



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Virtual Media Conference

April 2020

Market Overview



Global financial markets are facing heightened levels of stress amidst unprecedented world-wide public health emergency



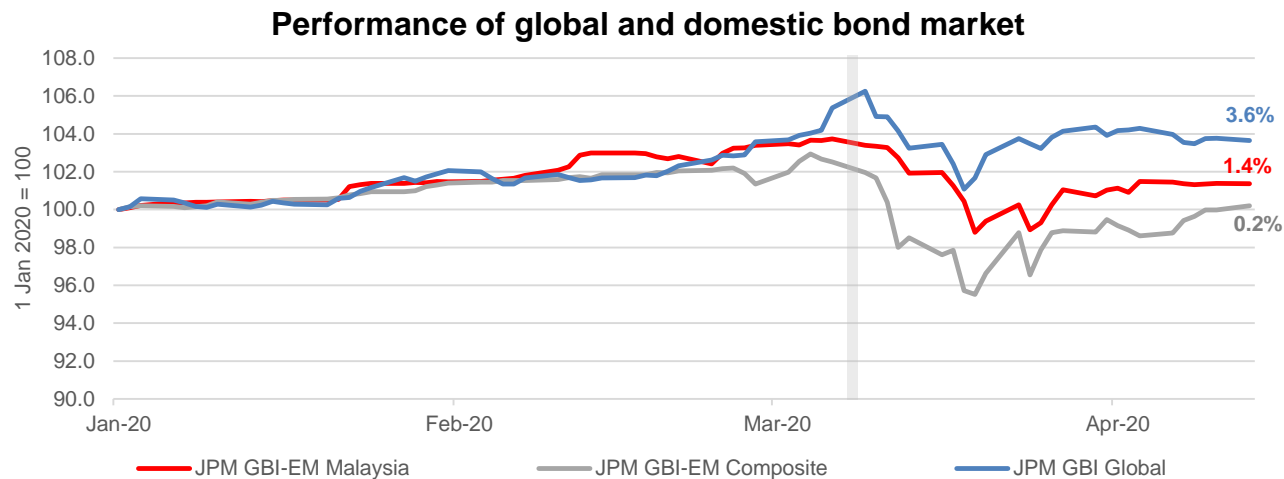
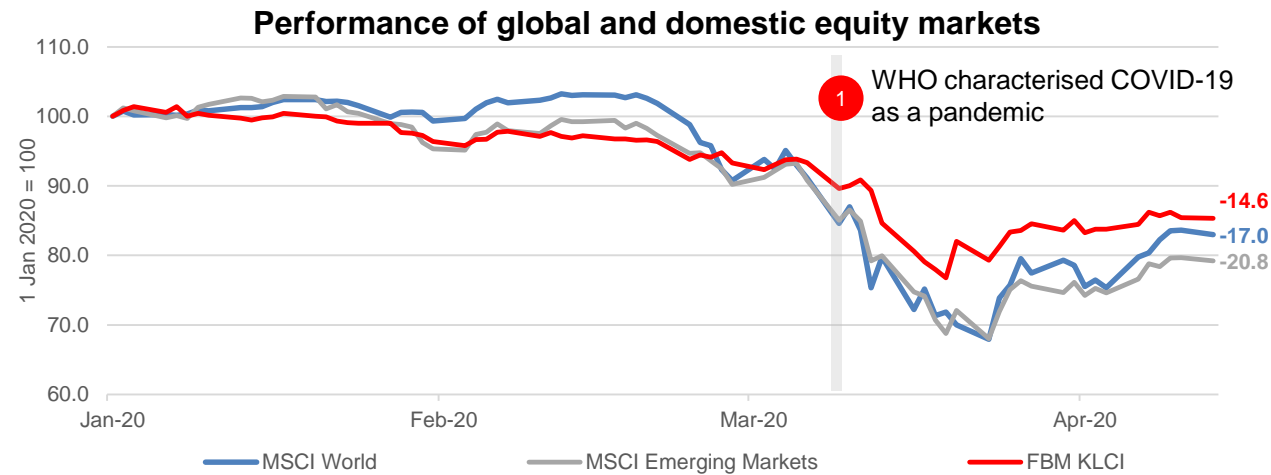
Conditions in global financial markets has deteriorated since March

- Unprecedented policy actions by governments and central banks have helped to contain further deterioration
- Significant uncertainty and volatility will remain, until public health emergency and attendant economic challenge abate

The Financial Stress Index (FSI) is a daily market-based snapshot of stress in global financial markets. It measures systemic financial stress — disruptions in the normal functioning of financial markets. The FSI is positive when stress levels are above average, and negative when stress levels are below average.

Source: Office of Financial Research, US Department of the Treasury

Malaysian capital market has been affected, but conditions have remained orderly and continued to be supported by ample domestic liquidity



Market conditions have remained orderly

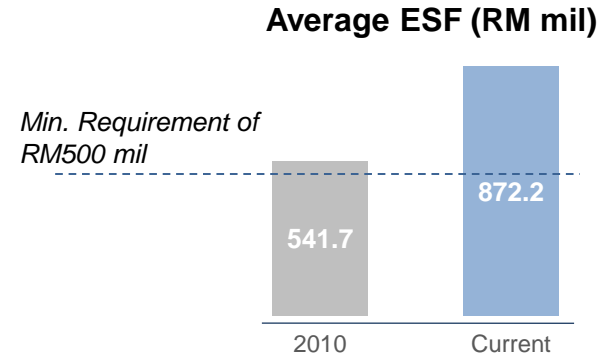
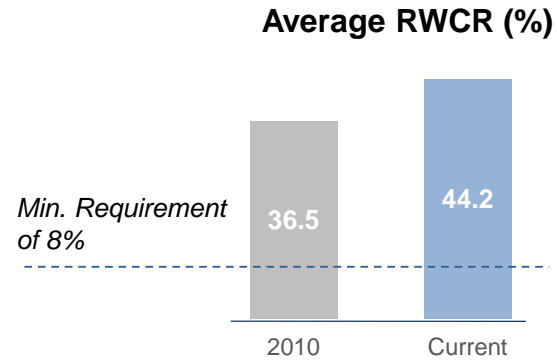
- While affected, domestic market performance have been relatively better than emerging peers
- Supported by ample domestic liquidity that helped limit foreign selling pressure, including retail investors in the equity market

Note: Data as at 13 April 2020

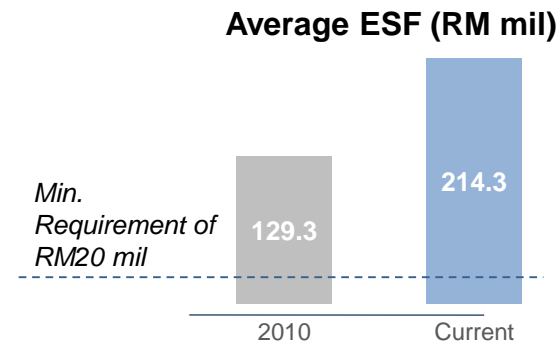
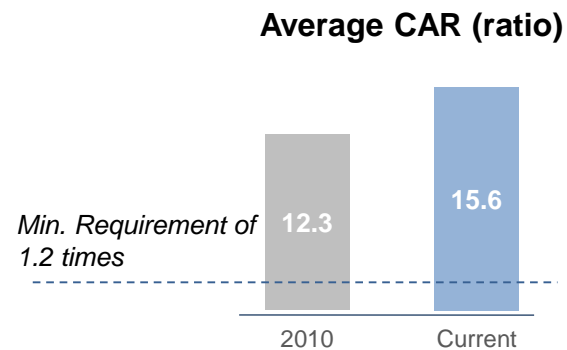
Source: Thomson Reuters Datastream, Bursa Malaysia

Investment banks and brokers continue to be well-capitalised to undertake market activities amidst challenging times

Investment Banks' RWCR and Shareholders' Funds' are well above minimum requirement



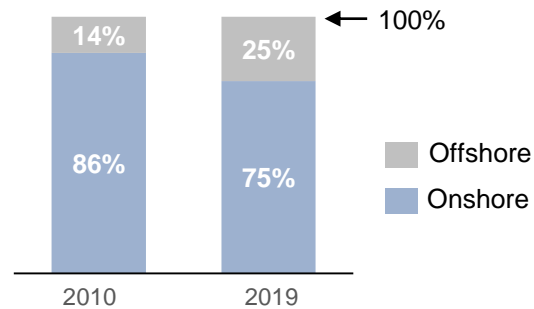
Brokers' CAR and Shareholders' Funds' are similarly above minimum required levels



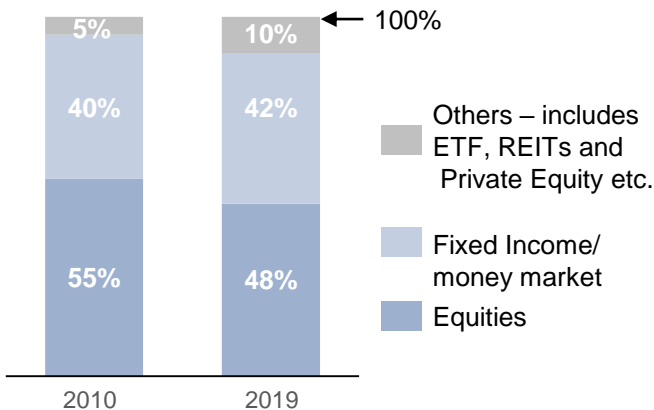
Greater diversification and fund managers' liquidity management processes mitigate downside risk

Fund management industry is more diversified compared to a decade ago...

Reduced concentration in domestic market



Greater diversification in asset class



...and continue to see liquidity within the private unit trust industry

- Whilst there was higher net redemption in the money market and fixed income funds in mid-March, this has gradually tapered off as we entered the first week of April
- We also observed reinvestment and switching activities into equity funds
- In addition, fund managers have in place adequate liquidity risk management processes to manage redemptions in an orderly manner

Fundraising avenues continue to play role

1 IPOs and bond issuances

RM22.7 bil	Total funds raised (Q1 2020)
RM22.0 bil	<i>Corporate bonds and sukuk</i>
RM0.7 bil	<i>Equity (incl. 7 IPOs)</i>

- Provided flexibilities for primary market fund raising
- Time extension and flexibilities given to rights issues implemented during the MCO period
- Companies may delay fundraising to reassess business needs post-MCO
 - To also re-evaluate the market conditions post-IPO

2 Alternative fundraising avenues (SMEs)

Total funds raised (Q1 2020)	RM126 mil
<i>P2P financing</i>	RM106.6 mil
<i>ECF</i>	RM19.4 mil

- SC working actively with platform operators to monitor situation
 - For P2P, no significant increase in defaults – overall default percentage of approximately 4%
 - Proactive steps taken: Adapting credit assessment and credit limits, offer R&R measures
- Malaysia Co-Investment Fund (MyCIF) has changed its co-investment criteria from initial 1:4 to 1:2 to ensure potential issuers continue to be funded

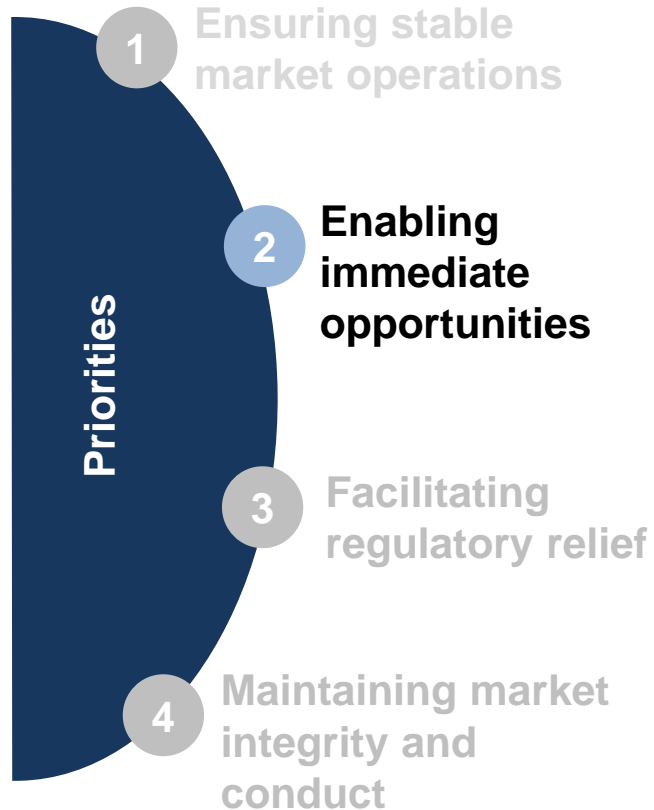
SC Priorities for 2020



Priority to ensure continued market operations over this period of volatility and pro-longed social distancing



Developmental efforts will focus on enabling immediate business opportunities



Digitisation of capital markets



Liberalise digitisation of investment products as well as advertising and promotions **NEW!**



Accelerate #OpenAccountOnline, #Trade&SettleOnline, #ExerciseRightsOnline

Continued fundraising access



Liberalise ECF fundraising limit to RM 10 million, and launch secondary trading for ECF/P2P **NEW!**



Conduct feasibility study to facilitate greater access to funding for small & mid cap companies and SMEs including the issuance of debt instruments **NEW!**



Waiver of listing-related fees for IPOs



Ease fundraising for listed companies **NEW!**

Expand investment solutions

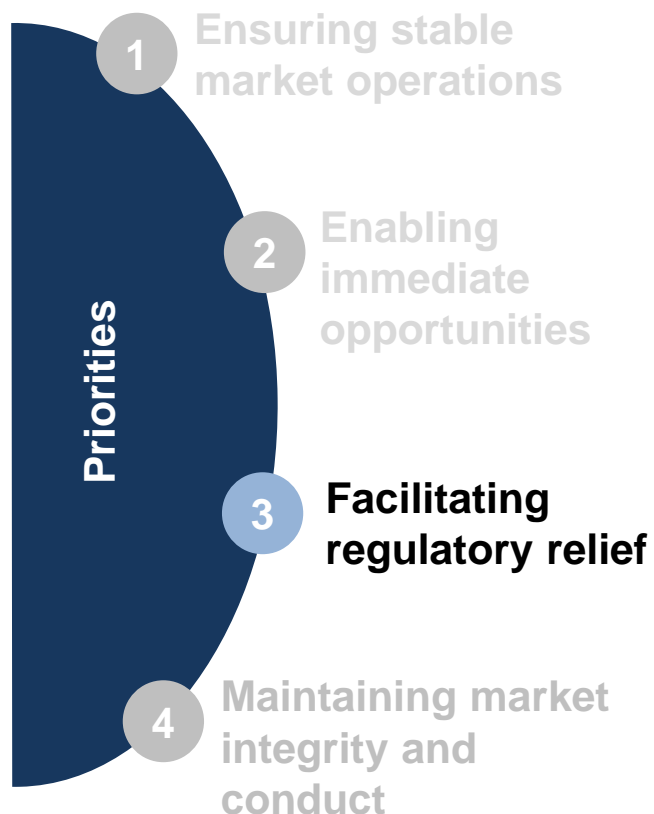


Facilitate waqf collective investment schemes and alternative investments for funds **NEW!**




Liberalise advisory scope for financial planners **NEW!**


Continued engagements on regulatory reliefs for investors, public listed companies/issuers and intermediaries over this challenging period





For intermediaries, listed companies and issuers:

 Further extensions on audited reports and periodic reports **NEW!**


For listed companies and issuers only:

 Relief on the prospectus lodgement with Registrar of Companies **NEW!**

 Facilitate for virtual AGMs **NEW!**

 Facilitate alternatives to meet requirements of take-over rules **NEW!**

 PN17/GN3 companies to have longer time to regularise financials

 Review PN17/GN3 classification amidst current landscape **NEW!**

In addition to reliefs already announced for investors and intermediaries

We will continue to uphold market integrity and conduct, with priorities on market misconduct, corporate fraud and operational resilience





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Thank you