>1</sup></li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> <li>Dato' Mohammad Faiz Azmi<sup>3</sup></li> <li>Dato' Alizatul Khair Osman Khairuddin<sup>3</sup></li> </ul>
<b>3. Take-overs and Mergers (TOM) Committee</b>	Review take-over and merger related applications of a novel and/or complex nature and matters relating to national policy.	<ul style="list-style-type: none"> <li>Dato' Seri Dr. Awang Adek Hussin (Chairman)</li> <li>Tan Sri Gooi Hoe Soon<sup>4</sup></li> <li>Datin Rashidah Mohd Sies<sup>1</sup></li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> <li>Dato' Mohammad Faiz Azmi<sup>3</sup></li> </ul>
<b>4. Licensing Committee</b>	Review and decide on applications for the grant of a new Capital Markets Services Licence (CMSL), new licensed representatives, appointments of directors, key management or compliance officers that are submitted together with a new CMSL application, and to consider any policy recommendations relating to licensing issues	<ul style="list-style-type: none"> <li>Dato' Seri Dr. Awang Adek Hussin (Chairman)</li> <li>Tan Sri Gooi Hoe Soon<sup>4</sup></li> <li>Datuk Dr. Zunika Mohamed</li> <li>Tan Sri Mazlan Mansor</li> <li>Dato' Mohammad Faiz Azmi<sup>3</sup></li> </ul>
<b>5. Nomination and Remuneration Committee (NRC)</b>	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive (DCE) and make appropriate recommendations to the Minister of Finance.	<ul style="list-style-type: none"> <li>Tan Sri Gooi Hoe Soon (Chairman)<sup>4</sup></li> <li>Datuk Dr. Zunika Mohamed</li> <li>Lynette Yeow Su-Yin<sup>2</sup></li> <li>Tan Sri Mazlan Mansor (Chairman)<sup>5</sup></li> <li>Dato' Alizatul Khair Osman Khairuddin<sup>3</sup></li> </ul>
<b>6. Sustainability Committee<sup>6</sup></b>	Provide oversight on the formulation of the SC's internal policy positions as well as policy positions to regulate and develop the capital market on sustainability and ESG-related strategies.	<ul style="list-style-type: none"> <li>Dato' Seri Dr. Awang Adek Hussin (Chairman)</li> <li>Tan Sri Gooi Hoe Soo</li> <li>Datuk Dr. Zunika Mohamed</li> <li>Dato' Mohammad Faiz Azmi<sup>3</sup></li> </ul>

Note:

<sup>1</sup> Completed term as Board Member on 12 January 2024.

<sup>2</sup> Completed term as Board Member 10 June 2023.

<sup>3</sup> Appointed as Board Member on 15 August 2023.

<sup>4</sup> Completed term as Member of TOM, Licensing Committee and NRC on 26 September 2023.

<sup>5</sup> Appointed as Chairman of NRC on 26 September 2023.

<sup>6</sup> Established on 26 September 2023.

## SHARIAH ADVISORY COUNCIL

The SAC is mandated to ascertain the application of Shariah principles on any matter relating to the ICM and plays an important role in the development of Malaysia's ICM. It advises the Commission on any Shariah issue relating to the ICM and issues rulings on the ICM which are published for the benefit of the industry. The nine SAC members as listed in Table 3, serve for a three-year period commencing 1 July 2023, as assented by the Yang di-Pertuan Agong under section 31ZK of the SCMA.

**TABLE 3**

Shariah Advisory Council members

SAC members
1. Tan Sri Dr. Mohd Daud Bakar <sup>1</sup>
2. Professor Dr. Aznan Hasan <sup>2</sup>
3. Dr. Engku Rabiah Adawiah Engku Ali <sup>3</sup>
4. Professor Dr. Ashraf Md Hashim
5. Professor Dato' Dr. Asmadi Mohamed Naim
6. Associate Professor Dr. Mohamed Fairouz Abdul Khir
7. Dr. Shamsiah Mohamad <sup>4</sup>
8. Professor Dato' Dr. Mohd Azmi Omar <sup>4</sup>
9. Dr. Zaharuddin Abdul Rahman <sup>4</sup>
10. Sahibus Samahah Dato' Setia Dr. Haji Anhar Haji Opir <sup>5</sup>
11. Dr. Marjan Muhammad <sup>5</sup>
12. Assistant Professor Dr. Akhtarzaita Haji Abdul Aziz <sup>5</sup>
13. Burhanuddin Lukman <sup>5</sup>

Note:

<sup>1</sup> Completed term as Chairman of the Council on 30 June 2023.

<sup>2</sup> Appointed as Chairman of the Council on 1 July 2023.

<sup>3</sup> Appointed as Deputy Chair of the Council on 1 July 2023.

<sup>4</sup> Completed term as Council Members on 30 June 2023.

<sup>5</sup> Appointed as Council Members on 1 July 2023.

## 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 PIEs and schedule funds.

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

**TABLE 4**

Audit Oversight Board members

AOB members
1. Dato' Anantham Kasinather <sup>1</sup>
2. Tan Sri Abu Samah Nordin <sup>2</sup>
3. Alex Ooi Thiam Poh
4. Salmah Bee Mohd Mydin
5. Hong Chin Pheng
6. Datuk Nor Azimah Abdul Aziz
7. Dato' Seri Ahmad Johan Mohammad Raslan
8. Dato' Noorazman Abd Aziz <sup>3</sup>

Note:

<sup>1</sup> Completed term as Non-Executive Chairman of the Board on 30 November 2023.

<sup>2</sup> Appointed as Non-Executive Chairman of the Board on 5 January 2024.

<sup>3</sup> Appointed as Board Member on 1 August 2023.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The SC acknowledges the importance of maintaining a robust risk management framework and internal control to safeguard its integrity and governance. This approach is established and supported by the Board, Board committees, management committees, and a strong internal governance process.

Periodically, the SC undertakes a comprehensive review of its risk management framework and internal controls, to ensure its effectiveness and adequacy. This review by the Executive Risk Management Committee (ERMC) and the ARC, entails the identification, assessment, monitoring, and reporting of key risks, with the overarching goal of safeguarding the SC's governance, objectives, and reputation.

### Risk Management

The SC's enterprise risk management framework, including the *Enterprise Risk Management Policy and*

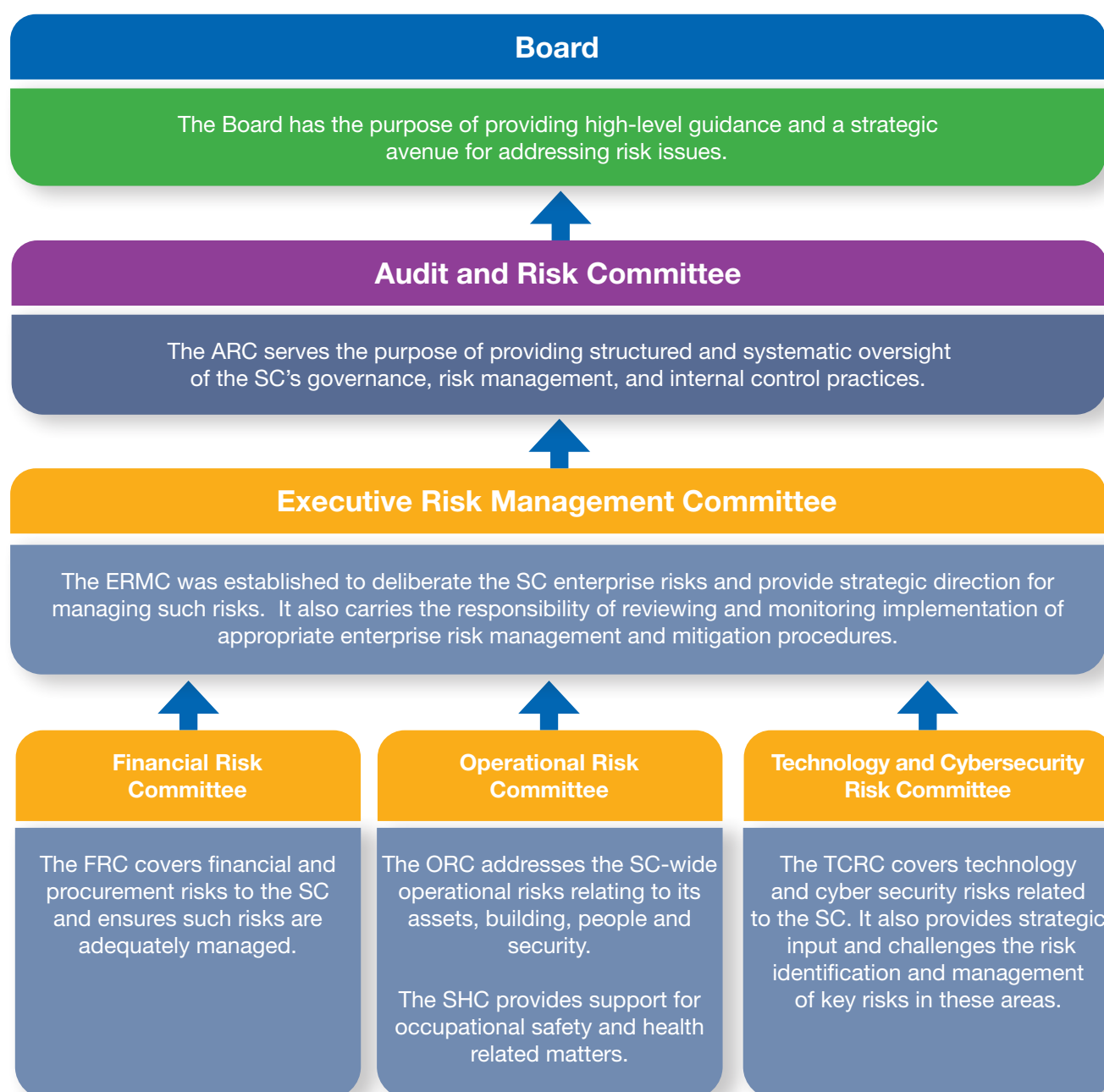


*Guidelines*, serves as the foundation and guidance for managing risks across the SC. This process aligns with ISO 31000:2018 and encompasses the identification, evaluation, reporting, treatment, monitoring, and review of both strategic and operational risks within the SC.

The SC has consistently enhanced its internal risk monitoring and reporting through the three sub-risk

committees i.e. Financial Risk Committee (FRC), Operational Risk Committee (ORC) and Technology and Cybersecurity Risk Committee (TCRC). These committees, chaired by senior management of the SC, oversee specific key risk areas and escalate matters to the ERM for deliberation. In addition, the Safety and Health Committee (SHC) is responsible for ensuring compliance with the *Occupational Safety and Health Act (OSHA)* and reports to the ORC on matters related to SC employees' safety and well-being.

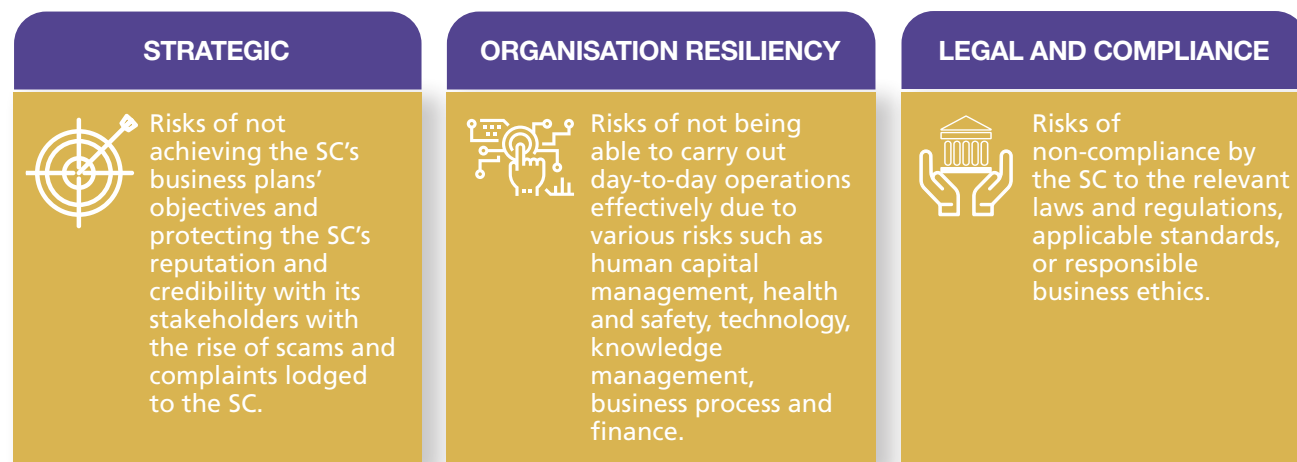
**FIGURE 1**  
SC Internal Risk Governance Structure



At the ERM, the SC's senior management deliberates key risks at an enterprise level and offers strategic guidance to the line departments for addressing these risks, which are also assessed in accordance with three critical impact areas: strategic, organisational resiliency as well as legal and compliance. Key risks are actively managed to minimise their impact on these critical areas. In 2023, a total of 23 meetings were held to deliberate various key issues. These include five ERM meetings, four ORC meetings, six FRC meetings, four TCRC meetings and four meetings for SHC matters.

**FIGURE 2**

Critical Impact Areas



## Business Continuity Management

Organisational resilience is described as an organisation's ability to anticipate, prepare for, and swiftly respond to business disruptions, enabling it to navigate paradigm shifts in an orderly manner. The SC has established a *Business Continuity Management Policy and Framework*, aligned with the *ISO 22301:2019 Security and Resilience – Business Continuity Management System (BCMS)* requirements, to ensure its resilience and preparedness for any disruption to its critical operations. The SC continuously enhances its business continuity processes, encompassing business resumption, disaster recovery, crisis management and business impact analysis.

Furthermore, to ensure smooth and effective business continuity management, the SC conducts various scenario-based simulations and tests. These include quarterly Information Technology (IT) component testing, annual building evacuation drill, operational simulations, as well as thematic tests designed to assess the organisation's preparedness for specific and critical scenarios. The BCM policy and framework undergo an annual review to incorporate necessary updates and ensure its relevance and alignment to strategic objectives.

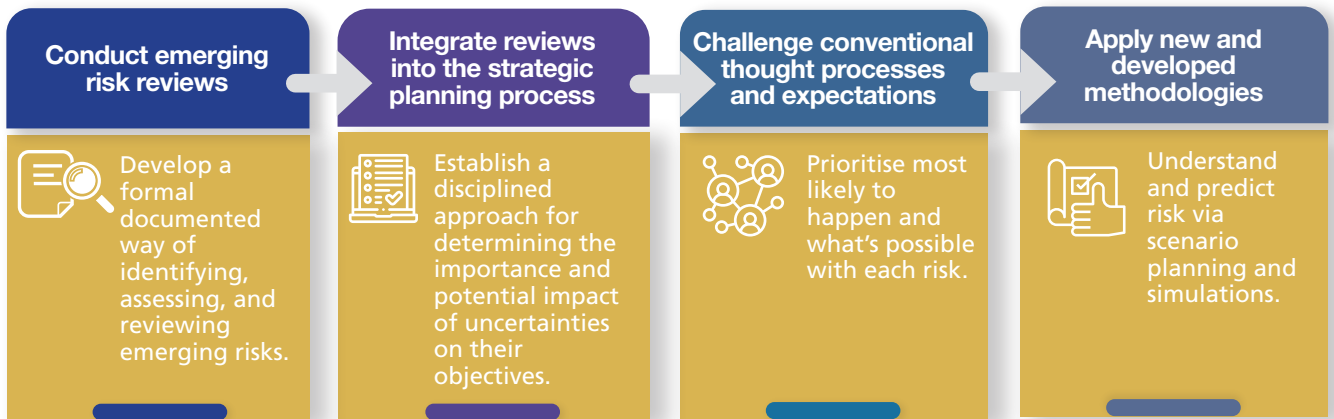
Moreover, business process recovery and operational resiliency are integral aspects of the SC's strategy to ensure uninterrupted operations, safeguard the SC's ability to provide essential services and sustain its commitment to operational excellence in any plausible circumstances.

## Emerging Risks

In today's dynamic environment, as the SC increasingly depends on innovative solutions and remain closely connected to external factors, the organisation encounters potential challenges from newly recognised hazards. Emerging risks are often uncertain in terms of their likelihood and potential impact on business functions and operations. The SC is diligently monitoring these emerging risks, even though they may not materialise immediately, in a forward-looking approach to ensure continued resilience.

The SC has established an internal process to identify emerging risks on an annual basis. This methodology includes the analysis of risk data points derived from leading and lagging key risk indicators, engagement

**FIGURE 3**  
Identification of Emerging Risks Framework



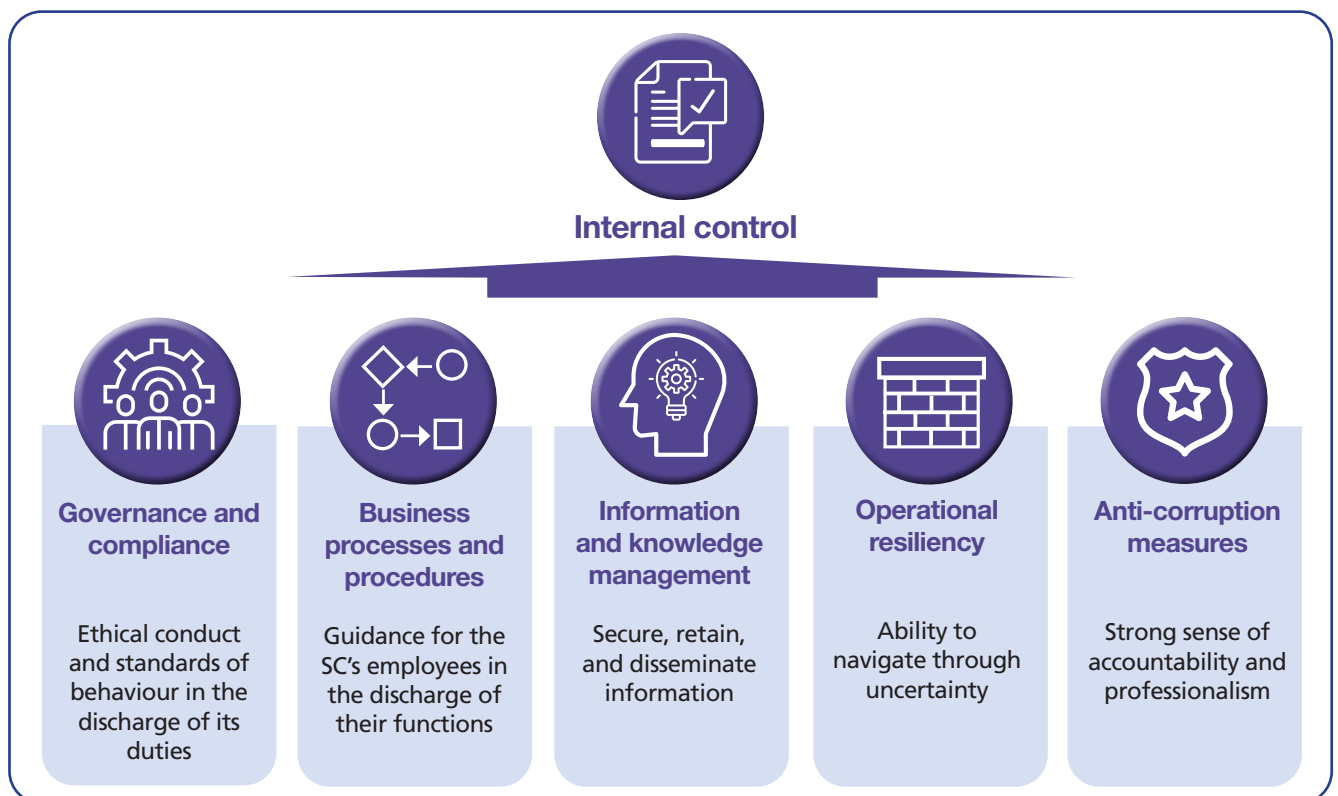
with risk officers and relevant stakeholders and environmental scanning for emerging risk issues. The outcome of this comprehensive and robust approach is the risk outlook that provides insight into the risk landscape for 2024, which will serve as valuable input for strategic planning processes.

Through early identification of emerging risks, the proactive development of risk mitigation measures and response plans is facilitated, as indicated in Figure 4.

### Internal Controls

The SC has implemented a set of internal control measures through policies and procedures that address operational aspects related to governance, staffing, procurement, operational resilience, data protection and risk management. These measures are designed to offer assurance regarding the effectiveness of the control environment.

**FIGURE 4**  
Internal Control Measures



## Governance and Compliance

The establishment of the *Code of Conduct* served the following purposes:

- Defining governance expectations for Board Members in the execution of their duties.
- Outlining expectations for the SC employees encompassing ethical conduct and standards of behaviour throughout their tenure with the SC.
- The SC continues to advocate the principles of ethics and integrity within the organisation. External stakeholders are encouraged to embrace the SC's *Principles and Standards* that focuses on ethical conduct including declaration of potential conflict of interest situations, and a zero-tolerance policy on all forms of bribery and corruption.
- The SC maintains several feedback channels for employees and external parties to raise concerns or complaints against the SC and its employees. A review of the complaints and *Internal Whistleblowing Procedure* is in progress to ensure an enhanced seamless and independent process when handling any concerns raised. Further, in ensuring the SC is aligned with principles of transparency and maintaining the highest standards of ethics by employees, the presentation of gifts and/or hospitality to an employee of the SC is discouraged. The *Gift and Hospitality Policy* was enhanced to provide clarity on the organisation's position on giving, receiving, and declaring gifts and/or hospitality.
- In discharging the SC's functions and roles, due care must be given in the manner employees achieve and deliver these objectives. Hence awareness programmes that touch on the SC's culture of integrity and professionalism are key in reminding employees of permitted and prohibited conduct. Among other initiatives, an annual declaration on compliance with the *Code of Conduct* and completion of the Compliance and Ethics programme biennially is made mandatory for all employees. Employees' knowledge and understanding of the governance structure and ethical behaviour within the SC are strengthened with such programmes.

## Business Processes and Procedures

- The departments within the SC have developed internal policies and procedures which are fundamental tools for achieving the SC's mandates. These documents establish clear lines of accountability to ensure employees and departments are responsible for their actions and outcomes. Departments are required to review the documents on a timely basis to ensure it remains relevant.
- The establishment of the *Procurement Policy and Guidelines* was aimed at ensuring fairness, transparency and a structured approach to sourcing and acquiring goods and services for the SC. This includes the provision of a procurement strategy offering comprehensive guidance throughout the end-to-end procurement process, along with the enhancement of sound procurement governance and control.
- The *Policy and Guidelines on Asset Management* are in place to ensure that the SC's assets, which are allocated to employees for their duties, are adequately safeguarded and well-maintained. The policy and guidelines set out the conduct for the treatment of assets in the SC.

## Information and Knowledge Management

- The *Authorisation for Disclosure of Information Policy* regulates the provision of confidential information to external parties. Any requests for the release of such information will be directed to a committee composed of senior management of the SC for decision.
- The *Records Management Policy* was created to offer guidance on the standards and procedures required to ensure that records can be effectively used as evidence or information by the SC in the course of its business operations or legal responsibilities. Improvements were made to the retention and dissemination processes to provide staff with enhanced access to knowledge and information to support their daily tasks.

## Operational Resiliency

- The *SC Code of Conduct* guides the conduct and behaviour expected of all employees and the consequences of breach. It provides clarity to employees on the SC's values and principles which is upheld against standards of good governance and professional conduct.
- The new SC Corporate Scorecard and its alignment across the organisation and all levels provide transparency and line of sight on the corporate strategic objectives, key focus areas and expected deliverables to the employees. The focus on measuring outcome and impact would shape the mindset towards building a sustainable operation.
- The introduction of SC DNA consolidating the core values and leadership competencies provides the foundation for building a cohesive culture which gives focus to stakeholders and talent within. It also emphasises the need to uphold integrity and be innovative while staying prudent by considering the risk impact on the organisation and inculcating the building of resilient leaders.
- The *Job Rotation Policy* established provides upskilling opportunities for the staff and this is in line with the structured development of talent initiatives within the SC.
- IT operations and cyber security undergo continuous assessment, considering evolving technology and cyber security risks. This ongoing process aims to ensure that the SC's infrastructure is effectively protected from threats such as malware, unauthorised access, insider breaches and other disruptions that could impact its operations. In addition to established processes and technologies, ongoing user awareness initiatives are conducted to enhance the SC's resilience against phishing and other social engineering attacks that could potentially bypass security measures.
- This year, the SC has embarked on the 3-year *Technology and Analytics Masterplan (TAAM)* execution. TAAM outlines a series of initiatives aimed at ensuring long-term operational and technological resilience. These initiatives encompass

the development of a robust and secure infrastructure, supported by application architectures capable of addressing both current and future needs.

- In the first year of TAAM execution, the SC has prioritised foundational initiatives. These include infrastructure enhancements, modernisation of backup systems, cyber security improvements and the establishment of Central Platform Services for SC applications. These foundational steps will precede the development of identified applications, all of which align closely with the SC's strategic priorities. The SC's focus remains on enhancing supervision, surveillance, investor protection and the institutionalisation of knowledge.

## Anti-Corruption Measures

- In line with *National Anti-Corruption Plan (NACP)* requirements, the SC developed the *Organisational Anti-Corruption Plan (OACP)* in 2020. The OACP represents a three-year strategy aimed at bolstering governance, integrity and anti-corruption controls. As the completion of SC's OACP action plans from the previous cycle nears, the SC has developed the OACP for the years 2024 to 2026 which was approved by the SC's Anti-Corruption Committee (JAR – *Jawatankuasa Anti-Rasuah*).
- In coming out with OACP 2024-2026, Corruption Risk Assessment (CRA) workshops were held comprising representatives from all departments within the SC. These workshops identified potential weaknesses and risk factors that could cause corruption or compromise integrity and provided opportunity to identify mitigation plans to enhance good governance.
- Based on the CRA workshop's assessments, selected departments participated in a three-day *Organisational Anti-Corruption Plan* workshop. During these OACP workshops, proposed action plans were discussed and additional initiatives were identified. The forthcoming OACP for 2024-2026 will encapsulate the strategies and initiatives that focus on three priority areas namely Governance, Integrity and Anti-Corruption.

It also complements the SC's effort to develop the capital market with integrity and ensure its employees embrace the Government's aspiration and agenda to uphold good governance and fight corruption.

## INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the ARC in discharging its duties and responsibilities. IAD reports directly to the ARC, which determines the adequacy of scope and function of the department as set out in the Internal Audit Charter. 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 internal audit plan as approved by the ARC and the *International Standards for the Professional Practice of Internal Auditing* as issued by The Institute of Internal Auditors.

The main activities of IAD for the year 2023 included performing predominantly risk-based audits for the areas identified in the internal audit plan and ad-hoc review of certain functions as requested by Management. The results of the audits and activities performed by IAD were presented to the ARC for its review and deliberation. Where applicable, IAD conducted follow-up enquiries to ensure that Management's corrective actions were implemented appropriately and provided periodic updates on the status or progress of the key actions to the ARC. In addition, IAD played an advisory role in the course of discharging its responsibilities.

IAD had also reviewed the ARC Charter to ensure it remains relevant and had sought the ARC's feedback, which was subsequently approved by the Board in 2023.

## EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

SIDREC is a body approved by the SC to handle capital market-related monetary disputes by investors against its members. SIDREC members are CMSL holders or

Registered Persons under the CMSA who are authorised to deal in securities, derivatives, PRS and fund management services. This includes banks, brokers, unit trust management companies, fund managers, PRS providers and distributors as well as two development financial institutions.

An independent and impartial body providing effective and affordable access to redress for monetary disputes between investors and market intermediaries is recognised as a fundamental aspect of global best practices. This approach aligns with the SC's commitment to advancing its initiative for investor protection and empowerment.

Under SIDREC's Mandatory Scheme for claims not exceeding RM250,000, SIDREC's members are required to participate in SIDREC's dispute resolution process, with services being free for 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.

SIDREC actively engages with the investing public through awareness initiatives, in addition to its involvement in the dispute resolution process with both SIDREC's members and investors. SIDREC also collaborates with its members, the SC, and various stakeholders including industry associations and self-regulatory organisations with the aim to share constructive insights and address concerns arising from the dispute resolution process, providing valuable feedback to the market, investors, and regulators.

In 2023, SIDREC received 266 claims and enquiries, out of which 49 were eligible disputes (2022: 239 claims and enquiries, of which 72 were eligible disputes). SIDREC continues to adopt a mediative approach towards resolution of cases. In 2023, 73% (40 out of 55) of the resolved cases were resolved through case management and mediation without having to proceed to adjudication.

For the year 2023, SIDREC resumed conducting its in-person mediation sessions and adjudication hearings. However, fully virtual or hybrid sessions and hearings are still conducted as and when required.

## ENTERPRISE SUSTAINABILITY

The increasing severity of climate change has prompted a global upsurge in the call for increased efforts to combat this issue. As an organisation, the SC has been taking progressive steps to integrate sustainability into its activities and operations, including measures relating to the optimisation of resources and the reduction of wastage.

To intensify its sustainability efforts, the Sustainability First Initiative (SFI) was established to support the SC in becoming a more sustainable organisation.

The SC commits to be carbon neutral by 2040 and net-zero by 2050, in line with Malaysia's overarching climate aspiration to be a net-zero greenhouse gas emissions (GHG) nation by 2050, at the earliest.

In 2023, the SC, through a dedicated Sustainability First Task Force, developed the SFI Roadmap, which outlines a strategic plan covering ESG pillars, and sets out actions to be adopted or considered by the SC across the horizon until 2050.

### Environmental

Following an assessment of its GHG inventory, the SC's GHG emissions were found to be relatively small in comparison with other entities. The SC's Scope 1 emissions are primarily from mobile and stationary combustion sources, while Scope 2 emissions are predominantly from electricity consumption at its main building in Bukit Kiara. Scope 2 emissions represent the main source of the SC's emissions, amounting to approximately 85% of the SC's total emissions.

The SFI Roadmap outlines actions and milestones which will accelerate the SC's sustainable transition to achieve carbon neutrality by 2040 and net-zero by 2050. These include immediate actions such as replacing conventional lighting with LED lighting on a phased basis throughout the SC's premises. This is expected to lead to significant energy savings and reduction to the SC's carbon footprint.

The SC will also install solar panels on the SC building which would serve to reduce its dependency on grid electricity. The immediate benefits include decreased

### SC as a more sustainable organisation



**Environment**  
Carbon neutral by 2040  
and net-zero by 2050

- Carbon emissions management
- Carbon reduction
- Scenario analysis



**Social**  
Positive social impact  
on targeted stakeholders

- Employer of choice
- Foster financial literacy
- SC as a responsible corporate citizen



**Governance**  
Oversight and  
governance on SC's  
sustainability matters

- Oversight of sustainability matters
- Sustainability reporting

electricity costs and a substantial reduction in GHG emissions. Transitioning the SC’s vehicle fleet away from conventional fossil fuel vehicles towards hybrid and electric models will further reduce GHG emissions and serve as a public commitment to sustainable practices.

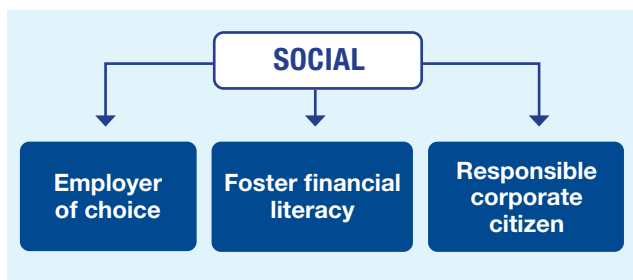
The SC will also introduce waste management processes to track and manage the SC’s waste, and conduct an energy audit to assess the efficiency of its existing equipment and systems.

The SC has integrated GHG management within its processes and will continue to monitor its GHG emissions, as well as consider other abatement levers in the medium to long-term to maximise energy efficiency and further reduce its environmental footprint. This may include considering other green energy sources, rainwater harvesting and building-integrated photovoltaics (BiPV), among others.

### Social

Social issues and the impact entities have on society and the environment have taken on greater prominence in recent years. While environmental and governance aspects often receive the most attention, the SC is committed towards holistic sustainability, emphasising responsible social practices within the organisation and the capital market.

The SC’s SFI social pillar strategy is anchored on the following overarching themes:



In respect of its employees, the SC aims to develop activities that will promote a sustainability culture across the SC, focusing on the health, safety and well-being of staff. This will help foster a positive work environment while attracting and retaining top talent, ultimately contributing to the SC’s long-term success as an organisation.

Several carbon conscious initiatives were introduced in 2023 to increase staff awareness on sustainability practices and to encourage greener living. This includes composting workshops, guided eco-walks and upcycling workshops. The SC now has its very own compost heaps, grown and maintained by the SC’s gardeners.



Kloth Cares bins have also been placed within the SC’s premises to encourage staff to donate pre-loved fabric-based items, including clothing, accessories, footwear, and household textiles.





Additionally, in respect of the underserved, the SC will continue to develop programmes to further foster financial literacy of targeted groups. As a responsible corporate citizen, the SC will also support the community through a blend of philanthropic and non-philanthropic initiatives.

## Governance

A robust sustainability governance framework is essential to ensure appropriate accountability, oversight and review of sustainability-related matters within the SC.

To strengthen the governance of sustainability-related matters, the SC had in 2023 established a Board Sustainability Committee (BSC) which is responsible for providing oversight on sustainability and ESG-related strategies and initiatives, as well as oversight on the formulation of the SC's internal policy positions on sustainability and ESG-related matters for the SC as an enterprise. The BSC may also provide oversight on the SC's sustainability and ESG-related strategies and policy positions to regulate and develop the capital market.

At the Senior Management level, the SC has established a Sustainability Steering Committee (SSC) to guide and monitor key sustainability and ESG-related matters for the SC. The SSC is supported by the SC's Enterprise Sustainability Department, which serves as a focal point to drive and support the implementation of sustainability and ESG-related sustainability strategies for the SC, including those identified in the SFI Roadmap.

## Climate-Related Risks and Opportunities

The SC has established processes to identify, assess and manage material enterprise climate-related risks and opportunities. As part of the SFI, this includes Scenario Analysis which helps the SC as an organisation navigate uncertainties by considering two plausible scenarios for 2050 – a 2°C and a 4°C scenario, along with the relevant driving forces.

The SC has also assessed the impact and likelihood of the enterprise climate-risks under both plausible scenarios. Relevant outcomes will be incorporated into the SC's strategic planning and risk management practices where appropriate.

## OUR PEOPLE

Being recognised as one of the top employers in Malaysia enhances the organisation's brand reputation and attracts the best candidates to join the organisation. The recognition is vital for improving employer branding, attracting impressionable young graduates, retaining top talent, and enhancing public image. The Malaysia's 100 Leading Graduate Employers award is an annual recognition given to the top employers in Malaysia that actively recruit and develop graduates. In 2023, the SC has been given the recognition of placing first runner-up under the sector 'Government Regulatory Bodies' and the SC's ranking had improved significantly by 22 ranks. Receiving the Malaysia's 100 Leading Graduate Employers award is a prestigious recognition of SC's efforts to attract and retain top graduate talent. It enhances the SC's reputation as an employer of choice and allows the SC to showcase its commitment to developing young professionals.

As the SC focuses on transforming into a high-performing organisation, the SC has introduced the first SC Corporate Scorecard in 2023. The adoption of the Corporate Scorecard marks a crucial milestone in the pursuit of continued excellence. The Corporate Scorecard provides a more outcome-based performance management that allows the SC to set clear objectives, measure its progress and enhance overall organisation performance.

The SC employees embody the essence of its culture and core values. Their dedication to maintaining a positive work environment, fostering teamwork, and upholding ethical standards is instrumental in shaping the SC's identity and reputation. The SC DNA, introduced in March 2023 with six dimensions serves as the backbone for the SC's values and forms a powerful foundation in embodying the values of a model regulator and delivering excellence in all aspects of the employees' work.

Job rotation is a proven effective tool in promoting skill enhancement, professional growth, employee engagement, succession planning, knowledge-sharing, and talent retention within an organisation. Hence, the SC has revised its job rotation policy, which not only aims at strengthening its talent development and

management initiatives, but it also aligns with the SC's commitment to uphold integrity and transparency in its operations. This is apparent when the SC had implemented mandatory job rotation particularly for employees occupying high-risk functions and/or holding sensitive roles for a specified number of years in the SC.

### Recruitment, Talent Management and Development

In 2023, the SC continued its recruitment initiatives, primarily on a needs and replacement basis. This was important to ensure the continuity of an inflow of high-skilled talents into the organisation.

The SC hired a total of 89 candidates, of whom 84 were experienced hires and five Graduate Management Executives (including three returning scholars). In addition, career progression opportunities were given to deserving employees, where 81 promotions were affected across the SC. This proves to be the testament of the SC in recognising and rewarding strong performers.

The SC also continued to provide opportunities for young graduates to gain knowledge and work experience in a regulatory environment; 33 undergraduate students from both local and foreign universities had completed their internships during the year. In addition, 13 trainees from polytechnics and vocational colleges were given practical training opportunities in the SC's Facilities Management and Services department. Pursuant to the collaboration with Khazanah Nasional Bhd in 2022, the SC hosted one trainee under the Malaysia Short-Term Employment Programme (MySTEP), an initiative to enhance the employability of young graduates.

In continuing talent development efforts, 12 employees underwent secondment or attachment programmes, namely to the Ministry of Finance, MITI, Credit Consumer Oversight Board, Islamic Financial Services Board, Malaysia Interntional Islamic Financial Centre, ICMR, CMM and the World Bank. Out of the 12, five were new secondments and this marked a significant increase in the number of secondees from the SC to other

organisations. These opportunities enabled them to gain greater learning, broaden work experience, expand networking opportunities, and inculcate knowledge-sharing.

Realising that there is a need to create greater awareness of the wide range of career opportunities available in the capital markets, the SC spearheaded a talent inculcation programme called *investED*. *investED* is a large-scale, multi-faceted three-year capacity-building programme that aims to enhance the capital market knowledge of students, creating job opportunities for graduates, enhancing the leadership skills among graduates, and offering them job placement opportunities. A total of 171 trainees were recruited for the first cohort and they commenced their classroom learning session at the Asia School of Business for a month and thereafter were successfully placed in designated participating organisations. A total of 49 organisations within the capital market fraternity participated in the placement exercise.

Participating in learning and development interventions provides the opportunity for employees to acquire new skills and enhance existing ones. In today's fast-paced and ever-changing business environment, it is crucial to stay abreast with new technologies, trends, and best practices so they can stay ahead of the curve. Participation of the SC employees in learning and development interventions recorded an increase from 93% in 2022 to 99.8% in 2023. This reflects the organisation's commitment to its employees' professional growth and development.

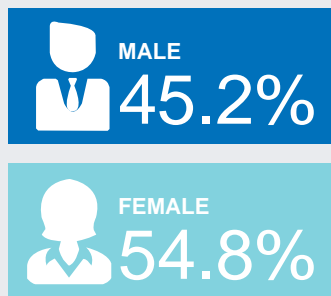
Cyber security awareness is a critical aspect of leading in the digital era, as reliance on technology creates a potential risk to cyber threats. Cyber security awareness helps employees understand the potential risks and threats from cyber attacks, safeguards sensitive information and protects organisational reputation. The SC takes cyber security seriously and believe that the responsibility for safeguarding digital assets lies with every employee within the organisation. In line with the SC's ongoing efforts to strengthen its cyber defenses and protect valuable data, the SC rolled out a Cyber Security Awareness Programme, which is mandatory for all employees to participate. It is with great hope that implementing regular training and awareness programmes on the subject matter can significantly improve the SC's overall security posture.

Digital technology is constantly evolving, as such digital-related learning programme equips employees with the necessary skills and knowledge to leverage technology effectively and become proficient in using digital tools and platforms. As part of the SC's strategy to enhance employees' digital forensic capabilities and to better handle digital evidence during an investigation, an e-discovery solution will be adopted to process, identify, review, and analyse digital evidence. Six employees have gone through a certification programme which was intended to enhance their expertise in digital investigation.

# GENDER AND DIVERSITY

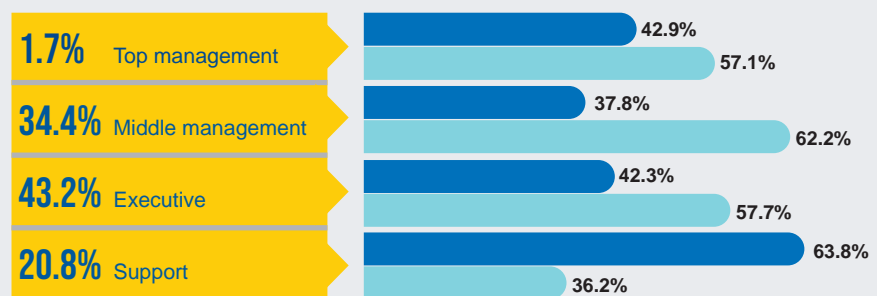
**HEADCOUNT**  
**838** (As at 31 December 2023)

## GENDER

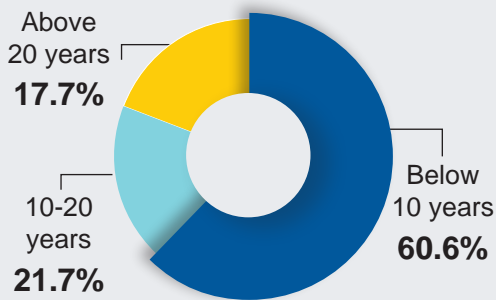


## EMPLOYEE CATEGORY

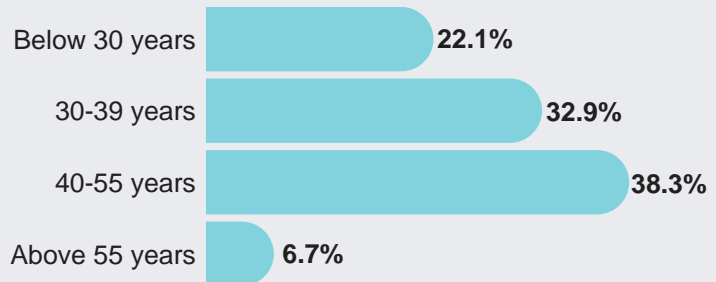
Male Female



## YEARS OF EXPERIENCE



## EMPLOYEE AGE GROUP



The background of the page is a dark blue color with a complex pattern of lighter blue lines. These lines are arranged in a series of parallel, slightly curved paths that create a strong sense of perspective, drawing the viewer's eye towards the top-left corner. The lines are thin and closely spaced, creating a textured, almost woven appearance.

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	141,568	135,375
Intangible assets	5	18,938	9,295
Right-of-use assets	6	6,838	6,567
Deferred tax asset	7	-	10,057
Other receivables	8	1,814	2,448
Other investments	9	202,219	55,030
		<u>371,377</u>	<u>218,772</u>
<b>CURRENT ASSETS</b>			
Other investments	9	423,403	803,926
Tax recoverable	21	11,943	-
Trade and other receivables	10	35,384	27,842
Cash and cash equivalents	11	381,133	175,765
		<u>851,863</u>	<u>1,007,533</u>
<b>TOTAL ASSETS</b>		<u>1,223,240</u>	<u>1,226,305</u>
<b>RESERVES</b>			
Compensation fund reserve	12	100,000	100,000
Accumulated surplus		780,080	887,941
<b>TOTAL RESERVES</b>		<u>880,080</u>	<u>987,941</u>
<b>NON-CURRENT LIABILITIES</b>			
Post-employment benefits	13	233,455	186,950
Lease liabilities	14	6,186	-
		<u>239,641</u>	<u>186,950</u>
<b>CURRENT LIABILITIES</b>			
Tax payable	21	-	615
Lease liabilities	14	3,117	-
Other payables and accruals	15	95,265	47,939
Contract liabilities	16	5,137	2,860
		<u>103,519</u>	<u>51,414</u>
Total liabilities		<u>343,160</u>	<u>238,364</u>
Total reserves and liabilities		<u>1,223,240</u>	<u>1,226,305</u>

The notes on pages 181 to 209 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
<b>INCOME</b>			
Levies		144,342	138,172
Fees and charges		16,576	19,801
License fees		3,215	2,008
Registration fees		3,144	3,104
Finance income		36,744	26,646
Other income		5,885	36,426
	17	<u>209,906</u>	<u>226,157</u>
<b>Less: EXPENDITURE</b>			
Staff costs	18	209,664	191,227
Administrative expenses		41,879	34,364
Depreciation of property, plant and equipment	4	10,186	8,400
Amortisation of intangible assets	5	3,530	3,201
Depreciation of right-of-use assets	6	457	92
Rental expense		371	525
Finance cost on lease liabilities		274	-
		<u>266,361</u>	<u>237,809</u>
<b>NET OPERATING DEFICIT</b>		(56,455)	(11,652)
Less: Funds to affiliates	19	<u>(10,500)</u>	<u>(9,020)</u>
Deficit before tax for the year	20	(66,955)	(20,672)
Taxation	21	<u>(4,340)</u>	<u>(4,632)</u>
Deficit after tax for the year		(71,295)	(25,304)
Other comprehensive (loss)/gain: Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	22	<u>(36,566)</u>	<u>6,969</u>
Total comprehensive loss for the year		<u>(107,861)</u>	<u>(18,335)</u>

The notes on pages 181 to 209 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN RESERVES

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<b>Compensation fund reserve RM'000</b>	<b>Accumulated surplus RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	100,000	906,276	1,006,276
Deficit for the year	-	(25,304)	(25,304)
Remeasurement of defined benefit liability	-	6,969	6,969
Deficit and total comprehensive loss for the year	-	(18,335)	(18,335)
At 31 December 2022/1 January 2023	100,000	887,941	987,941
Deficit for the year	-	(71,295)	(71,295)
Remeasurement of defined benefit liability	-	(36,566)	(36,566)
Deficit and total comprehensive loss for the year	-	(107,861)	(107,861)
At 31 December 2023	100,000	780,080	880,080
	Note 12		

The notes on pages 181 to 209 are an integral part of these financial statements.



## STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit before tax		(66,955)	(20,672)
Adjustments for:			
Depreciation of property, plant and equipment	4	10,186	8,400
Amortisation of intangible assets	5	3,530	3,201
Depreciation of right-of-use assets	6	457	92
Gain on disposals of property, plant and equipment	4	(23)	-
Loss on property, plant and equipment written off	4	3	-
Net fair value gain on financial asset at fair value through profit or loss (FVTPL)		(1,325)	-
Finance income		(36,744)	(26,646)
Finance cost on lease liabilities		274	-
Current service cost and interest expense on post-employment benefits	13	14,443	13,768
<b>OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(76,154)</b>	<b>(21,857)</b>
Changes in working capital:			
Trade and other receivables		(1,825)	(377)
Other payables and accruals		49,602	(39,923)
<b>CASH USED IN OPERATION</b>		<b>(28,377)</b>	<b>(62,157)</b>
Tax paid		(6,841)	(5,102)
Benefit payout from post-employment benefits	13	(4,504)	(3,159)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(39,722)</b>	<b>(70,418)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Maturity of investments in Government Guaranteed Bonds		10,000	10,212
Acquisition of quoted unit trusts		(150,000)	-
Placement of fixed deposits		(335,600)	(83,971)
Receipt of fixed deposits upon maturity		711,159	219,602
Finance income received		30,762	26,575
Proceeds from disposal of plant and equipment		42	6
Acquisition of property, plant and equipment*	4	(6,801)	(6,135)
Acquisition of intangible assets	5	(11,906)	(3,240)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>247,656</b>	<b>163,049</b>

The notes on pages 181 to 209 are an integral part of these financial statements.

	Note	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Repayment of lease liabilities**	14	(2,566)	-
<b>NET CASH USED IN FINANCING ACTIVITY</b>		<u>(2,566)</u>	<u>-</u>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		205,368	92,631
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		175,765	83,134
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<u>381,133</u>	<u>175,765</u>

\* Reconciliation of cash payment for acquisition of property plant and equipment to the addition of property plant and equipment during the year.

	2023 RM'000
Net cash payment for purchase of property, plant and equipment	6,801
Add:	
Acquisition of computer hardware under finance lease	10,867
Additions for the financial year	<u>17,668</u>
	Note 4

\*\* Reconciliation of liabilities arising from financing activities.

	2023 RM'000
At 1 January 2023	-
<u>Non-cash changes</u>	
Addition of lease	11,595
Finance cost on lease liabilities	274
<u>Cash flows from financing activity</u>	
Repayment of lease liabilities	(2,566)
At 31 December 2023	<u>9,303</u>
	Note 14

The notes on pages 181 to 209 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1. GENERAL INFORMATION

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* (CMSA). 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 2024.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

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

#### (i) Amendments to published standards that are effective

The SC has applied the following amendments to published standards and annual improvements for the first time for the financial year beginning on 1 January 2023.

- MFRS 17 'Insurance Contracts' and its amendments
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 112 'International Tax Reform – Pillar Two Model Rules'
- Amendments to MFRS 108 'Definition of Accounting Estimates'

#### (ii) Amendments to published standards that have been issued but not yet effective

New amendments to published standards and annual improvements that are effective for financial year beginning after 1 January 2024 are set out below:

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024)
- Two amendments to MFRS 101 'Presentation of Financial Statements'
  - The first amendments, 'Classification of liabilities as current or non-current'
  - The second amendments, 'Non-current Liabilities with Covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier finance arrangements' (effective 1 January 2024)
- Amendments to MFRS 121 'Lack & Exchangeability' (effective 1 January 2025)

These amendments to published standards and annual improvements will be adopted on the respective effective dates. The SC has started a preliminary assessment on the effects of the above amendments to published standards and annual improvements and the impact is still being assessed.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 3.

**(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**

For the annual actuarial valuation, the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, medical inflation rate and life expectancy. As such, the estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are as disclosed in Note 13.

**(ii) Deferred tax asset recognition**

During the financial year, the SC was granted a 5-year tax exemption from Year Assessment (YA) 2022 until YA 2026. Accordingly, the utilisation of the unabsorbed capital allowance and unutilised tax losses against SC's business income are not certain. In this connection, the deferred tax asset is derecognised in financial year 2023.

**(iii) Capitalising of expenditure in technology related assets**

The SC has undertaken the technology transformation plan which involves the purchase of computer hardware, software and developing applications. The development costs that were directly attributable to bringing the asset to its intended use is capitalised whereas the expenses incurred during the research stage were expensed off accordingly.

**(iv) Estimated useful lives of identified assets**

In view of the phased implementation of the technology transformation plan, the estimated useful lives of the newly acquired computer hardware and system are estimated at 5 years as disclosed in Note 3(b)(iii).

### 3. MATERIAL ACCOUNTING POLICIES

The SC adopted amendments to MFRS 101, Presentation of Financial Statements and – Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

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.

#### (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.

##### (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 and the contractual term of the cash flows 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. SC classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVTPL).

###### 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 (SPPI). 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. Finance income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Finance income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(f)(ii)) where the effective interest rate is applied to the amortised cost.

###### Fair value through profit or loss (FVTPL)

Financial assets that do not satisfy the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVTPL.

Changes on fair value of investments in fixed income securities that are subsequently measured at FVTPL are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

#### **Subsequent measurement**

Financial assets designated at FVTPL are remeasured at each reporting date. The fair values are determined by reference to observable market prices provided by independent pricing sources.

#### **Expected Credit Loss**

The SC assesses credit risk on financial instruments measured at FVTPL. Credit risk represents the risk of financial loss arising from the counterparty's failure to meet its contractual obligations.

For financial instruments subject to credit risk, the SC estimates expected credit losses by considering historical credit loss experience, current market conditions, and forward-looking information. The estimation is performed on a collective or individual basis, depending on the characteristics of the financial instrument.

Expected credit losses are recognised as a component of the carrying amount of the financial instruments. The assessment is based on the present value of all cash shortfalls over the expected life of the instrument, considering the probability-weighted outcomes of different scenarios as disclosed in Note 3(f)(i).

#### **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.

Finance cost 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 year are as follows:

	<b>2023</b>
Buildings	50 years
Office equipment, furniture and fittings	5-10 years
Motor vehicles	5 years
Computer and application systems	3-5 years

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

**(c) Intangible assets****(i) Computer software**

Computer software is initially measured at cost. Costs recognised are costs (including staff costs) directly associated with identifiable software controlled by the SC that will generate probable future economic benefits. Following initial recognition, computer software is measured at cost

less accumulated amortisation and accumulated impairment losses. Included in the computer software costs are the costs related to the technology transformation plan undertaken by the SC. The expenses incurred during the research stage were expensed off accordingly.

The useful lives of computer software are assessed to be finite. Computer software is amortised over their estimated useful lives of three years and assessed for impairment whenever there is an indication that they may be impaired.

The amortisation periods and methods are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation periods or methods, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss. Projects-in-progress are not amortised as these computer softwares are not yet available for use.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## **(d) Leases**

### **(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 recognises a right-of-use asset and a lease liability at the commencement date of the contracts for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The SC has classified leasehold land, office premise and computers equipment, which in substance were a finance lease as right-of-use assets.



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 and intangible asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

If the lease transfers ownership of the underlying asset to SC by the end of the lease term or if the cost of the right-of-use asset reflects that the SC will exercise a purchase option, the SC depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the SC depreciates the right-of-use asset 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 lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the SC's incremental borrowing rate. Subsequent to the initial recognition, the SC measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

### (e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed 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.

Included in deposits with licensed banks are reserved deposits amounts held on behalf of stockbroking industry development, brokers' security deposits and government agencies or funds.

### (f) 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 fixed income 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) Non-financial assets**

The carrying amounts of non-financial 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.

## **(g) 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 income 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 services 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.

**(i) Levies**

Levies as a percentage of the consideration for every purchase and sale of securities recorded on Bursa Malaysia Securities Bhd (Bursa Malaysia) in respect of different classes of securities as specified in Section 24 of the SCMA and the *Securities Commission (Levy on Securities Transactions) (Amendment) Order 2009*.

The SC recognises levies from Bursa Malaysia as income at point in time on an accrual basis.

**(ii) Fees and charges**

The SC records fees and charges as income over time when the services are performed. The SC records the fees and charges received in advance as a contract liability.

**(iii) License fees**

License fees are recognised as income as the services are performed over time. The SC records the license fees received in advance as a contract liability.

**(iv) Registration fees**

Registration fees are recognised at a point in time upon registration of auditors.

**(h) Finance income**

Finance income is recognised as it accrues using the effective interest method in profit or loss. It comprises:

- (a) Interest earned on bank deposits and fixed income securities; and
- (b) The amortisation of premiums or discounts on purchases of fixed income measured at amortised cost.

For net gain/ loss on financial assets at FVTPL, the change in fair value or disposal of the financial assets are recognised in profit or loss as they arise.

**(i) Other Income**

Included in other income are, among others:

- (i) Penalty income on auditors for failing to comply any provisions or condition imposed under Part IIIA – Audit Oversight Board of the SCMA. Penalty income is recognised at a point in time pursuant to Section 31Z of SCMA. The penalty amount is restricted and shall be utilised for planning and implementing capacity-building programmes in relation to the accounting and auditing profession.
- (ii) Recovery of investigation and proceeding costs that is recognised at a point in time. According to Section 200 and 201 of the CMSA, the SC can recover an amount from person who has contravened Section 175, 176, 177, 178, 179 and 181 as well as 188 of the CMSA where any amount recovered by the SC can be firstly reimburse to the SC for all costs of the investigation and proceedings in respect of the contravention.
- (iii) Residual sum that is recognised at a point in time where Section 200 and 201 of the CMSA states that to the extent that any amount obtained has not been distributed to persons who have suffered loss or damage as a result of the contravention, such sum shall either be paid to the Capital Market Compensation Fund or retained by the SC to defray the cost of developing and facilitating educational programmes for capital market investors and professionals or the cost of regulating the capital market, with the approval of the Finance Minister.

**(j) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave, contribution to social security contributions (SOCSO), Employees Provident Fund (EPF) or Private Retirement Scheme (PRS) 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) 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 finance cost 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.

**(k) Deferred taxes**

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **(l) 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.

#### **(m) Provisions**

Provisions are recognised when the SC has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

#### **(n) 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.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer hardware RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2022	232,162	120,511	46,765	1,753	1,267	402,458
Additions	-	434	1,159	-	4,542	6,135
Disposals	-	(17)	(40)	-	-	(57)
Transfer to/(from)	-	4,542	-	-	(4,542)	-
At 31 December 2022/1 January 2023	232,162	125,470	47,884	1,753	1,267	408,536
Additions	-	374	11,535	231	5,528	17,668
Disposals	-	(984)	(75)	(190)	-	(1,249)
Write off	-	(19,112)	(39,472)	(2)	-	(58,586)
Reclassification to intangible assets	-	-	-	-	(1,267)	(1,267)
Transfer to/(from)	-	4,864	528	-	(5,392)	-
At 31 December 2023	232,162	110,612	20,400	1,792	136	365,102
<b>Less: Accumulated depreciation</b>						
At 1 January 2022						
Accumulated depreciation	104,569	113,057	45,366	1,711	-	264,703
Accumulated impairment loss	109	-	-	-	-	109
	104,678	113,057	45,366	1,711	-	264,812
Depreciation for the year	4,643	2,613	1,118	26	-	8,400
Disposals	-	(12)	(39)	-	-	(51)
At 31 December 2022/1 January 2023						
Accumulated depreciation	109,212	115,658	46,445	1,737	-	273,052
Accumulated impairment loss	109	-	-	-	-	109
	109,321	115,658	46,445	1,737	-	273,161
Depreciation for the year	4,643	3,197	2,325	21	-	10,186
Disposals	-	(977)	(63)	(190)	-	(1,230)
Write off	-	(19,110)	(39,471)	(2)	-	(58,583)
At 31 December 2023						
Accumulated depreciation	113,855	98,768	9,236	1,566	-	223,425
Accumulated impairment loss	109	-	-	-	-	109
	113,964	98,768	9,236	1,566	-	223,534
<b>Carrying amounts</b>						
At 1 January 2022	127,484	7,454	1,399	42	1,267	137,646
At 31 December 2022/1 January 2023	122,841	9,812	1,439	16	1,267	135,375
At 31 December 2023	118,198	11,844	11,164	226	136	141,568

Impairment assessment has been performed as disclosed in Note 26.

## 5. INTANGIBLE ASSETS

	<b>Computer Softwares RM'000</b>	<b>Capital work-in progress RM'000</b>	<b>Total RM'000</b>
<b><u>Cost</u></b>			
At 1 January 2022	42,053	3,072	45,125
Additions	109	3,131	3,240
Transfer to/(from)	2,978	(2,978)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2022/1 January 2023	45,140	3,225	48,365
Additions	67	11,839	11,906
Write off	(19,181)	-	(19,181)
Transfer to/(from)	6,038	(6,038)	-
Reclassification from property, plant and equipment	-	1,267	1,267
	<hr/>	<hr/>	<hr/>
At 31 December 2023	32,064	10,293	42,357
<b><u>Less: Accumulated amortisation</u></b>			
At 1 January 2022	35,869	-	35,869
Amortisation for the year	3,201	-	3,201
	<hr/>	<hr/>	<hr/>
At 31 December 2022/1 January 2023	39,070	-	39,070
Amortisation for the year	3,530	-	3,530
Write off	(19,181)	-	(19,181)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	23,419	-	23,419
<b><u>Carrying amounts</u></b>			
At 1 January 2022	<u>6,184</u>	<u>3,072</u>	<u>9,256</u>
At 31 December 2022/1 January 2023	<u>6,070</u>	<u>3,225</u>	<u>9,295</u>
At 31 December 2023	<u>8,645</u>	<u>10,293</u>	<u>18,938</u>

Impairment assessment has been performed as disclosed in Note 26.

**6. RIGHT-OF-USE ASSETS**

	Leasehold land RM'000	Building RM'000	Computer hardware RM'000	Total RM'000
<b><u>Cost</u></b>				
At 1 January 2022	9,154	-	-	9,154
At 31 December 2022/1 January 2023	9,154	-	-	9,154
Additions	-	179	549	728
At 31 December 2023	9,154	179	549	9,882
<b><u>Less: Accumulated depreciation</u></b>				
At 1 January 2022	2,495	-	-	2,495
Depreciation	92	-	-	92
At 31 December 2022/1 January 2023	2,587	-	-	2,587
Depreciation	92	90	275	457
At 31 December 2023	2,679	90	275	3,044
<b><u>Carrying amounts</u></b>				
At 31 December 2022/1 January 2023	6,567	-	-	6,567
At 31 December 2023	6,475	89	274	6,838

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

Impairment assessment has been performed as disclosed in Note 26.

**7. DEFERRED TAX ASSET**

During the financial year, the SC was granted a 5-year tax exemption from Year Assessment (YA) 2022 until YA 2026. Accordingly, the utilisation of the unabsorbed capital allowance and unutilised tax losses against SC's business income is not probable. As the consequence, the deferred tax asset is derecognised in financial year 2023.

	2023 RM'000	2022 RM'000
Deferred tax assets	-	10,057
At 1 January	10,057	8,972
Recognised in statement of comprehensive income (Note 21)		
- property, plant and equipment	(8,481)	2,163
- tax losses	-	(2,654)
- provisions	(1,576)	1,576
	-	1,085
At 31 December	-	10,057



	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Subject to income tax:		
Deferred tax assets		
- property, plant and equipment	-	8,481
- tax losses	-	-
- provisions	-	1,576
	<u>-</u>	<u>10,057</u>
	<u><u>-</u></u>	<u><u>10,057</u></u>

The amounts of unabsorbed capital allowance and unutilised tax losses for which no deferred tax asset is recognised in the statement of financial position are as follows:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Unabsorbed capital allowance	26,324	-
Unutilised tax losses	11,060	11,060
	<u>37,384</u>	<u>11,060</u>
	<u><u>37,384</u></u>	<u><u>11,060</u></u>
Deferred tax assets not recognised at 24% (2022:24%)	8,972	2,654
	<u>8,972</u>	<u>2,654</u>
	<u><u>8,972</u></u>	<u><u>2,654</u></u>

The unutilised tax losses of RM11.1 million (2022: RM11.1 million) will expire in the following year:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
<b><u>Financial year</u></b>		
2028	11,060	11,060
	<u>11,060</u>	<u>11,060</u>
	<u><u>11,060</u></u>	<u><u>11,060</u></u>

## 8. OTHER RECEIVABLES

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Staff financing	2,765	3,513
Less: Unearned profit		
- Islamic financing on housing and motor vehicles	(71)	(111)
	<u>2,694</u>	<u>3,402</u>
Less: Amount due within 12 months (Note 10)	(880)	(954)
	<u>1,814</u>	<u>2,448</u>
Amount due after 12 months	1,814	2,448
	<u>1,814</u>	<u>2,448</u>
	<u><u>1,814</u></u>	<u><u>2,448</u></u>

The rates and tenure of staff financing are as follows:

	<b>Rate charged (per annum)</b>	<b>Maximum repayable period</b>
Islamic financing and conventional housing loans	2%	25 years
Islamic financing and conventional motor vehicle loans	4%	7 years
Study loans	-	5 years
Computer loans	-	4 years

The Islamic and conventional housing and motor vehicle financing are secured over the properties and motor vehicles of the borrowers, respectively. The SC considers probability of default as remote since both financing is supported by collateral, as described in Note 25.3(c).

The maturity structure of the financing to staff as at the end of the financial year is as follows:

	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Within 1 year	880	954
More than 1 year and up to 5 years	1,470	1,878
More than 5 years	344	570
	<u>2,694</u>	<u>3,402</u>

## 9. OTHER INVESTMENTS

	<b>Non-current</b>		<b>Current</b>		<b>Total</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>
<b><u>Fair value through profit or loss</u></b>						
– Investment in quoted unit trust	152,291	-	-	-	152,291	-
<b><u>Amortised costs:</u></b>						
– Government Investment Issues and Government Guaranteed Bonds	49,928	55,030	5,036	10,000	54,964	65,030
– Deposits placed with licensed banks	-	-	418,367	793,926	418,367	793,926
	<u>202,219</u>	<u>55,030</u>	<u>423,403</u>	<u>803,926</u>	<u>625,622</u>	<u>858,956</u>

During the year, the SC invested in quoted unit trust amounting to RM150.0 million which are medium-term and long-term in nature.

Included in deposits placed with licensed banks is an amount reserved for planning and implementing capacity-building programmes in relation to the accounting and auditing profession of RM3.1 million (2022: RM2.9 million).

Government Investment Issues and Government Guaranteed Bonds will mature in 2024 and 2038. The weighted average yield to maturity of Government Investment Issues and Government Guaranteed Bonds was 4.44% per annum (2022: 3.69% per annum).

Deposits placed with licensed banks have maturity period of 6 months and 15 months (2022: 6 months and 15 months) and earned income at rates ranging from 3.85% to 4.3% per annum (2022: 2.35% to 3.80% per annum).

**10. TRADE AND OTHER RECEIVABLES**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Levies receivable	14,849	13,430
Finance income receivable	14,186	8,863
Other receivables	795	1,652
Deposit	1,117	145
Prepayments	3,557	2,798
Short-term staff financing (Note 8)	880	954
	<u>35,384</u>	<u>27,842</u>

**11. CASH AND CASH EQUIVALENTS**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Cash and bank balances	329,637	21,006
Deposits placed with licensed banks	51,496	154,759
	<u>381,133</u>	<u>175,765</u>

Deposits placed with licensed banks have maturity period of 1 month and 3 months (2022: 1 month and 3 months) and earned income at rates ranging from 3.80% to 4.00% per annum (2022: 2.45% to 3.20% per annum).

Included in deposits placed with licensed banks are amounts reserved for stockbroking industry development of RM15.6 million (2022: RM15.2 million), amounts reserved for brokers' security deposits of RM0.2 million (2022: RM0.2 million) and funds held in trust of approximately RM35.6 million (2022: RM28.5 million).

The bank balances are placed with licensed banks.

**12. COMPENSATION FUND RESERVE**

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

**13. POST-EMPLOYMENT BENEFITS**

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 RM2.23 million in contributions to its defined benefit plan in 2024.

**Movement in net defined benefit liability**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Net defined benefit liability at 1 January	186,950	183,310
<b><u>Included in profit or loss</u></b>		
Current service cost	3,690	4,315
Interest expense	10,753	9,453
	14,443	13,768
<b><u>Others</u></b>		
Benefits paid	(4,504)	(3,159)
Remeasurement of defined benefit liability	36,566	(6,969)
Net defined benefit liability at 31 December	233,455	186,950

**Defined benefit obligation actuarial assumptions**

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

	<b>2023</b>	<b>2022</b>
Discount rate	5.1%	5.8%
Medical cost inflation	10%, reducing to 6% in 4 years	10%, reducing to 6% 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 2023, the weighted-average duration of the defined benefit obligation was 17 years (2022: 19 years).

**Sensitivity analysis**

The sensitivity analysis is based on a change in a significant assumption while holding all other assumptions constant. The sensitivities have been assessed by:

	<b><u>Defined benefit obligation</u></b>	
	<b>Increase</b> <b>RM'000</b>	<b>Decrease</b> <b>RM'000</b>
<b><u>2023</u></b>		
Discount rate (1% movement)	(36,886)	47,158
Medical cost inflation rate (1% movement)	44,823	(35,952)
<b><u>2022</u></b>		
Discount rate (1% movement)	(29,351)	37,390
Medical cost inflation rate (1% movement)	35,521	(28,603)

**14. LEASE LIABILITIES**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
<b>Non-current</b>		
Lease liabilities	6,186	-
<b>Current</b>		
Lease liabilities	3,117	-
	<u>9,303</u>	<u>-</u>

**15. OTHER PAYABLES AND ACCRUALS**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Funds held in trust	47,641	29,011
Regulatory settlements	14,955	10,730
Deposits received		
– License fees	1,203	504
– Registration fee	608	336
– Others	6	33
Accruals	27,419	5,463
Other payables	3,433	1,862
	<u>95,265</u>	<u>47,939</u>

**16. CONTRACT LIABILITIES**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Fees and charges	3,625	1,336
License fees	1,512	1,524
	<u>5,137</u>	<u>2,860</u>

The fees and charges are in relation to fees and charges received in advance for proposals submitted to the SC and will be recognised as income when the performance obligation is satisfied over time.

The license fees are in relations to license fees that are paid to the SC annually in advance by the license holders and will be recognised as income over time upon the respective license holders' anniversary date.

**17. INCOME**

	<b>Note</b>	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Revenue	17.1	167,277	163,085
Finance income			
– fixed deposit		33,262	24,153
– bond		2,517	2,493
– quoted unit trust		965	-
		<u>36,744</u>	<u>26,646</u>
Other income	17.2	5,885	36,426
Total income		<u>209,906</u>	<u>226,157</u>

### 17.1 Nature of revenue

The following information reflects the transactions of the SC:

<u>Nature of services</u>	<u>Significant payment term</u>	<u>Timing of recognition or method used to recognise revenue</u>
Levies	30 days	Revenue is derived from Malaysia and recognised at a point in time.
Fees and charges	Not applicable	Revenue is derived from Malaysia and recognised over time.
License fees	Not applicable	Revenue is derived from Malaysia and recognised over time.
Registration fees	Not applicable	Revenue is derived from Malaysia and recognised at a point in time.

### 17.2 The nature of other income are as follows:

<u>Nature of services</u>	<u>Significant payment term</u>	<u>Timing of recognition or method used to recognise income</u>
Penalty income	Not applicable	Income is derived from Malaysia and recognised at a point in time.
Recovery of investigation and proceeding costs	Not applicable	Income is derived from Malaysia and recognised at a point in time.
Residual sum	Not applicable	Income is derived from Malaysia and recognised at a point in time.
Net fair value gain and loss on financial asset at FVTPL	Not applicable	Gain or loss from a change on fair value of financial asset

### 17.3 The table below provides information about contract liabilities from contracts with customers:

	<b>Note</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Contract liabilities	16	<u>5,137</u>	<u>2,860</u>
Income recognised during the financial year that was included in the contract liabilities balance at the beginning of the period		<u>2,860</u>	<u>-</u>

**18. STAFF COSTS**

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Remuneration, bonus, staff medical, staff training and overtime	169,156	153,138
Defined contribution plan	21,321	20,389
Other employees benefits	4,744	3,932
Post-employment benefits	14,443	13,768
	<u>209,664</u>	<u>191,227</u>

**19. FUNDS TO AFFILIATES**

The SC provides funds to various entities involved in projects and programmes that develop, promote and enhance the well-being of the Malaysian capital market. Four of the entities are related parties to the SC as disclosed in Note 23.

**20. DEFICIT BEFORE TAX**

	<b>Note</b>	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Deficit before tax is arrived at after charging/ (crediting):			
Auditors' remuneration		163	134
Executive members' emoluments		3,198	5,486
Non-executive members' allowance		955	1,162
Rental expense:			
Property		-	291
Plant and equipment		371	234
Depreciation of property, plant and equipment	4	10,186	8,400
Gain on disposals of property, plant and equipment	4	(23)	-
Loss on property, plant and equipment written off	4	3	-
Net fair value gain on financial assets at FVTPL		(1,325)	-
Amortisation of intangible assets	5	3,530	3,201
Depreciation of right-of-use assets	6	457	92
Finance cost on lease liabilities		274	-
Repair and maintenance		11,903	9,433
Communication and online resources		4,021	3,547
		<u>209,664</u>	<u>191,227</u>

**21. TAXATION**

During FY2023, the SC was granted tax exemption status by the MOF for YA 2022 until YA 2026.

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Current tax expense:		
– current financial year	-	(5,717)
– overprovision of taxation in prior year	5,717	-
Deferred taxation (Note 7)	(10,057)	1,085
	<u>(4,340)</u>	<u>(4,632)</u>

The explanation and the relationship between taxation and deficit before tax is as follows:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Deficit before tax	(66,955)	(20,672)
Tax calculated at the Malaysian tax rate of 0% (2022: 24%)	-	4,961
Tax effects of:		
– expenses not deductible for tax purposes	-	(7,785)
– income not subject to tax	-	16
– recognition of previously unrecognised deferred tax assets	-	830
– reversal of deferred tax assets on unutilised tax losses	-	(2,654)
– derecognition deferred tax assets	(10,057)	-
– overprovision of taxation in prior year	5,717	-
Taxation	(4,340)	(4,632)

## 22. OTHER COMPREHENSIVE GAIN/(LOSS)

	<b>Before tax</b> <b>RM'000</b>	<b>Tax expense</b> <b>RM'000</b>	<b>Net of tax</b> <b>RM'000</b>
<b>2023</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(36,566)	-	(36,566)
<b>2022</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	6,969	-	6,969

## 23. 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 remuneration of the key management personnel is disclosed in Note 20 under the heading of 'Executive members' emoluments'.

- 23.1** The SC has related party relationship with Securities Industry Development Corporation (SIDC), as the Chairman of the SC is also the Chairperson of SIDC, and one of the SIDC Board Members is also a member of the Senior Management in the SC.



**Significant related party transactions**

The significant related party transactions with SIDC is shown below:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Funding to SIDC	4,100	4,000

- 23.2** The SC has a related party relationship with the Capital Market Compensation Fund Corporation (CMC) as CMC was established under the CMSA, the SC may provide monies to the CMC as stated in Section 159(a) of CMSA, the CMC is required to consult the SC where there is an event of default of the Relevant Persons, the CMC is required to submit its annual regulatory report and audited financial statements to the SC as required by the provision of CMSA, and one of the CMC Board Members is also a member of the Senior Management in the SC.

**Significant related party transactions**

The significant related party transactions with the CMC is shown below:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Management fee paid by the CMC	158	158

- 23.3** The SC has a related party relationship with the Capital Markets Promotion Council (CMPC), as the Chairman of the SC is also the Chairperson of CMPC, and one of the CMPC Board Members is also a member of the Senior Management in the SC.

**Significant related party transactions**

The significant related party transaction with the CMPC is shown below:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Funding to the CMPC	1,700	600

- 23.4** The SC has a related party relationship with the IOSCO Asia Pacific Hub (the Hub), as the two Directors of the Hub are also members of the Senior Management in the SC.

**Significant related party transactions**

The significant related party transaction with the Hub is shown below:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Funding to the Hub	500	320

## 24. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities as follows:

	2023 RM'000	2022 RM'000
Property, plant and equipment	4,093	1,031
Intangible assets	18,474	5,551

## 25. FINANCIAL INSTRUMENTS

### 25.1 Categories of financial instruments

The following tables provide an analysis of financial instruments categorised as follows:

- i. Amortised cost (AC); and
- ii. Fair value through profit or loss (FVTPL)

	AC RM'000	FVTPL RM'000	Carrying amount RM'000
<b>2023</b>			
<b><u>Financial assets</u></b>			
Other receivables – long term	1,814	-	1,814
Other investments	473,331	152,291	625,622
Trade and other receivables*	30,710	-	30,710
Cash and cash equivalents	381,133	-	381,133
	<u>886,988</u>	<u>152,291</u>	<u>1,039,279</u>
<b><u>Financial liabilities</u></b>			
Other payables and accruals*	(93,448)	-	(93,448)
Contract liabilities	(5,137)	-	(5,137)
Lease liabilities	(9,303)	-	(9,303)
	<u>(107,888)</u>	<u>-</u>	<u>(107,888)</u>
<b>2022</b>			
<b><u>Financial assets</u></b>			
Other receivables – long term	2,448	-	2,448
Other investments	858,956	-	858,956
Trade and other receivables*	24,899	-	24,899
Cash and cash equivalents	175,765	-	175,765
	<u>1,062,068</u>	<u>-</u>	<u>1,062,068</u>
<b><u>Financial liabilities</u></b>			
Other payables and accruals*	(47,066)	-	(47,066)
Contract liabilities	(2,860)	-	(2,860)
	<u>(49,926)</u>	<u>-</u>	<u>(49,926)</u>

\* Exclude non-financial instruments

## 25.2 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.

During the year, the SC invested in units in quoted unit trust.

The SC has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Price risk

## 25.3 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.

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 be collected within 30 days.

#### *Recognition and measurement of impairment loss*

The SC uses an allowance matrix to measure Expected Credit Loss (ECL) 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 2023.

	<b>Gross- carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
<b><u>2023</u></b>			
Not past due	37,198	-	37,198
<b><u>2022</u></b>			
Not past due	24,899	-	24,899

Receivables that are not past due and has not recognised any loss allowance comprise receivables from:

- Bursa which has no history of default and has been remitting levies to the SC within the stipulated time frame.
- Financial institutions and debt issuers who have no history of default.
- Staff financing are supported by collateral in the form of residential properties and motor vehicles with its respective fair value exceeding its outstanding debts. The fair value of the collateralised properties is determined using the comparison method based on professional valuation. The fair value of the collateralised motor vehicles is determined using the comparison method based on available market data.

**Cash and cash equivalents**

The cash and cash equivalents are held with licensed 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 licensed 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.

The SC's investments are mainly in fixed deposits with approved financial institutions and bonds issued by the Government and other government agencies.

**Investments and other financial assets*****Risk management objectives, policies and processes for managing the risk******Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the SC has holdings in debt securities that are managed internally with holdings in Malaysian Government Investment issues (GII) and Guaranteed bonds. Additionally, the debt securities that are managed by external fund managers have a minimum rating of A and above, with an oversight by the Investment Advisory Panel.

**25.4 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 as well as contract liability.

	<b>Carrying amount RM'000</b>	<b>Contractual cashflow</b>	<b>Under 1-year</b>	<b>Over 1-year</b>
<b><u>2023</u></b>				
<b><u>Financial liabilities</u></b>				
Other payables and accruals*	93,448	93,448	93,448	-
Contract liabilities	5,137	-	5,137	-
Lease liabilities	9,303	10,023	3,246	6,777
	<u>107,888</u>	<u>103,471</u>	<u>101,831</u>	<u>6,777</u>
<b><u>2022</u></b>				
<b><u>Financial liabilities</u></b>				
Other payables and accruals*	47,066	47,066	47,066	-
Contract liabilities	2,680	-	2,680	-
	<u>49,746</u>	<u>47,066</u>	<u>49,746</u>	<u>-</u>

\* Exclude non-financial instruments

## 25.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the amount the SC invested in fixed deposits and quoted unit trust. Such risks will be reflected in the price and the carrying value of the financial assets.

### 25.5.1 Interest rate risk

The SC's interest-bearing assets mainly comprise fixed deposits with banks and bank balances.

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:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
<b><u>Fixed rate instruments</u></b>		
Financial assets	524,828	1,013,715

#### **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.

### 25.5.2 Price risk

Price risk arises from the movement in price of the quoted unit trust. Performance on the quoted unit trust is regularly updated to Management.

## 25.6 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 RM'000	
<b>2023</b>					
<b>Current</b>					
<b>Financial assets</b>					
Government Investment Issues and Government Guaranteed Bonds	-	5,058	-	5,058	5,036
	-	5,058	-	5,058	5,036
<b>Non-current</b>					
<b>Financial assets</b>					
Long-term receivables	-	-	1,814	1,814	1,814
Government Investment Issues and Government Guaranteed Bonds	-	52,453	-	52,453	49,928
	-	52,453	1,814	54,267	51,742
<b>2022</b>					
<b>Current</b>					
<b>Financial assets</b>					
Government Investment Issues and Government Guaranteed Bonds	-	9,985	-	9,985	10,000
	-	9,985	-	9,985	10,000
<b>Non-current</b>					
<b>Financial assets</b>					
Long-term receivables	-	-	2,448	2,448	2,448
Government Investment Issues and Government Guaranteed Bonds	-	20,756	35,000	55,756	55,030
	-	20,756	37,448	58,204	57,478

### 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 (2022: 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

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

## **26. IMPAIRMENT ASSESSMENT ON ASSETS**

During the year, impairment testing has been performed on property, plant and equipment, intangible assets and rights-of-use assets. The recoverable amounts are determined based on value in use (VIU) method. The key assumptions used in the VIU calculations are as follows:

	<u>2023</u>
Discount rate	3.75%
Growth rate	2.50%

Based on the impairment assessment, there is no impairment loss recognised this year.

## **27. 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.

## **28. SIGNIFICANT SUBSEQUENT EVENT**

### **28.1 Investment in discretionary mandate managed by external fund managers**

Subsequent to the reporting period as at 31 December 2023, the SC has invested RM300.00 million in fixed income securities managed by external fund managers on 2 January 2024. These investments are aligned with the SC's investment policy and to achieve specific financial objectives, with an oversight by the Investment Advisory Panel. The SC monitors the performance of these investments against predetermined benchmarks and risk parameters. The investment will be classified at FVTPL.

## STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 176 to 209 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 2023 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:



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**AWANG ADEK HUSSIN**  
CHAIRMAN



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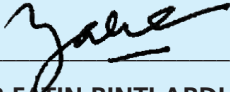
**WEE HOE SOON @ GOOI HOE SOON**  
MEMBER

Kuala Lumpur  
30 January 2024



## STATUTORY DECLARATION

I, **Nur Fatin binti Abdul Aziz**, 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 176 to 209 are, to the best of my knowledge and belief, correct and I make this solemn declaration believing the declaration to be true, and by virtue of the *Statutory Declarations Act, 1960*.



**NUR FATIN BINTI ABDUL AZIZ**  
OFFICER

Subscribed and solemnly declared by the abovenamed **Nur Fatin binti Abdul Aziz**, NRIC No. 770108-14-5000, at Kuala Lumpur in the Federal Territories on 30 January 2024.

Before me:



No. 23, 2nd Floor,  
Jalan Medan Tuanku,  
50300 Kuala Lumpur.

# INDEPENDENT AUDITORS' REPORT TO THE BOARD MEMBERS OF THE SECURITIES COMMISSION MALAYSIA

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of the Securities Commission Malaysia (SC) give a true and fair view of the financial position of the SC as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with the *Malaysian Financial Reporting Standards and International Financial Reporting Standards*.

### What we have audited

We have audited the financial statements of the SC, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information, as set out on pages 176 to 209.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and the *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 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

### *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' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the *By-Laws* and the IESBA Code.

### Responsibilities of the Board Members for the financial statements

The Board Members are responsible for the preparation of the financial statements of the SC that give a true and fair view in accordance with the *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 the *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 the *International Standards on Auditing*, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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 SC's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- (d) 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 SC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the SC, including the disclosures, and whether the financial statements of the SC represent the underlying transactions and events in a manner that achieves fair presentation.

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 MATTERS

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



**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
30 January 2024



**MAHESH A/L RAMESH**  
03428/04/2025 J  
Chartered Accountant