

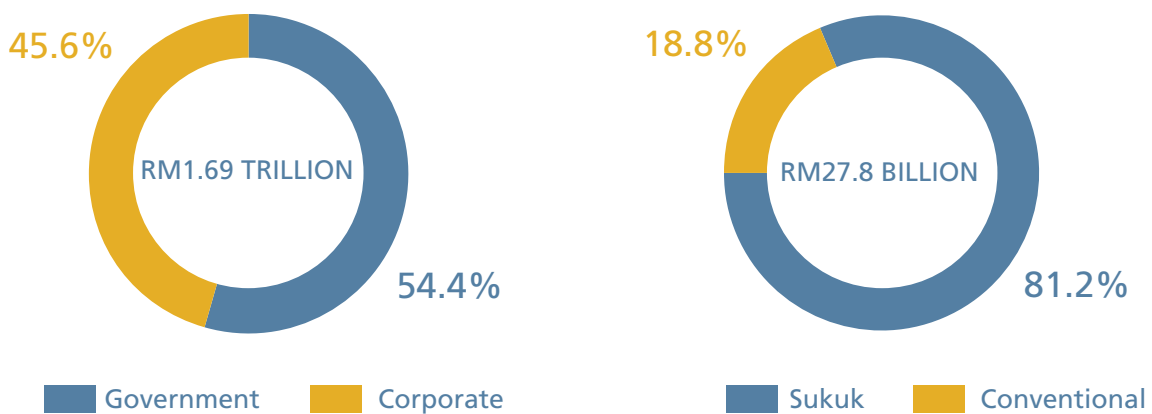
KEY DEVELOPMENTS

HIGHLIGHTS

- As at end Q2 2021, the size of the Malaysian bond and sukuk market stood at RM1.69 trillion, which represented an increase of 8.9% from Q2 2020.
- Three revised Guidelines issued by the SC were LOLA Guidelines in April 2021, AML Guidelines in April 2021 and the SBC Guidelines in May 2021.
- On 28 April 2021, the SC issued an update of the MCCG to strengthen CG culture and practices of listed companies.
- As at 30 June 2021, the Audit Oversight Board (AOB) registered 346 individual auditors and 38 audit firms and recognised 13 foreign individual auditors from 4 foreign audit firms.

CORPORATE BOND AND SUKUK ISSUANCES

BOND AND SUKUK MARKET AS AT END Q2 2021: RM1.69 TRILLION



At the end of Q2 2021, the size of the Malaysian bond and sukuk market stood at RM1.69 trillion, which represented an increase of 8.9% from the corresponding period in 2020. Government bonds accounted for RM924 billion or 54.4% of total bonds outstanding while corporate bonds constituted the remaining amount of RM774 billion or 45.6%. Total outstanding sukuk stood at RM1.07 trillion or 62.8% of the total bond market (Q2 2020: RM977 billion).

The issuance of corporate bonds during Q2 2021 amounted to RM27.8 billion. Of this total, 81.2% comprised sukuk issues while conventional bonds constituted the remaining 18.8%. Total issuance in the corresponding period in 2020 amounted to RM16.9 billion.

Foreign investment in the bond market as at end of Q2 2021 amounted to RM247.4 billion, which was equivalent to 14.6% of total outstanding bonds.

UPDATE ON LAW REFORM AND SECURITIES REGULATION

Amendments to the LOLA Guidelines

The revised LOLA Guidelines was issued on 26 April 2021, in light of the enhancements made to the LOLA Online Submission System to improve operational efficiency for both the industry and the SC. This includes providing for the upsizing of a debt or sukuk programme and to allow for online notifications to be made for revisions to the principal terms and conditions of the corporate bond or sukuk.

Amendments to the SBC Guidelines

On 20 May 2021, the SC released the revised SBC Guidelines, to improve the standard of conduct among stockbroking companies.

The amendments include the following:

- Heightened measures to protect the customer's online trading account;
- Enhancements on the governance of compliance function; and
- Addition of a new core principle to emphasise the importance of establishing a sound data governance framework.

Amendments to the AML Guidelines

On 26 April 2021, the SC issued the revised AML Guidelines to introduce new and enhanced requirements to ensure the AML Guidelines meets international standards issued by the Financial Action Task Force. In addition, there are new requirements introduced in relation to wire transfers of digital assets.

MARKET DEVELOPMENT

Joint Committee on Climate Change Flagship Conference

The JC3¹ hosted its flagship conference on climate change, 'FinanceforChange'. The conference, held virtually from 23 to 25 June 2021, aimed to share knowledge, best practices and solutions in tackling climate change. There were more than 70 notable speakers at the conference.

The three-day conference covered discussions over a broad spectrum of stakeholders, including the financial sector, and how sustainability can be integrated into business decision-making at the board and management levels; as well the role of the private sector in accelerating the climate agenda.

Second Programme of the NaviGate: Capital Market Green Financing Series

On 31 May 2021, the SC held its second NaviGate event, which focused on companies with larger financing needs to finance their green and sustainable finance projects through the issuance of SRI sukuk and ASEAN-labelled bonds.

The NaviGate series aims to create greater awareness on SRI through various capital market funding avenues as well as encourage greater connectivity between green and sustainability-focused companies and the capital market.

The second event, organised by Capital Markets Malaysia and supported by Bank Pembangunan Malaysia Bhd and Danajamin Nasional Bhd, was attended by more than 200 participants.

¹ JC3 is a platform established in September 2019 to pursue collaborative actions for building climate resilience within the Malaysian financial sector. Led by the SC and Bank Negara Malaysia (BNM), members include senior officials from Bursa Malaysia and 19 financial industry players as well as relevant experts.

SIDC SRI Virtual Conference 2021

On 16 and 17 June 2021, the Securities Industry Development Corporation (SIDC) organised a two-day conference themed 'Paving the Way for Profitability through Sustainability'. The conference was held to assist business leaders and policymakers in recognising the challenges and opportunities posed by unprecedented changes in global markets developments.

CORPORATE GOVERNANCE INITIATIVES

Update on the MCCG

On 28 April 2021, the SC issued an update of the MCCG to strengthen the CG culture and practices of listed companies.

The updates focused on among others, board policies and practices on the selection and nomination of directors, board oversight of sustainability risks and opportunities as well as provide further guidance for MCCG practices with low levels of adoption as reported in the SC's annual *Corporate Governance Monitor* report.

The 2021 edition came into effect on 28 April 2021 and the first batch of companies to begin reporting on their adoption of the best practices will be those with financial year ending 31 December 2021. The two-tier voting process will be applicable for resolutions tabled at general meetings held on or after 2 January 2022.

Collaboration between the SC and Monash University Malaysia to promote early understanding of CG among youth

On 27 May 2021, the SC and Monash University formalised a collaboration agreement to promote early understanding of CG principles and practices

among students of Monash University. This initiative is in line with the SC's strategy to drive good CG in Malaysia, by investing in the youth and supporting them in reaching their full potential as future leaders and agents of positive change.

The collaboration with Monash University will involve guest lectures by the SC on selected CG topics as well as joint research efforts to inform and deepen policy formulation and enrich academic studies on CG. The first inaugural lecture by the SC will be delivered by the SC Chairman in Q3 2021.

Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers

The SC first issued the *Guidance Note on the Conduct of General Meetings for Listed Issuers* (Guidance Note) on 18 April 2020 to assist listed issuers on Bursa Malaysia with the conduct of general meetings, including Annual General Meeting, Extraordinary General Meeting and Meeting of Unitholders during the MCO, which placed restrictions on movement and gatherings.

Between 18 April 2020 and 30 June 2021, a total of 1,654 general meetings were conducted – 293 fully virtual (17.7%), 856 virtual (51.8%) and 502 physical (30.3%), with the remaining 3 hybrid.

DEVELOPMENT OF ISLAMIC CAPITAL MARKET

Driving Islamic Fintech Innovation Ecosystem with FIKRA

On 25 May 2021, the SC and the UNCDF, through its Centre for Financial Health programme launched an innovation initiative to develop a vibrant Islamic fintech ecosystem in Malaysia's Islamic capital market (ICM).

The programme, known as FIKRA, aims to identify and scale relevant and innovative Islamic fintech solutions that can help address the three main challenge areas, namely, new ICM offerings, accessibility and social finance integration.

FIKRA is designed to turn ideas into real-life solutions taking innovators through the entire value chain from ideation, solutions validation, prototype building, creating a fundraising pitch deck, to preparing

applicants for an effective pitching to potential investors and more.

Shariah-Compliant Securities Review

In Q2 2021, the SC reviewed 5 pre-IPO applications, 2 IPOs, 164 listed securities and 3 new securities on the LEAP Market, which are Shariah compliant.

An updated list of Shariah-compliant securities was released and took effect on 28 May 2021. The list featured 746 Shariah-compliant securities, representing 80% of the total securities of 936 listed on Bursa Malaysia (including securities on the LEAP Market). It included 25 newly-classified Shariah-compliant securities and excluded 15 from the previous list issued in November 2020.

INVESTOR EMPOWERMENT PROGRAMMES

The SC continued to expand its investor empowerment programmes to reach out to the public despite the reinstatement of MCO by the Malaysian government in Q2 2021. The SC retained its focus on digital media and television, and collaborated with partners who have developed online investor education programmes to widen reach during the MCO. InvestSmart® also made full use of its social media platforms to reach out to the public with bite-sized information to further educate them on capital market products and services.