

## DEEPENING REGIONAL COOPERATION THROUGH MALAYSIA'S ASEAN CHAIRMANSHIP

### Malaysia at the Helm: ASEAN Chair 2025

Centred around the theme of 'Inclusivity and Sustainability' across the Economic, Political-Security, Socio-Cultural pillars, Malaysia assumed Chairmanship of ASEAN in 2025, its fifth stint since ASEAN's establishment in 1967. Under the stewardship of Prime Minister Datuk Seri Anwar Ibrahim, ASEAN 2025 witnessed the introduction of new key initiatives including the ASEAN Community Vision 2045, which outlines a shared future for the next two decades as well as the formal accession of Timor-Leste as the eleventh member of ASEAN.

The SC championed Malaysia's ASEAN leadership through its Chairmanship of the ASEAN Capital Markets Forum (ACMF) as well as support for the MOF's leadership of the ASEAN Finance Track.

### SC as Chair of the ASEAN Capital Market Forum

As Chair of the ACMF, SC had the opportunity to shape ACMF's focus and priorities in alignment with national development goals through the discourse and thought leadership at the ACMF meetings and events, as well as the development and delivery of Malaysia's Priority Economic Deliverables (PEDs) and other ACMF-related deliverables.

In 2025, the SC designed, curated and led discussions at four ACMF Deputies Meetings, three ACMF Chairs Meeting, two International Conference, and 14 technical workshops. Hosted across Malaysia and at the SC, these engagements provided not only vibrant platforms for learning and shared progress but also an appreciation for Malaysian culture and history.

### SC's Priority Economic Deliverables – Supporting the Ministry of Finance's Leadership of the ASEAN Finance Track

PEDs are key actionable initiatives that are set by each ASEAN Chair. Under the Finance Track, led by the MOF, the SC produced four deliverables through two PEDs,

nested within the Strategic Thrust of Fostering an Inclusive and Sustainable Future.

The two PEDs focused on Accelerating the Growth of a More Sustainable, Connected and Inclusive ASEAN Capital Market, and Catalysing Access to Financing for a Climate Resilient and Just Transition in ASEAN.

### *Accelerating the Growth of a More Sustainable, Connected and Inclusive ASEAN Capital Market*

#### Charting the next five years for ASEAN capital markets

Aligned with the ASEAN Community Vision 2045 and the ASEAN Economic Community (AEC) Post-2025 Vision and in its role as ACMF Chair, SC led the development of the *ACMF Action Plan 2026–2030* (Action Plan) which highlights the critical role of capital markets in supporting the region's long-term economic resilience, competitiveness, and sustainability agenda. The Action Plan was successfully launched on 6 November 2025, signifying an advancement in ASEAN's journey towards building a more integrated, sustainable, and innovation-driven regional capital market, and strengthening the region's positioning within the global capital market and financial landscape.

The Action Plan also complements the SC's CMP 2026-2030, particularly its focus on strengthening Malaysia's regional connectivity. Through this alignment, the Action Plan reinforces Malaysia's commitment to advancing regional capital market development and supporting the internationalisation of Malaysian companies, while deepening Malaysia's role as a gateway for cross-border investment and fund-raising within ASEAN.

The Action Plan establishes five Strategic Thrusts that guide ASEAN's collective priorities. These thrusts are anchored by the strengthening of ACMF's institutional capacity and governance, advancing sustainable and resilient ASEAN, promoting inclusivity and financial empowerment, deepening regional integration and global positioning, and accelerating digitalisation and innovation across ASEAN markets. Together, these thrusts advance the region's objectives of fostering sustainable growth, deepening market integration, broadening investor participation, and harnessing technology to enhance the competitiveness and resilience of ASEAN capital markets.

The Action Plan further identifies 11 key priorities and 18 external-facing initiatives designed to deepen market connectivity, enhance sustainability, and promote inclusive growth across ASEAN capital markets. Among these are cornerstone initiatives such as supporting climate adaptation through the *mitigation co-benefit, Adaptation for Resilience Guide* (mARs Guide), promoting SME sustainability disclosures through the ASEDG, promoting ASEAN as a distinct asset class through the ASEAN Diamonds and ASEAN Indices initiatives, strengthening financial literacy and capacity building, and encouraging responsible use of AI in the capital market.

### **Catalysing Access to Financing for a Climate Resilient and Just Transition in ASEAN**

Sustainability is a core priority, the following deliverables reflect the SC's commitment to shaping a climate-resilient, inclusive, and sustainable ASEAN capital market, aligned with Malaysia's leadership in regional financial integration and sustainable development.

Under this PED, development and publication of the *ASEAN Taxonomy for Sustainable Finance Version 4*, (ASEAN Taxonomy), through the ASEAN Taxonomy Board (ATB), was a deliverable as a tool to support ASEAN's decarbonisation efforts by completing the coverage of the ASEAN Taxonomy Plus Standard's six economic focus sectors and three enabling sectors. In addition, to support the transition of SMEs in ASEAN, the development and publication of the ASEDG for SMEs in supply chains was a deliverable through ACMF.

### **ASEAN Taxonomy for Sustainable Finance Version 4**

The ASEAN Taxonomy is an overarching guide for the identification and classification of sustainable finance activities within the region. Its development is led by the ATB, which is comprised of the four sectoral bodies regulating ASEAN's capital markets, banking, and insurance sectors. The regulators comprising ATB members, from all 10 ASEAN countries, are developers of their own national taxonomies. This feature helps the ASEAN Taxonomy ensure its interoperability and alignment with other taxonomies, taking into consideration widely used taxonomies and international frameworks, while catering to ASEAN's specific needs.

The ASEAN Taxonomy Version 2 (March 2023) introduced Technical Screening Criteria (TSC) for the first focus sector, energy, and carbon capture, utilisation and storage, followed by Version 3 (March 2024) which introduced TSC for two focus sectors: (i) transportation and storage and (ii) construction and real estate. The ASEAN Taxonomy Version 4, which was launched in 2025 as one of Malaysia's PEDs under its chairmanship of ASEAN, covers TSCs for the three remaining focus sectors: (i) agriculture, forestry and fishing; (ii) manufacturing; and (iii) water supply, sewerage and waste management, and two enabling sectors: (i) information and communication; and (ii) professional, scientific and technical activities.

This year, the SC led the development of the agriculture, forestry, and fishing sector criteria, taking an inclusive and practical approach that reflects both regional and domestic ambitions alongside current conditions in the sector. Throughout the drafting stage, the SC via the ATB engaged various key stakeholders across the ASEAN member states for feedback and validation of the TSC.

Concurrently, the SC also held its own domestic engagements with Malaysian industry players, subject matter experts, and key government agencies involved in the agriculture sector while studying Malaysia's existing agricultural practices and sustainability standards. This was done to ensure a holistic approach that promotes a credible pathway towards better practices contributing to Malaysia's national sustainability agenda, while recognising current progress and transition efforts undertaken by companies both large and small in the agriculture sector today.

To date, feedback on the ASEAN Taxonomy has been largely positive, describing the framework as comprehensive, balanced, intellectually coherent, and beneficial for ASEAN. In 2026, the ASEAN Taxonomy Version 4 will undergo a period of public consultation, during which the criteria will have opportunity for further refinement. At the same time, the SC hopes to accelerate the adoption and implementation of the ASEAN Taxonomy, as a useful and credible tool for the transformation of Malaysian businesses towards greater sustainability.

### Scaling Up ESG Disclosures of ASEAN SMEs

In April 2025, the SC, under its chairmanship of the ACMF, spearheaded the development of the ASEDG for SMEs in Supply Chains. This key initiative aims to strengthen the sustainability readiness of SMEs across all ASEAN Member States (AMS) by providing a practical and harmonised reference for ESG disclosures.

The ASEDG equips ASEAN SMEs operating within global or local supply chains with a framework to meet increasing data requests from investors, financiers and multinational customers. The guide aligns with leading global standards including the IFRS S1 and S2, GRI, CDP, and FTSE4Good, while referencing to related sustainability frameworks across ASEAN member states.

#### ***ASEDG Version 1 (V1): Building the foundation for regional alignment***

Launched in April 2025 at the ASEAN Investment Conference held in Kuala Lumpur, the inaugural ASEDG V1 was officiated by the Prime Minister of Malaysia. Building on Malaysia's SEDG for SMEs in Supply Chains, it incorporated 35 disclosures from the national framework and introduced three ASEAN-specific disclosures to reflect regional priorities. Each disclosure was mapped against national frameworks and guidance from all ten ASEAN member states, creating a unified reference for SMEs to begin or strengthen their ESG reporting journey.

#### ***ASEDG Version 2 (V2): Strengthening regional consistency and usability***

Following regional consultations, ASEDG V2 was launched in November 2025. The revised guide represents the refinement and enhancement of the regional framework, through 38 ESG disclosure indicators, under 15 topics across ESG pillars. Each topic is categorised into Basic, Intermediate, and Advanced levels, supporting SMEs at varying stages of sustainability maturity across the region.

### Additional Deliverables under SC's ACMF Chairmanship

In addition to the PEDs, the SC through ACMF also championed initiatives which were aligned with Malaysia's Chairmanship theme of inclusivity and sustainability.

#### **Encouraging climate adaptation finance within ASEAN**

ASEAN is considered as a region most vulnerable to growing climate risks. In response, the region is beginning to prioritise climate adaptation in order to strengthen the region's resilience to these threats. However, climate adaptation financing remains significantly underfunded<sup>3</sup>, compared to climate mitigation. This underscores the need for guidance in the region to identify climate adaptation activities that are investable. As ACMF Chair for 2025 and the Co-Chair of the ACMF SFWG, the SC is spearheading the development of the mARs Guide.

The mARs Guide is intended to complement the ASEAN Taxonomy, in relation to the Environmental Objective 2 (EO2) on Climate Change Adaptation. While the ASEAN Taxonomy already sets out a robust and detailed framework for EO2, the mARs Guide will provide more detailed guidance on how to operationalise the EO2 assessment requirements and be considered eligible under the ASEAN Taxonomy. In other words, it will provide capital owners and users guidance in identifying climate adaptation-related technologies and approaches that capital should be oriented towards, aligning with the ASEAN Taxonomy.

The mARs Guide is being developed in phases for three years commencing in 2025, where the ACMF is collaborating with the United Nations Environment Programme Financial Initiatives (UNEP FI) to develop the mARs Guide. Ultimately, the mARs Guide will seek to identify key characteristics of adaptation technologies and solutions under a given activity (e.g. description, role in adaptation, status of the technology, scalability, target beneficiaries, sphere of influence, environmental,

<sup>3</sup> Asian Development Bank (August 2023), *Climate Finance Landscape of Asia and the Pacific*.

social and economic benefits, and paradigm shift potential). In 2025, through ACMF, the SC together with UNEP FI and the Sustainable Finance Institute Asia (SFIA), with feedback from the ATB, developed a White Paper that seeks to inform the development of the mARs Guide over the next phases.

The White Paper confirms that adaptation finance is relatively low in ASEAN compared to other parts of Asia, which underscores the importance of the development of the mARs Guide within the ASEAN region. It maps out climate risks and adaptation financing needs across ASEAN and lays out the principles for development of the mARs Guide.

The mARs Guide itself is envisaged as a three-year project, spanning the ACMF chairmanships of the SC, the Securities and Exchange Commission of the Philippines in 2026 and the Monetary Authority of Singapore in 2027. Through an iterative process involving issuance of versions of the mARs Guide, stakeholder consultations and testing for implementation, the project is to be completed in 2027 and will further promote climate adaptation financing in the region.

### Fostering a High-Integrity and Interoperable Carbon Market Ecosystem

As ASEAN accelerates its transition to low-carbon economies, carbon markets have emerged as a key mechanism to price greenhouse gas (GHG) emissions and fund sustainability projects within the region. ASEAN's diverse ecosystem offers significant potential to unlock carbon credits.

While ASEAN member states have been progressing at differing pace in developing their carbon markets, the growing interplay between the voluntary and compliance markets further underscores the need to strengthen governance and credibility in the carbon market space. It also underscores the importance of interoperability, and regional cooperation so that ASEAN's carbon credits are trusted and competitive globally.

Recognising the emerging importance of VCM and building on IOSCO's Report on *Voluntary Carbon Markets*<sup>4</sup>, the ACMF, through its SFWG and in collaboration with the Economic Research Institute for ASEAN and East Asia (ERIA) developed the *ACMF Voluntary Carbon Market Development Plan* and *ASEAN Voluntary Carbon Market Guidance* (VCM Guidance). The VCM Guidance was published and launched on 6 November 2025 at the ACMF International Conference 2025.

Designed as a multi-year initiative, the VCM Guidance provides practical measures for ASEAN member states to effectively manage and scale VCM, in alignment with financial market development and economic integration efforts. It aims to enhance integrity, transparency and orderly trading within the ASEAN VCM ecosystem by setting out principles and criteria tailored to the regional context, while aligned with international standards to ensure regional interoperability. In developing a well-functioning VCM, particular emphasis was given to the role of securities regulators in ensuring financial integrity; a core element alongside environment integrity.

### Talent Development and Connectivity

To cultivate a pipeline of skilled talent and support the growth and stability of regional capital markets, the SC in collaboration with Durham University curated and launched the Young Regulators Development Programme (YRDP). The YRDP aims to enhance young regulators' competencies and aptitude by providing a strong foundation in capital market regulation and supervision, while keeping them updated on emerging trends and best practices.

The two-week intensive programme targets early-career capital market regulators with three-to-five years of work experience from ASEAN and IOSCO and will be held annually from 2025 to 2027. The 2025 iteration from 11 to 22 August included 17 participants from Malaysia, comprising officers from the SC, Bank Negara Malaysia and Bursa Malaysia, as well as 13 participants from other international regulators, the majority of which were from ASEAN.

<sup>4</sup> *Voluntary Carbon Final Report*, <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD774.pdf>.

In collaboration with CGS International Securities, SC co-organised the ASEAN Investment Challenge 2025 - a specially designed trading competition for university students, focusing on stock trading across five ASEAN countries to develop financial skills and enhance understanding of regional markets.

The competition ran for seven months, with the official launch taking place at the ASEAN Investment Conference 2025 in April. More than 6,000 university students from Malaysia, Indonesia, Singapore, Thailand and the Philippines participated in the challenge, with the final assessment and awarding taking place at the ACMF International Conference on 6 November 2025.

### Promoting Regional Corporate Champions – The MyABE Status

As announced in the Budget 2026, the SC, with the support of the government, introduced the MyABE Status to recognise Malaysian companies that exemplify regional leadership within ASEAN. The initiative seeks to establish a class of companies distinguished by their strong regional presence, adherence to high standards of governance and sustainability, and potential for further expansion across ASEAN.

The MyABE framework comprises two categories; for PLCs, the MyABE-PLC and for MTCs, the MyABE-MTC. The MyABE-PLC Status is intended to recognise Malaysian PLCs that have established a strong regional footprint, while the MyABE-MTC Status recognises the growth and regional expansion potential of Malaysian MTCs.

In conjunction with the ACMF International Conference held in November, the pilot MyABE Cohort 1 was announced by Prime Minister YAB Dato' Seri Anwar Ibrahim. The pilot cohort comprise the following companies:

#### MyABE-PLCs

- **CIMB Group Holdings Bhd** – a leading ASEAN bank serving millions of customers across the region.
- **IHH Healthcare Bhd** – one of the world's largest private healthcare groups.
- **Kuala Lumpur Kepong Bhd** – a century old Malaysian multinational with diversified global operations in plantations, manufacturing and resource-based industries.

#### MyABE-MTCs

- **Aonic Sdn Bhd** – a leading company in the drone technology ecosystem.
- **MECIP Global Engineers Sdn Bhd** – a multi-disciplinary oil and gas engineering consultancy firm.
- **NSW Automation Sdn Bhd** – which is one of the world's leading providers for precision dispensation system in the global microelectronics and semiconductor industries.

The MyABE Status accords participating companies with facilitative measures and incentives to support their regional expansion. The first incentive introduced focuses on skilled talent mobility, as well as funding support for the MyABE-MTCs, where qualifying MyABE-MTCs can tap on the NIMP CoSIF, under a priority investment ratio. This will help accelerate their growth, modernisation, and integration into regional supply chains.

## SPECIAL FOCUS: OMAN AS A STRATEGIC PARTNER IN BRIDGING ASEAN AND GCC CAPITAL MARKET

As part of its broader internationalisation agenda, the SC deepened engagement with the Gulf Cooperation Council (GCC) in 2025 by advancing a strategic partnership with Oman's Financial Services Authority (FSA) as a pilot initiative to strengthen ICM collaboration with the GCC.

Beyond strengthening bilateral regulatory ties, this engagement is intended to serve as a practical bridge between ASEAN and GCC capital markets. Malaysia's comprehensive Shariah-compliant ecosystem, strong capital market infrastructure, and trusted regulatory environment position it well to channel Omani capital into ASEAN's long-term growth opportunities, particularly in sectors such as renewable energy, infrastructure, halal economy, and sustainable agriculture.

Meanwhile, Oman's emphasis on ethical, high-impact investments align closely with Malaysia's capability to structure solutions that meet both commercial and Maqasid-aligned objectives.

### Laying the Groundwork

The engagements in Muscat, including the SC-IFN Business Forum and the Malaysia-Oman Investment Dialogue, advanced efforts to deepen Malaysia and ASEAN collaboration with GCC. The sessions strengthened regulatory cooperation, catalysed co-investment opportunities and explored product innovation to support greater bilateral and regional connectivity.

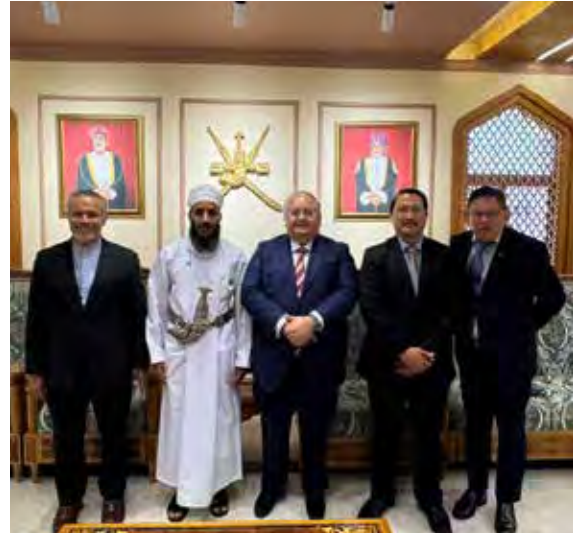
### Joint Programme for Capital Market Development Cooperation

In pursuit of deeper bilateral and regional collaboration, the Joint Programme for Capital Market Development Cooperation was signed by Dato' Mohammad Faiz Azmi, Chairman of the SC, and H.E. Abdullah Salim Al Salmi, Executive President of the FSA Oman. This two-year collaboration focuses on joint capacity building, knowledge exchange and cross-market promotion to position both Malaysia and Oman as attractive investment destinations.

Key areas of cooperation include:

- Joint cross-market promotion of Malaysian and Omani investment opportunities to investors in both countries.
- Assessing the feasibility of mutual recognition arrangement between the SC and FSA Oman to promote cross or dual listings of products and listed companies.
- Joint development programmes, including staff secondments and other training programmes.
- Knowledge sharing on published capital market research, policy frameworks, and market development strategies.

Through this Joint Programme, the SC seeks to leverage Malaysia’s mature Islamic Capital Market to strengthen linkages between ASEAN and the GCC. By aligning regulatory practices, promoting cross-border investment opportunities and enhancing institutional capabilities, the programme provides a practical pathway for GCC investors to access opportunities in Malaysia and the wider ASEAN region, while enabling Malaysian and ASEAN market participants to tap into GCC capital pools. This structured collaboration supports greater regional connectivity, facilitates knowledge and talent exchange, and reinforces Malaysia’s position as a gateway for ASEAN–GCC capital market engagement.



Looking ahead, the SC will continue to strengthen engagements within the GCC, while progressively broadening collaborations with other regions. These efforts will remain anchored on the ICM as a platform for ethical finance, where internationalisation supports not only market connectivity and capital mobilisation, but also the *Maqasid al-Shariah* objectives of sustainable development, social equity, and long-term economic resilience. Through this approach, Malaysia seeks to position its capital market as a credible global hub for Islamic finance, that delivers both financial value and positive societal impact.