



PART 5
ORGANISATION
INFORMATION

BOARD MEMBERS



**DATO' ALIZATUL
KHAIR OSMAN
KHAIRUDDIN**



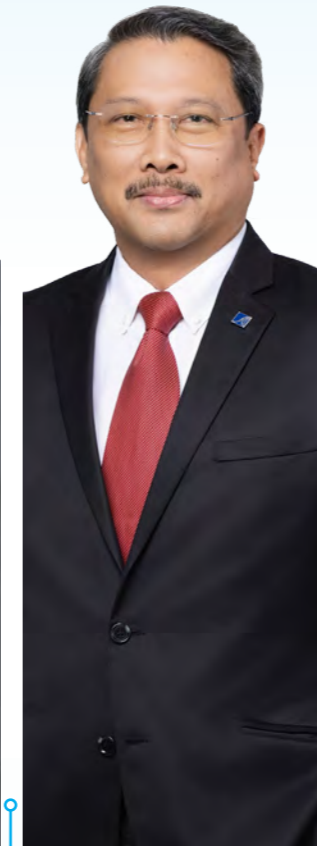
**TAN SRI
WEE HOE SOON
@ GOOI HOE
SOON**



**DATUK DR. ZUNIKA
MOHAMED**



**DATO' MOHAMMAD
FAIZ AZMI**



**KEMAL RIZADI
ARBI**



**DATUK DR.
SHAHRAZAT
HAJI AHMAD**



**DATUK NIK
MOHD
HASYUDEEN
YUSOFF**

Note:

- The line-up of Board Members as at 31 December 2025.
- Datuk Dr. Shahrazat Haji Ahmad completed her board member tenure on 14 February 2026.
- Tuan Kamal Azira Hassan (*not in picture*) was appointed Board Member on 15 February 2026.
- Adnan Zaylani Mohamed Zahid (*not in picture*) was appointed Board Member on 15 February 2026.



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Board Members

DATO' MOHAMMAD FAIZ AZMI

Appointed 16 June 2024



DATO' MOHAMMAD FAIZ AZMI, FCA was appointed the Executive Chairman of the Securities Commission Malaysia (SC) in June 2024 by the Minister of Finance. He was appointed as Board member of the SC in August 2023. He was the Chairman of PwC Malaysia for 11 out of his 30 years with the firm. He has over 38 years of experience in the audit and business advisory services in Malaysia and the UK. He was the leader of PwC's Global Islamic Finance Team practice from 2007 to September 2012. He was also PwC's Malaysia's Financial Services Leader and joint Head of Audit and led the ESG and Shariah Investing as part of PwC's Sustainability and Climate Change practice in Malaysia. He retired as a partner and the Executive Chairman of PwC Malaysia in June 2023.

Dato' Faiz has advised the government on accrual accounting, financial restructurings, and investigations, and has acted as an administrator for several entities. Notably, he was also involved in the Federal Government National COVID-19 vaccine rollout.

A Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Malaysian Institute of Accountants (MIA), he has served as President of the MIA, Chairman of the Malaysian Accounting Standards Board, and President of the Kuala Lumpur Business Club. He is an elected member of the ICAEW Council and was appointed Chairman of the ICAEW Malaysia Advisory Group. He is a member of the Worshipful Company of Chartered Accountants England and Wales. In 2024, Dato' Faiz was appointed an Honorary Chartered Membership by Chartered Institute of Islamic Finance Professionals.

He studied law at Durham University, was called to the English Bar, and holds Honorary Doctor of Laws degrees from the University of Nottingham and Durham University. He is an alumnus of Lincoln's Inn, a member of the Inns of Court Malaysia and, in 2025, appointed as an Honorary Bencher of the Honourable Society of the Inner Temple. He was conferred the Darjah Kebesaran Sultan Sharafuddin Idris Shah (DSIS), which carries the title Dato', by the Sultan of Selangor in 2013. In 2025, Dato' Faiz was also named CEO Champion for the Public Sector at the LIFE AT WORK Awards organised by Talent Corporation Malaysia Bhd.

DATO' ALIZATUL KHAIR OSMAN KHAIRUDDIN

Appointed 1 January 2019



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 (2011).

In 2017, Dato' Alizatul Khair was appointed to the Federal Court where she served until her retirement in 2019. On 18 December 2025 Dato Alizatul was appointed as Hakim Mahkamah Utama Syariah, Negeri Perak for a period of three years.

TAN SRI GOOI 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 include mergers and acquisitions and corporate debt restructuring exercises by PLCs.

He is a member of the EPF Investment Panel and currently sits on the board of directors of JaGaSolution Bhd (formerly known as Red Ideas Holdings Bhd), AIA Bhd, and Hydropipes Bhd. 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, and was previously director at Yinson Holdings Bhd, Perusahaan Sadur Timah Malaysia (PERSTIMA) Bhd, and LMS Compliance Ltd. 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 joined the civil service in 1994 and spent most of her career at the Economic Planning Unit (EPU, Prime Minister's Department). At EPU, she held various positions and portfolios including macroeconomic, agriculture and infrastructure planning as well as distribution and regional development. In late 2018, she had a one-year stint in the Ministry of Agriculture

and Agro-based Industries (MOA), covering policy and strategic planning, business development and investment, agriculture modernisation and international co-operation. She is a trained economist. In her current position at the Ministry of Economy, she led the preparation and conceptualisation of the 12th Malaysia Plan, 2021-2025, and the 13th Malaysia Plan, 2026-2030. She also oversees national policy formulation and development of strategic programmes in a various sectors related to health, human capital, housing, regional balance and socioeconomic aspects.

She received her Doctorate in Economics from the University of Putra Malaysia (UPM) and obtained her postgraduate and undergraduate economics degrees at the International Islamic University (IIU), Malaysia and the University of North Texas, US, respectively. She also holds a diploma in Public Administration from the National Institute of Public Administration (INTAN) Malaysia. Currently she also sits on several boards of government statutory bodies namely the Halal Development Corporation Bhd (HDC), Rubber Industry Smallholders Development Authority (RISDA), Selangor State Development Corporation (PKNS), and Permodalan Darul Ta'zim (PDT).

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 Financial Services Authority (Oman FSA) since 2013, which regulates and develops the financial industry 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 FSA, 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 was also a Member of the Malaysian Audit Licensing Interview Panel Committee of the Ministry of Finance Malaysia.

He had 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 group and another investment bank previously owned by the Minister of Finance (Incorporated) Malaysia. In addition, he had been a Board Member of an asset management company previously co-owned by the Johor Corporation involved in fund management. He has also been appointed as a Professor of Practice by the INCEIF University Malaysia, and elected as President of the Chartered Institute of Islamic Finance Professionals (CIIF) where he is a Fellow chartered member (F.CPIF). He is also a Fellow of the Institute of Corporate Directors Malaysia ICDM(F) and Fellow of the Malaysian Institute of Management, FMIM.

Kemal 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 INCEIF University, Malaysia.

DATUK DR. SHAHRAZAT HAJI AHMAD

Appointed 15 February 2024



DATUK DR. SHAHRAZAT HAJI AHMAD is currently the Deputy Secretary General of Treasury (Investment) with the Ministry of Finance (MOF).

She graduated from the MARA Institute of Technology (ITM) in 1993 with an Advanced Diploma in Accounting and later attained both her Masters and Doctorate in Social Sciences in International Economics from the International University of Japan and The University of Kitakyushu, Japan, respectively.

Datuk Dr. Shahrazat began her service with the government at the MoF in January 1995 at the Government Investment Company Division. First as Assistant Secretary then later as Principal Assistant Secretary. Subsequently in April 2010, she joined the

DATUK DR. SHAHRAZAT HAJI AHMAD (continued)

Implementation Co-ordination Unit (ICU) in the Prime Minister's Department, where she served for 11 years until November 2021. She started with the position of Deputy Director of Infrastructure Division, before being promoted as Director in several different divisions such as Economic, Social and Outcome Evaluation divisions.

Datuk Dr. Shahrazat was later appointed as Deputy Director General of Development, the last post she held in the ICU, Prime Minister's Department before being

transferred to the Ministry of Defence in November 2021. She held the position of Deputy Secretary General of Development for two years before being transferred to MoF with her current position as Deputy Secretary General of Treasury (Investment). She is currently a director of the the National Trust Fund of Malaysia (KWAN), Armed Forces Fund Board (LTAT) and Telekom Malaysia. She also serves as director in private companies under the purview of MOF Inc.

DATUK NIK MOHD HASYUDEEN YUSOFF

Appointed 15 January 2025



DATUK NIK MOHD HASYUDEEN YUSOFF has over 30 years of experience in the accounting and regulatory fields; and has held leadership roles across various organisations. He currently sits on the boards of Lembaga Tabung Haji, Petron Malaysia Refining &

Marketing Bhd and Bank Islam Malaysia Bhd. Previously, he was Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji, the SC's Executive Director in charge of Market and Corporate Supervision and the Executive Chairman of the Audit Oversight Board.

He was also the President of the Malaysian Institute of Accountants and a member of the Malaysian Accounting Standards Board.

Datuk Nik Hasyudeen is also an Adjunct Professor at the Faculty of Business and Economics, University of Malaya.

He is a member of the Malaysian Institute of Accountants and a fellow of the CPA Australia. He holds a degree in Business from Curtin University, Perth, Western Australia.

EXECUTIVE MEMBERS

MEHA KASBUN Executive Director Enterprise	BUDIMAN LUTFI MOHAMED Executive Director Enforcement	DR. WONG HUEI CHING Executive Director Digital Strategy & Innovation	YEW YEE TEE Executive Director and General Counsel	SHARIFATUL HANIZAH SAID ALI Executive Director Islamic Capital Market	DATO' MOHAMMAD FAIZ AZMI Chairman	DATIN PADUKA AZALINA ADHAM Managing Director	DATO' ZAIN AZHARI MAZLAN Executive Director Corporate Finance & Investments	ALEX OOI THIAM POH Executive Director and Head Audit Oversight	DATUK SERI ABDUL JALIL HAMID Special Adviser & Chairman's Office	NEETASHA RAUF Chief Sustainability Officer	SHAHRUL AMRY ABD MALEK Director Market Development
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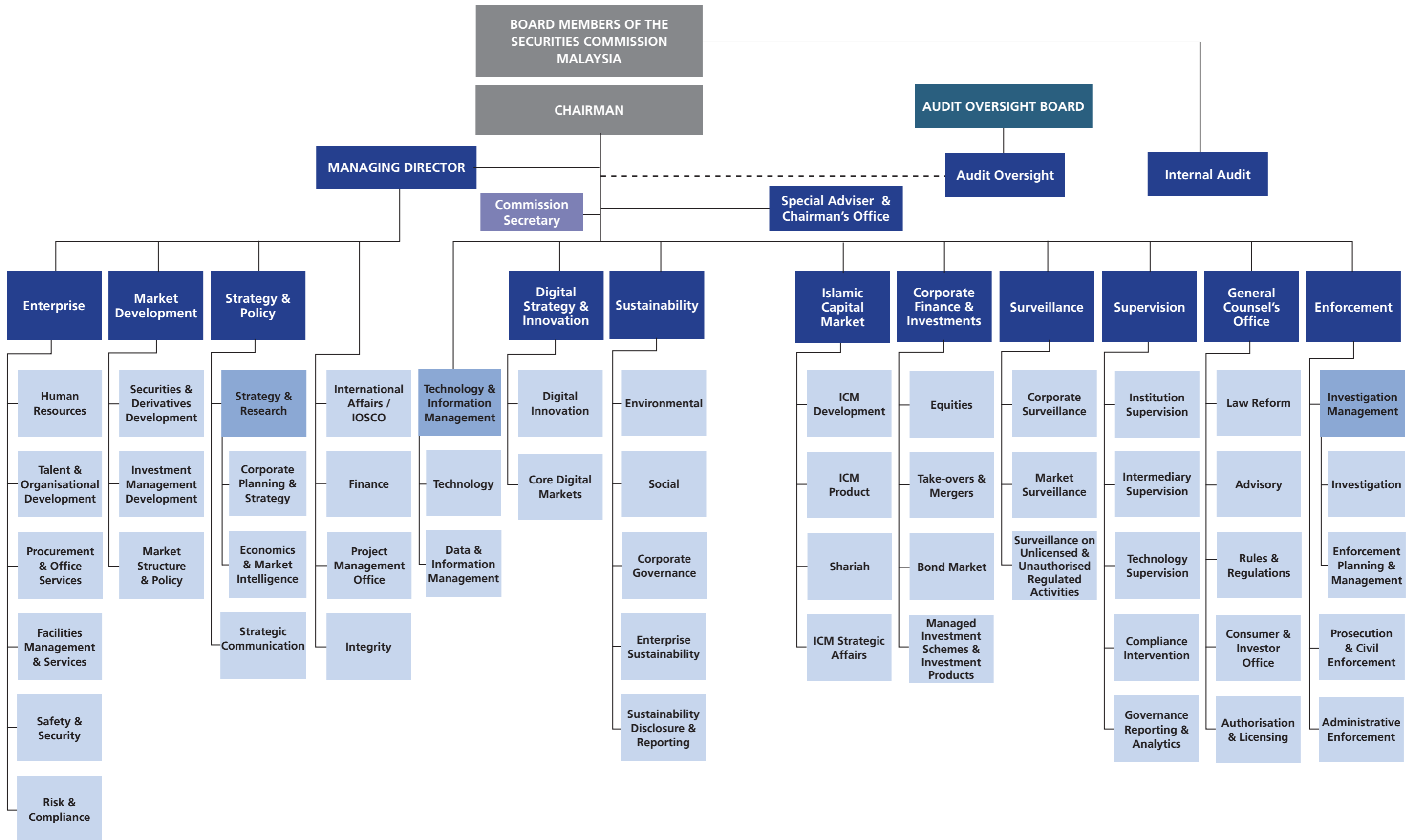
Note:

- Meha Kasbun was appointed as Executive Director of Enterprise on 1 February 2026.
- Shahrul Amry Abd Malek was appointed as Director of Market Development on 3 November 2025.
- Salmah Bee Mohd Mydin retired as Executive Director of Market Development on 31 December 2025.



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ORGANISATION STRUCTURE



SHARIAH ADVISORY COUNCIL MEMBERS



**PROFESSOR DATO'
DR. AZNAN HASAN**
Chairman



**PROFESSOR DR. ENSKU
RABIAH ADAWIAH ENSKU ALI**
Deputy Chair



**PROFESSOR DATO'
DR. ASHRAF MD HASHIM**



**SAHIBUS SAMAHAH
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

STATEMENT ON GOVERNANCE

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. 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. 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 SC. 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' Mohammad Faiz Azmi was appointed as the SC Chairman on 16 June 2024, following his appointment as a Board member on 15 August 2023. A profile of Board members is featured on pages 164 to 169 and their involvement in the various committees established by the Board is provided on page 177.

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 a 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:

- to advise the Minister on all matters relating to the capital market;
- to regulate all matters relating to the capital market;

- to ensure that the provisions of the securities laws are complied with;
- to regulate the take-overs and mergers of companies;
- to promote and regulate all matters relating to fund management, including unit trust schemes and private retirement schemes;
- to be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- to take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- to promote and encourage proper conduct amongst participating organisations, participants, affiliates, depository participants and all licensed or registered persons of an exchange, clearing house and central depository, as the case may be;
- to suppress illegal, dishonourable and improper practices in the capital market, and in the provision of investment advice or other services relating to the capital market;
- to consider and make recommendations for the reform of the securities laws;
- to encourage and promote the development of the capital market in Malaysia, including research and training in connection thereto;
- to encourage and promote self-regulation by professional associations or market institutions in the capital market;
- to license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under the securities laws;
- to promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- to register or recognise all auditors of public interest entities or schedule funds, and to exercise oversight over any person who prepares a report

in relation to financial information of public interest entities or schedule funds, in relation to capital market activities;

- to promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;
- to take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;
- to promote and regulate corporate governance and approved accounting standards of listed corporations; and
- to set and approve standards for professional qualification for the capital market.

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

Board Meetings

Eleven Board meetings were held in 2025, with a quorum requirement of five members. The attendance record is set out in Table 1.

The Board's governance of the SC is supported by the various board committees established under section 18 of the SCMA, as listed in Table 2.

TABLE 1
Attendance at Board meetings

Board Member	Number of meetings attended
Dato' Mohammad Faiz Azmi	11/11
Tan Sri Gooi Hoe Soon	10/11
Datuk Dr. Zunika Mohamed	8/11
Dato' Alizatul Khair Osman Khairuddin	11/11
Kemal Rizadi Arbi	11/11
Datuk Dr Shahrazat Ahmad	8/11
Datuk Nik Mohd Hasyudeen Yusoff ¹	10/11

Note:

¹ Appointed to the Board on 15 January 2025.

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.

TABLE 2
Board Committees

Committee	Key responsibility	Board Members
1. Audit and Risk Committee (ARC)	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"> Tan Sri Gooi Hoe Soon (Chairman) Datuk Dr. Zunika Mohamed Dato' Alizatul Khair Osman Khairuddin Datuk Nik Mohd Hasyudeen Yusoff¹
2. Issues Committee	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"> Dato' Mohammad Faiz Azmi (Chairman) Tan Sri Gooi Hoe Soon Dato' Alizatul Khair Osman Khairuddin Datuk Dr Shahrazat Ahmad Datuk Nik Mohd Hasyudeen Yusoff¹
3. Take-overs and Mergers (TOM) Committee	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"> Dato' Mohammad Faiz Azmi (Chairman) Kemal Rizadi Arbi Datuk Dr Shahrazat Ahmad Datuk Nik Mohd Hasyudeen Yusoff¹
4. Licensing Committee	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"> Dato' Mohammad Faiz Azmi (Chairman) Dr. Zunika Mohamed Kemal Rizadi Arbi
5. Nomination and Remuneration Committee (NRC)	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"> Tan Sri Gooi Hoe Soon (Chairman) Dr. Zunika Mohamed Dato' Alizatul Khair Osman Khairuddin
6. Sustainability Committee	Provide oversight on the formulation of 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"> Dato' Mohammad Faiz Azmi (Chairman) Tan Sri Gooi Hoe Soon Datuk Dr. Zunika Mohamed
7. Regulatory Strategy and Advisory (RSAC) ²	Provide holistic and strategic advice (Advice) to the SC Chairman and the SC Board regarding the regulatory landscape across various SC business functions. These functions include Surveillance, Authorisation and Supervision, the General Counsel's Office and Enforcement business groups (the Relevant Business Groups).	<ul style="list-style-type: none"> Dato' Alizatul Khair Osman Khairuddin (Chair) Dato' Dr. Nik Ramlah Nik Mahmood Dato' Ishak Mohd Yusoff

Note:

¹ Appointed to the Board on 15 January 2025.

² In June 2025, the RSAC fulfilled its mandate and was dissolved.

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, audit approach, audit fee and audit outcome, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the financial year of 2025, the ARC had convened six meetings.

SHARIAH ADVISORY COUNCIL

The Shariah Advisory Council (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 *Securities Commission Malaysia Act* (SCMA).

TABLE 3
Shariah Advisory Council Members

SAC members
1. Professor Dato' Dr. Aznan Hasan (Chairman)
2. Professor Dr. Engku Rabiah Adawiah Engku Ali (Deputy Chair)
3. Professor Dato' Dr. Ashraf Md Hashim
4. Sahibus Samahah Professor Dato' Dr. Asmadi Mohamed Naim
5. Associate Professor Dr. Mohamed Fairouz Abdul Khir
6. Sahibus Samahah Dato' Setia Dr. Haji Anhar Haji Opir
7. Dr. Marjan Muhammad
8. Assistant Professor Dr. Akhtarzaite Haji Abdul Aziz
9. Burhanuddin Lukman

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 scheduled 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' Seri Ahmad Johan Mohammad Raslan ¹
2. Tan Sri Abu Samah Nordin ²
3. Alex Ooi Thiam Poh
4. Salmah Bee Mohd Mydin
5. Hong Chin Pheng
6. Datuk Nor Azimah Abdul Aziz
7. YM Tunku Afwida binti Tunku Abdul Malek ³
8. Dato' Noorazman Abd Aziz ⁴
9. Seri Izriana Melani Mohtar ⁵

Note:

1. Re-designated as Non-Executive Chairman on 5 January 2026
2. Completed his term as Non-Executive Chairman on 4 January 2026
3. Appointed on 1 August 2025
4. Retired on 31 July 2025
5. Appointed on 6 February 2026

RISK MANAGEMENT AND INTERNAL CONTROLS

Board and Management Responsibility

The Board acknowledges its overall responsibility for maintaining a sound and effective system of risk management and internal control to safeguard the

integrity, assets and reputation of the SC. This system is designed to manage risks that may hinder the achievement of the SC's strategic and operational objectives, while recognising that it cannot completely eliminate risks. Accordingly, it provides reasonable, though not absolute, assurance against material misstatement, loss, or failure.

In accordance with Section 4(3)(c) of the SCMA, the Board is ultimately responsible for establishing, reviewing and maintaining effective systems and processes to manage enterprise risks across the organisation.

In discharging its governance responsibilities, the Board continues to ensure that the SC discharges its regulatory role effectively, independently and in the public interest. During the year, amongst others, the Board has approved enhancement to the governance framework to strengthen oversight over enforcement-related matters such as no further action cases by management and policy on handling of external influence.

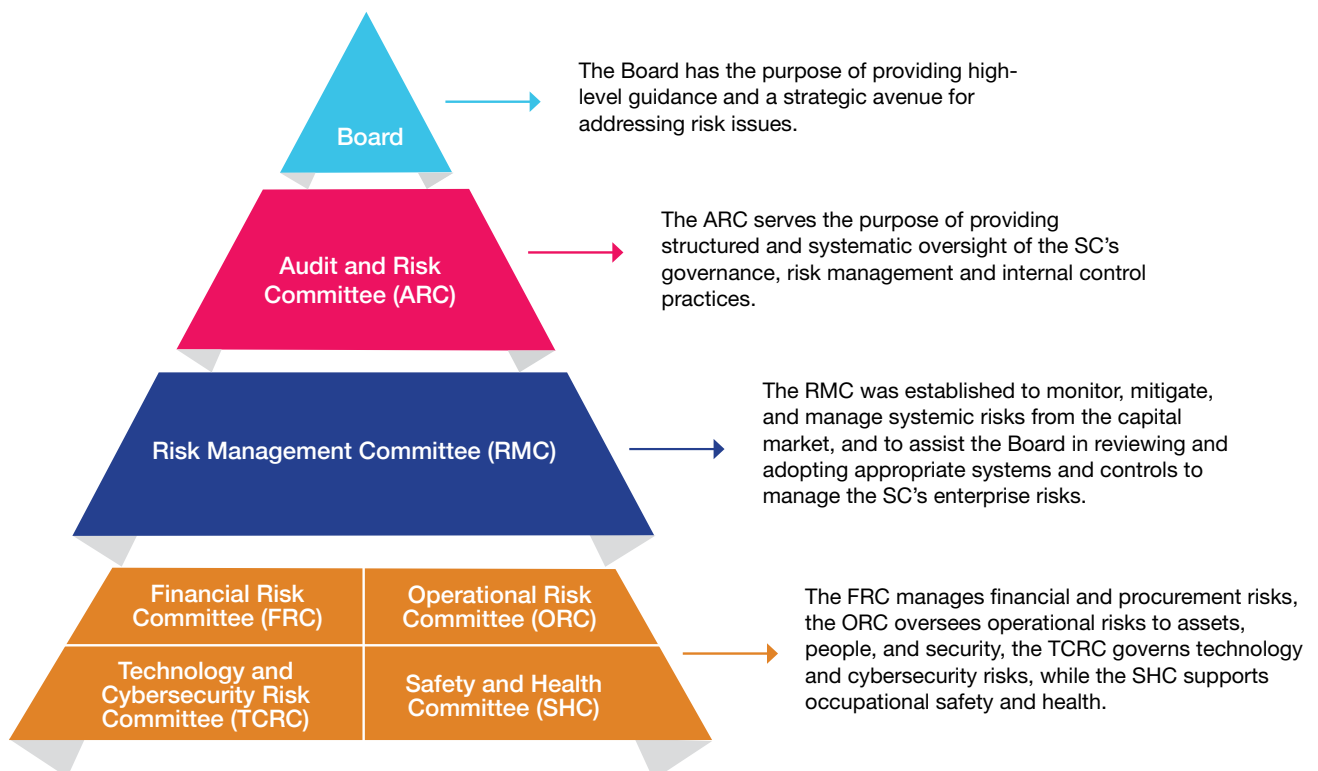
In addition, the Board maintained oversight of the whistleblowing framework (including against the SC and SC's personnel), ensuring such matters are assessed objectively, escalated appropriately and addressed

without undue influence. These measures reinforce the SC's robust governance architecture and its commitment to transparency, accountability and regulatory integrity.

In addressing the potential conflict arising from the SC appointing external auditors who are regulated by its AOB, the Board ensures that independence, integrity and transparency are preserved through a clear governance separation between the SC Management and the final decision-making authority. Oversight of auditor performance and appointment is exercised by the ARC comprising non-executive Board members, who undertake an independent assessment separate from the SC Management's inputs. Final approval rests with non-executive Board members, thereby ensuring that the SC Management has no influence over the appointment of external auditors including those registered with the AOB.

To discharge this responsibility, the Board provides direction and oversight through the ARC as illustrated in Figure 1. The Risk Management Committee (RMC), comprising of senior management, assists the Board in ensuring that the risk management framework and internal control policies remain sound, comprehensive and responsive to evolving circumstances.

FIGURE 1
The SC's Internal Risk Governance Structure



The ARC provides structured and systematic oversight of governance, risk management and internal control practices, while the RMC, comprising senior management of the SC, oversees the implementation of the SC’s enterprise risk management framework, ensuring that risks are identified, assessed, monitored and managed in alignment with the organisation’s approved risk appetite. The SC Management is responsible for the effective execution of these frameworks and for inculcating a strong risk-aware culture throughout the organisation. It ensures that appropriate policies, procedures and control measures are in place and that remedial actions are promptly undertaken where weaknesses or vulnerabilities are identified.

Risk Governance Structure

The SC’s governance structure is underpinned by the Three Lines of Defence model as shown in Figure 2, which clearly delineates responsibilities for managing and overseeing risk. The first line of defence consists of risk owners, risk officers, business groups and line departments that own and manage risks within their daily operations. The second line of defence comprises oversight and governance functions including Risk

Management and Integrity & Compliance functions. The second line of defence monitors adherence to risk policies, procedures and the SC’s defined risk appetite. The third line of defence, represented by the Internal Audit Department, provides independent assurance on the adequacy and effectiveness of the risk management and internal control systems.

The SC’s risk governance structure is designed to provide clear lines of accountability and ensure effective oversight of the risk management and internal control system. At the apex, the Board provides strategic direction, sets the tone for sound risk management practices and ensures that appropriate systems and controls are in place. The ARC plays a key role in reviewing the adequacy and effectiveness of these systems.

The RMC ensures that day-to-day risk management activities are properly coordinated and aligned with the SC’s objectives. The RMC is supported by management-level committees responsible for monitoring the adequacy of the SC’s enterprise risk management processes, including the identification, assessment, mitigation and reporting of both financial and non-financial risks. These committees provide regular updates to the RMC, which in turn reports to the ARC and the Board.

FIGURE 2
Three Lines of Defence Model



The SC's governance and oversight approach is anchored on the Three Lines of Defence model as shown in Figure 2, which establishes a clear delineation of roles and responsibilities across the organisation:

- **First Line of Defence – Risk Ownership:** Consists of risk owners, risk officers and business groups who are directly responsible for identifying, assessing and managing risks within their day-to-day operations. They ensure that internal controls are properly applied and that risks are managed at the source. Their risks are being reported to the Second Line of Defence for review.
- **Second Line of Defence – Risk and Compliance Oversight:** Comprises the Risk Management, Integrity and Compliance functions, which provide oversight, guidance and challenge to the first line. This line develops risk policies, facilitates risk assessment processes and ensures adherence to established governance and regulatory requirements. This line will report the risk exposure to the management and Board.
- **Third Line of Defence – Audit Assurance:** Represents the independent assurance provided by the Internal Audit Department, which evaluates the adequacy and effectiveness of both the first and second lines. It reports directly to the ARC, ensuring independence and objectivity in its assessments.

This model ensures that risk management and internal control processes are robust, transparent and integrated throughout the organisation, supporting informed decision-making and safeguarding the SC's mandate.

Risk Appetite

The SC's Risk Appetite Statement, approved by the RMC, outlines the level and type of risks the organisation is prepared to accept in pursuit of its strategic objectives. It serves as a guiding framework for all major decisions and activities, ensuring that risk acceptance remains aligned with the SC's mandate and values.

The statement is reviewed annually to ensure its continued relevance, taking into account changes in the internal and external environment. It establishes clear tolerance levels for financial and non-financial exposures, allowing the SC to maintain an appropriate balance between risk acceptance and risk mitigation.

The SC maintains a prudent and measured approach to risk, remaining cautious in areas that could affect governance, financial integrity, or stakeholder confidence, while supporting opportunities that enhance efficiency, innovation and capital market development.

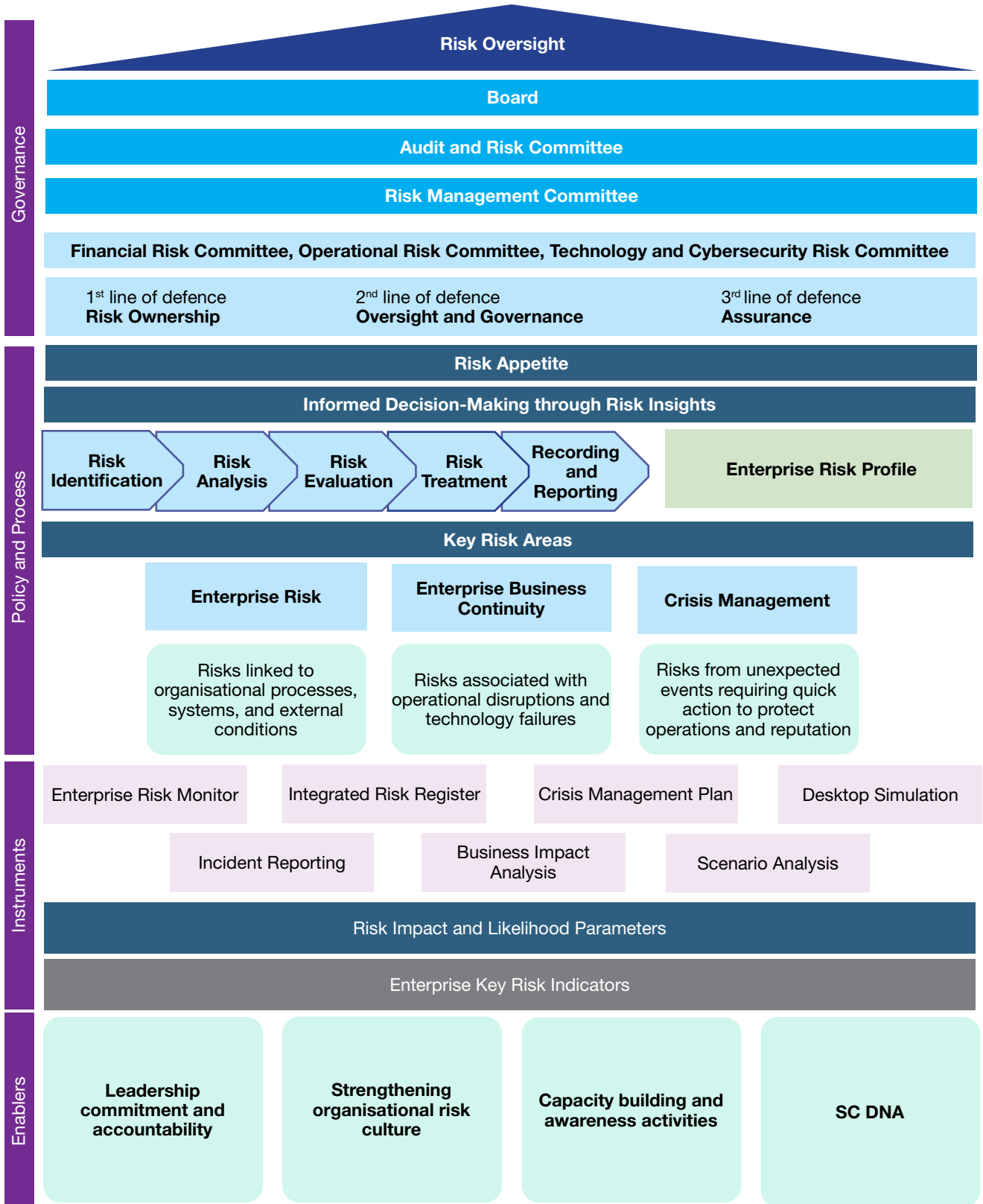
FIGURE 3
The SC's Enterprise Risk Appetite Statement



Risk Management Framework

The SC's Enterprise Risk Management (ERM) Framework, as shown in Figure 4, forms the foundation of its risk governance structure. Developed in accordance with the ISO 31000:2018 Risk Management Principles and Guidelines, the framework ensures a systematic and consistent approach to identifying, evaluating, mitigating and monitoring both financial and non-financial risks across the organisation.

FIGURE 4
SC's Enterprise Risk Management Framework



The framework is supported by the Enterprise Risk Management Policy and Standard Operating Procedures (SOPs), which define clear accountabilities for risk ownership at every level. The risk management process involves continuous identification and assessment of emerging issues that may affect the SC's ability to achieve its mandate. Each department maintains and reviews its risk registers periodically to ensure accuracy, completeness and integrity.

The framework promotes proactive risk awareness and informed decision-making across all levels. It ensures that risk management remains a continuous, adaptive process that evolves with changes in the regulatory, technological and economic environment.

Emerging Risks

In an ever-changing environment, organisations that embrace innovation and operate within a highly interconnected landscape are exposed to new and evolving risks. These emerging risks often carry uncertainty in both their likelihood and potential impact on business operations.

To stay resilient, the SC adopts a forward-looking approach to risk management by actively monitoring emerging risks, even when they do not pose immediate threats. In 2025, technology and data-related developments continued to feature prominently in the SC's emerging risk landscape. Similarly, we also maintain a dedicated focus on sustainability-related risks and opportunities, integrating these considerations into the risk management processes. Evolving cybersecurity threats, potential system obsolescence and increasing reliance on digital infrastructure underscore the importance of maintaining robust controls and operational resilience. The growing use of automation and AI-driven tools also introduces new dependencies that require strengthened data governance and assurance mechanisms. To address these, the SC continues to reinforce its technology and cybersecurity safeguards, enhance real-time monitoring capabilities and ensure that innovation is pursued responsibly with transparency and accountability.

An established internal process supports the annual identification and assessment of emerging risks. This involves analysing data from key risk indicators, engaging with risk officers and relevant stakeholders and conducting environmental scans to detect new trends. Insights from this process shape the SC's risk outlook,

informing both business planning and strategic decision-making.

Early identification of emerging risks enables the SC to develop proactive mitigation and response strategies, as illustrated in Figure 5.

FIGURE 5
Emerging risks identification process



Governance, Integrity and Anti-corruption Initiatives

Internal Controls

The SC's system of internal controls is designed to ensure operational effectiveness, credible financial and management reporting and compliance with laws, regulations and internal policies. These controls cover both financial and non-financial areas and are integrated into the SC's operational and decision-making processes.

The internal control environment is built upon strong ethical standards, accountability and professionalism. Policies and procedures governing key functions such as financial management, procurement, human capital and information governance, provide clear direction and oversight.

Further, the SC's *Organisational Anti-Corruption Plan (OACP) 2024-2026* was developed with multiple initiatives to address organisational issues in relation to governance, integrity and corruption. SC *Jawatankuasa Tatakelola* (SC JTK) approves the SC OACP and serves as a platform focused on addressing organisational issues pertaining to governance, integrity and anti-corruption measures. SC OACP 2024 – 2026 initiatives are closely monitored and reported to the SC JTK to ensure timely delivery and maintaining accountability on the outcomes. Amongst others the initiatives are:

- Organisation structure review on conflicting functions within selected Business Groups was undertaken for improved segregation of functions. This initiative noted restructuring of Business Groups within the SC with movement of functions/ departments to achieve independence in the functions undertaken.
- The culture of integrity, transparency and accountability is the bedrock of SC's organisational values. In order to achieve this culture, creating a safe avenue for employees and external stakeholders to raise concerns and report in good faith any improper conduct is important. The Whistleblowing Policy and Procedure was amended to achieve a more open and centralised framework for concerned parties to highlight any concerns related to improper conduct of SC employees or on SC as an organisation.
- A *Policy on Handling External Influence* was established to set out the approach for managing external influence to safeguard the independence and impartiality of the SC in discharging its statutory responsibilities. In relation to the oversight by external auditors, independence is further reinforced through a multi-layered governance arrangement whereby the SC has no authority over auditor appointment or performance decisions, which rest with the ARC and non-executive Board members. The SC does not yield to external influence in the execution of its mandate. All regulatory and developmental functions must be carried out free from undue

interference, with decisions based on independent and objective assessments.

- Following the establishment of e-procurement for selected purchases and centralised Vendor Management Unit, in 2025 the SC strengthened its procurement governance through the centralisation of sourcing activities under the Procurement and Office Services Department, which now serves as a single point of contact for all procurement-related matters. To address potential conflict of interest risks arising from this arrangement, layered controls and clear segregation of duties are in place, including independent review and differentiated technical and commercial evaluation roles to ensure no single function exercises end-to-end decision-making. This initiative enhances transparency, consistency and accountability in procurement processes as well as promoting efficiency, cost-effectiveness and risk mitigation. The Department has also initiated a spend analysis to identify opportunities for consolidation and long-term value creation.
- The SC Anti-Bribery and Corruption (ABC) Policy is being developed to provide a more structured and focused approach to managing risk of bribery and corruption, ensuring consistent standards of ethical conduct across all operations within the SC. The Policy represents the SC's firm commitment to ensure the adoption of ethical standards, integrity, accountability and the zero-tolerance policy against corruption across the organisation.
- The authority matrix is currently being revised to ensure relevance. The delegation of authority further delineates roles, responsibilities and approval limits across the organisation to ensure effective segregation of duties and decision-making.

The SC also enhanced its internal control environment through strengthened technology and cybersecurity governance. Proactive system monitoring, infrastructure upgrades and enhanced operational resilience measures were implemented to safeguard critical systems, strengthen defences against evolving threats and ensure continuity of operations. The SC Enterprise Data Governance Framework continued to guide data quality and compliance, while enabling the responsible integration of AI-driven capabilities across regulatory and supervisory functions. Collectively, these

developments ensure that technological innovation is embedded within the organisation with robust safeguards, transparency and accountability.

The *Authorisation for Disclosure of Information Policy* governs the release of material non-public information to external parties. Any request for disclosure is referred to a Special Committee comprising senior members of the SC's management for deliberation and decision.

Enhancing Integrity and Compliance Culture

Fostering a culture of integrity and compliance is paramount to maintaining the SC's reputation as a trustworthy organisation. The SC recognises that in addition to clear policies and procedures and strong leadership, maintaining the culture of integrity and compliance requires ongoing education in compliance and ethics.

An example is the Compliance and Ethics programme which is conducted on a biennial basis focused on the SC's governance framework, *Code of Conduct* and whistleblowing policies and procedures. The mandatory programme was conducted this year and serves to reinforce the SC employee's understanding of integrity values and promote responsible behaviour across the SC.

The mandatory training programme that was initiated in 2024 till 2025 to build awareness and understanding about the importance of governance, integrity and anti-corruption is near its completion.

SC-wide Townhalls are conducted periodically which had helped to promote transparency and alignment with the SC's strategic initiatives and SC values.

Other periodic reminders were sent to SC employees focusing on the importance of timely declarations of conflicts of interest and the importance of safeguarding sensitive or confidential information.

Operational Resilience

The SC remains fully committed to strengthening organisational resilience through the implementation of a comprehensive *Business Continuity Management (BCM) Policy and Standard Operating Procedure*, in alignment with the ISO 22301:2019 Security and Resilience Business Continuity Management System (BCMS) requirements. This reflects the organisation's

continued efforts to ensure the sustainability of its operations, even in the event of crises or disruptions.

An annual BCM programme is conducted to enhance awareness, training, review and validation of the efficiency and effectiveness of the BCM framework. The outcomes of this programme are reported to the RMC for oversight and review.

Crisis Management

Crisis management forms an integral part of the SC's Enterprise Risk Management framework, ensuring preparedness and resilience in the face of unforeseen events. A Crisis Management Policy and Standard Operating Procedure are in place to enable the prompt identification, assessment and response to crises, thereby minimising disruptions to operations and safeguarding the interests of stakeholders.

The crisis management plan is continuously reviewed and refined to address emerging risks, enabling the SC to respond swiftly and effectively to any crisis. Proactive communication and decisive action remain central to maintaining stability and protecting strategic priorities.

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 to strengthen the SC's ability to create, protect, and sustain value by providing the Board/ARC and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

IAD carries out its responsibilities by conducting reviews based on the Annual Audit Plan as approved by the ARC and the *Global Internal Audit Standards* as issued by The Institute of Internal Auditors.

The 2025 Annual Audit Plan was developed by considering both key and emerging organisational risks, together with the SC's strategic objectives. While developing the Annual Audit Plan, IAD gathered insights from key stakeholders, including selected line departments and Senior Management as well as the ARC, which helped shape the audit priorities and scope of coverage.

The main activities of IAD in 2025 included performing predominantly risk-based audits for the areas identified in the Annual Audit Plan. IAD also performed independent ad-hoc reviews at the request of 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 Internal Audit Charter to ensure it remains relevant and aligned with the new *Global Internal Audit Standards*, and had sought the ARC's feedback and approval, with the IA Charter subsequently tabled to the Board.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION (FMOS)

Following the successful consolidation of the Ombudsman for Financial Services (OFS) and the Securities Industry Dispute Resolution Center (SIDREC) in January 2025, the Financial Markets Ombudsman Service (FMOS) now serves as a single, independent, and impartial avenue for financial consumers and investors to resolve monetary disputes efficiently and fairly.

The establishment of FMOS marks a significant milestone in Malaysia's financial and capital market landscape, strengthening investor and consumer protection and enhancing operational efficiency through an integrated dispute resolution framework. The expanded FMOS

membership encompasses commercial banks, Islamic banks, investment banks, digital banks, development financial institutions, insurance companies, takaful operators, fund management and asset management companies, stockbroking companies, e-money issuers, insurance and takaful brokers and financial advisors.

FMOS handles monetary disputes not exceeding RM250,000 involving financial and capital market products and services, providing redress through case management and adjudication in line with global best practices.

In 2025, FMOS received a total of 11,431 complaints and enquiries, of which 4,158 were registered as eligible disputes (inclusive of 18 capital market disputes). A total of 1,656 disputes were brought forward from 2024, comprising 1,630 disputes registered under the OFS predecessor scheme and 26 disputes under the SIDREC predecessor scheme. During the period, 3,185 disputes were successfully resolved, including 25 capital market cases under the SIDREC predecessor scheme and two cases under the FMOS scheme.

Beyond dispute resolution, FMOS promotes financial literacy and awareness of FMOS as an alternative redress avenue through outreach initiatives including *Bersama InvestSmart*[®] organised by the SC and *Karnival Celik Kewangan* by the Financial Education Network under BNM.

FMOS also collaborates closely with the Regulators, members, industry associations, and government agencies to share insights from dispute resolution, highlighting systemic trends and providing valuable feedback that supports sound industry practices and continuous market improvement.

ENTERPRISE SUSTAINABILITY

Enterprise sustainability remains an important aspect for the SC. Guided by its decarbonisation commitments to be Carbon Neutral by 2040, and Net Zero by 2050, the SC embeds environmental, social and governance considerations across its operations and activities, through its Sustainability First Initiative (SFI). Aimed at supporting the SC's transition into a sustainable organisation, the SFI sets out strategies to be implemented by the SC in the short to medium-term.

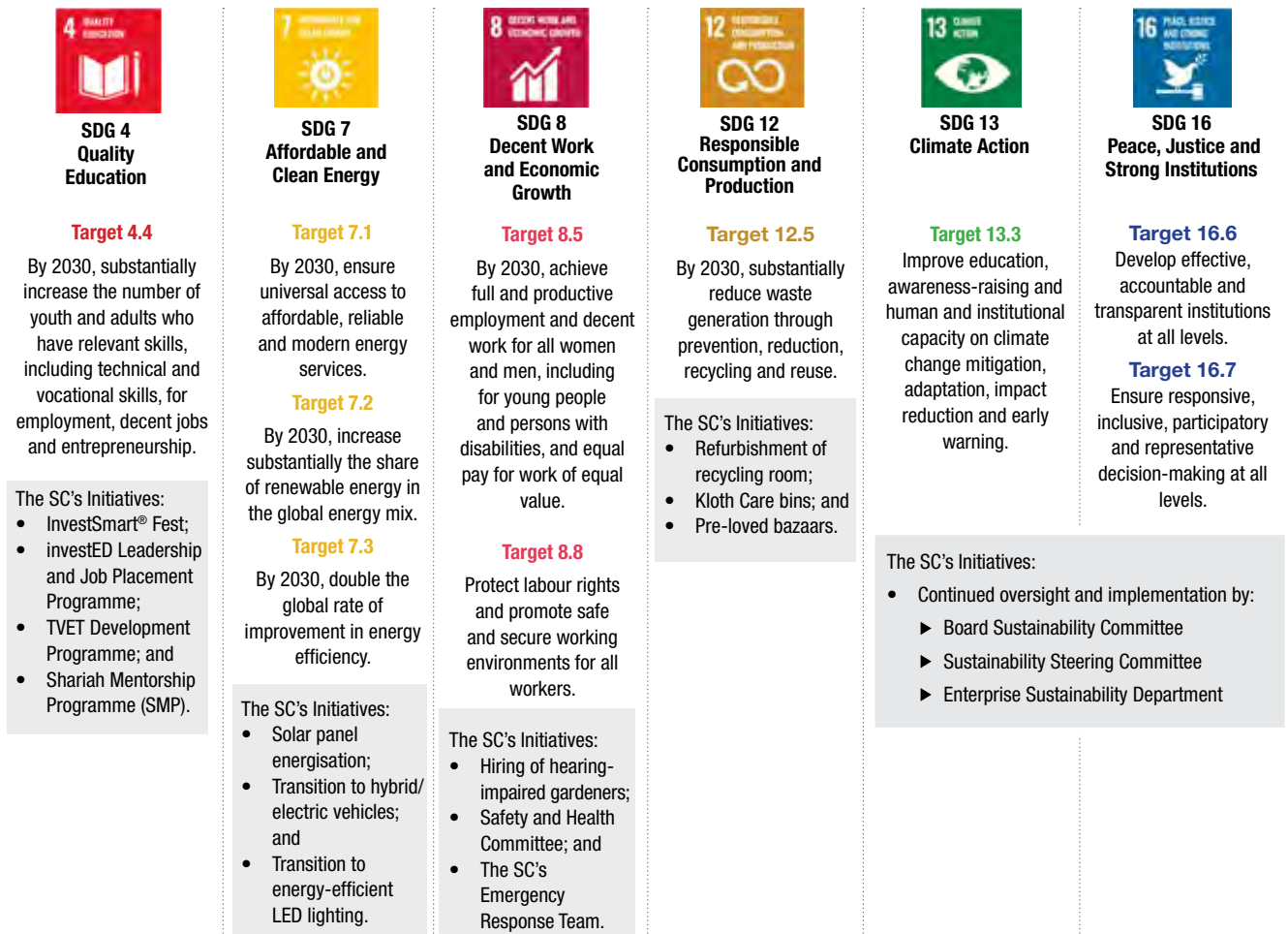
In 2025, the SC completed Phase 1 of the SFI. Through efforts to reduce the SC's Greenhouse Gas (GHG) emissions, enhance workforce culture and staff well-being, and strengthening sustainability governance via the establishment of a dedicated Sustainability Business

Group, the SC continues to build a resilient organisation progressing towards a sustainable future.

The SC's Commitment to the UN SDGs

Anchored through its commitment to the United Nations Sustainable Development Goals (SDGs), the SC strives to support six key SDGs it has identified as strategically important, taking into account their connection to enterprise values and day-to-day operations. The following outlines the relevant SDGs and the SC's contributions to their specific targets (Figure 1).

FIGURE 1
Alignment of organisational achievements with SDG targets



Environmental

The SC continues to monitor its GHG emissions across its operations, particularly Scopes 1 and 2.

Under Phase 1 of the SFI, the SC has implemented a range of abatement levers to reduce emissions, including energy efficiency measures and sustainable workplace practices, reaffirming the SC's commitment to manage environmental impact and meet national climate ambitions. Looking ahead to 2030, the SC will explore additional decarbonisation strategies — such as renewable energy adoption and enhanced green procurement — to accelerate progress toward its Net Zero commitments and reinforce its leadership in sustainability.

The SC's Scope 1 emissions arise from stationary combustion through generator use, mobile combustion from fleet operations, and the occasional release of fugitive emissions. In line with the SFI, a key abatement lever identified for Scope 1 emissions is the transition to a lower-emission vehicle fleet.

To operationalise this, the SC has undertaken a vehicle transition initiative, which includes replacing older petrol vehicles with hybrid models and converting fossil fuel-powered shuttle vans to electric alternatives. This initiative introduced three electric vehicles (EVs) into the SC fleet, supporting the broader adoption of EVs while reducing Scope 1 emissions. The transition decreases reliance on fossil fuels and delivers measurable emission reductions from mobile combustion sources.



Scope 2 emissions, which arise from the consumption of purchased electricity, represent the largest component of the SC's overall carbon footprint. Given this impact, the SC has adopted targeted abatement strategies

aimed at reducing electricity consumption and progressively shifting from brown energy sources to renewable alternatives.

As part of these efforts, the SC completed its lighting transition initiative in 2025, replacing more than 14,000 conventional light bulbs with energy-efficient LED fittings.



The solar panels installed on the SC's rooftop were fully energised in 2025, marking an important milestone in the organisation's transition from carbon-intensive, fossil fuel-based electricity to renewable energy. This shift contributes directly to reducing emissions at the point of generation while enhancing environmental sustainability and improving long-term cost efficiency. Solar power is projected to reduce the SC's overall electricity consumption by approximately 10%, supporting continued reductions in Scope 2 emissions.



Following the energy audit conducted by the SC to better understand the building's energy distribution and identify opportunities for energy efficiency, the SC pilot tested the efficacy of solar films to minimise building heat and lower reliance on the SC's air handling units. Other energy efficiency measures are being explored to further reduce the SC's overall environmental impact, including addressing foreseeable rising temperature concerns and the need to optimise heat management and operational efficiencies.

The SC is also cognisant of Scope 3 emissions which comprise other indirect emissions arising from activities not directly controlled by the SC but linked to its value chain. Key contributors for the SC's Scope 3 emissions include Category 5: Waste Generated in Operations and Category 6: Business Travel.

Waste within operations is actively managed through a dedicated recycling room, while food and horticultural waste is diverted to seven compost bins on the SC's compound, each generating approximately 60 kg of usable soil conditioning for the SC's gardens or for distribution to staff. Kloth Care textile and clothing recycling bins have also been strategically placed across the SC's premises to promote zero-waste practices among staff, diverting over 1,100 kg of used and unwanted clothes from landfills.

Additionally, while business travel emissions are monitored, the data collection processes are being enhanced to improve overall measurement and accuracy. This will enable the SC to better identify opportunities for optimisation and areas for further reduction.

Social

Overview

The SC remains committed to advancing social wellbeing within the organisation and across the broader community.

FIGURE 2
The SC's social themes



Internally, the SC prioritised staff development and welfare, while externally, initiatives focused on enhancing financial literacy across the capital market and supporting underserved communities through both philanthropic and non-philanthropic programmes.

Employer of Choice

The SC's commitment to being an employer of choice is underpinned by a holistic approach that prioritises employee health, safety, and wellbeing; embeds a sustainability-driven culture across the organisation; and strengthens talent attraction and retention. These efforts reflect the SC's focus on building a resilient, future-ready workforce that supports organisational excellence and long-term value creation.



This commitment was recognised at the 2025 LIFE AT WORK Awards (LAWA), where the SC won under Employee Care and Well-being (Public Sector), CEO Champion (Public Sector), and was the first runner-up for Best Organisation (Public Sector).

In supporting health and wellbeing, the SC provides comprehensive coverage encompassing both physical and mental health. Employees have access to over 7,000 authorised clinics and hospitals nationwide, complemented by mental health resources such as professional counselling and psychiatric services.

In 2025, the SC strengthened its employee well-being efforts by upgrading its fitness centre and multipurpose hall to support and facilitate a healthier lifestyle for its staff. Additionally, the Safety and Health Committee (SHC) organised multiple events this year, including a Safety and Health Week in October that provided comprehensive health screenings for staff. There was also a blood donation drive, on-site massage therapy and Influenza vaccination sessions.



Further, the SC launched its newly renovated crèche facility, reinforcing the organisation’s commitment to supporting working parents and fostering a family-friendly work environment. Officiated by the Minister of Women, Family and Community Development, YB Dato’ Sri Hajah Nancy binti Shukri, the purpose-built childcare centre provides a safe, nurturing, and development-focused setting for employees’ children, enabling employees to better balance professional and family responsibilities.



The SC’s Sports and Recreation Club (KSRSS) also continues to play a pivotal role in supporting employee health and wellbeing by fostering engagement and camaraderie. A range of activities — including the Bazaar Ramadan and Fruit Fest — were organised in 2025 to strengthen the bond among employees and promote a vibrant workplace culture.



On safety, the SC strengthened emergency preparedness and response through training and refresher sessions for the 81 Emergency Response Team (ERT) members, to ensure a prompt and effective response in the event of an emergency, alongside the conduct of evacuation drills. Safety and Self Protection mandatory training sessions for employees were also conducted to empower staff and promote resiliency.

To inculcate and embed a sustainable culture within the SC, the Enterprise Sustainability Department organised targeted environmental and social initiatives, including a Pasar Pre-Loved to promote zero-waste practices and support local social enterprises that empower communities. Staff awareness was strengthened through a series of circulars highlighting key priorities such as the reduction of single use plastic (Plastic Free July), reduction in electricity consumption (World Energy Saving Day), and climate adaptation and coastal protection (International Day for the Conservation of the Mangrove Ecosystem). A private screening of the *Ocean with David Attenborough* documentary was also held to deepen understanding on marine conservation and preservation. To promote sustainable food practices and greener workspaces, the SC further rolled out a small-scale hydroponic planting initiative in the later part of the year.



In its efforts to strengthen talent attraction and retention, the SC prioritises employee development. Key initiatives include scholarships to enhance professional and specialised skills, comprehensive training programmes to support career growth, and job rotation opportunities to broaden expertise and foster leadership capabilities.

Fostering Financial Literacy

As the capital market regulator, the SC plays a pivotal role in protecting investors and promoting market integrity. Investor protection is a core mandate that aligns with the SFI's social theme of financial literacy, aimed at improving awareness and empowering stakeholders to make informed financial decisions.

In 2025, the Consumer and Investor Office advanced this agenda through flagship initiatives such as InvestSmart® Fest, Bersama InvestSmart®, and #FinPlan4U®, which provided complimentary one-to-one financial planning sessions with licensed financial planners and more recently, provided investors access to the SC's Malaysia Adaptation Game to better understand the growing impact of climate change. Collectively, these programmes engaged over 100,000 participants nationwide. The SC will continue to broaden its outreach through targeted programmes to further strengthen financial literacy and investor confidence across diverse communities.

Responsible Corporate Citizen

The SC, as a responsible corporate citizen, remains committed to creating a positive impact, beyond its regulatory mandate, by uplifting underserved and vulnerable communities. Through both philanthropic and non-philanthropic initiatives, the SC seeks to provide meaningful support that enhances society wellbeing.

Through the issuance of the Social Exchange Platform Guidelines and the establishment of a Social Exchange, the SC will enable Non-Profit Organisations (NPOs) to scale impactful initiatives, reinforcing the SC's commitment to social wellbeing and supporting underserved communities.

Further, the SC's investED Leadership and Graduate Programme continues to build capacity and create career opportunities for young graduates, from diverse and underserved backgrounds, in the capital market. Now in its third year, the programme has successfully trained and placed 211 graduates in capital market-related roles, contributing to the nation's long-term talent pipeline. Complementing these efforts, the SC launched investED for Women in 2025, recognising the importance of supporting women returning to the workforce.



The SC also progressed with the Shariah Mentorship Programme (SMP), which nurtures young talent in Islamic finance by equipping them with practical exposure and mentorship from industry leaders. To date, the SMP has engaged 45 mentees and 59 mentors, advocating knowledge transfer, professional development, and capacity building in Shariah and Islamic finance.

In collaboration with the Baju Raya Project, the SC brought joy to underprivileged individuals by providing them with clothing during the festive season. SC employees collectively donated a total of 297 pieces of clothing through this Project.



These programmes demonstrate the SC’s holistic approach to community upliftment via philanthropic and non-philanthropic activities. Through these

sustained efforts, the SC continues to strengthen its role as a responsible corporate citizen, championing both social inclusion and human capital development.

Governance

Overview

The SC is committed to strengthening its sustainability governance framework, with the Board Sustainability Committee (BSC) providing relevant oversight of sustainability and ESG-related strategies, and the Sustainability Steering Committee (SSC) guiding and monitoring the progress of key internal and external-facing sustainability initiatives.

As part of this commitment, the SC has appointed a Chief Sustainability Officer (CSO), effective January 2025. The SC also established a Sustainability Business Group (BG) to facilitate thought leadership and enhance execution capacity. The Sustainability BG comprises four specialised departments covering Environmental, Social, Corporate Governance, and Enterprise Sustainability working together to support the integration of sustainability in the strategy and governance of the SC and the capital market. This structure allows the SC to take a holistic view on sustainability, ensuring that environmental protection, social development, governance integrity, and enterprise-wide practices are embedded into both the wider capital market agenda and the SC’s internal operations.

The enhanced governance structure underscores the SC’s commitment to advancing ESG principles and driving sustainable development in a comprehensive and holistic manner.

OUR PEOPLE

HUMAN CAPITAL DEVELOPMENT AND ORGANISATIONAL CAPABILITY 2025

In 2025, the SC advanced its human capital strategy to build a future-ready and resilient workforce, aligned with the organisation's regulatory mandate and strategic priorities. Through digital transformation, talent optimisation and progressive workplace practices, the SC delivered key initiatives that strengthened efficiency, enhanced employee experience and positioned the SC as a leading employer in the public sector.

Strengthening HR Efficiency Through System Automation

The SC achieved a major milestone in its digital roadmap with the deployment of an upgraded Human Resources Management System (HRMS) in Quarter 3 enabling near-full automation of multiple HR transactions, reducing manual processes. The department focused on streamlining HR operations to support the organisation's evolving workforce needs and to provide a more efficient, transparent and employee-centred experience. The enhanced system seamlessly integrates with a third-party administrator's medical database and the internal financial platform, ensuring real-time data transfer, faster turnaround times and a more consistent employee experience, aligning HR operations with the organisation's strategic priorities and future workforce requirements. This achievement reflects the SC's commitment to operation excellence and a more technology-driven HR function.

Data-Informed Workforce Optimisation

As an effort to ensure the organisation's agility in evolving market complexities, the SC implemented the Business-As-Usual Full-Time Equivalent (BAU-FTE) Assessment, a data-driven initiative mapping workforce skills, workload distributions and capacity. The assessment resulted in a comprehensive inventory of workforce skills through validated job skill profiling and assessment, analysing job profiles, competencies, and role alignments to ensure the organisation has the right number of staff with the right skills in the right roles.

Complementing this, the BAU-FTE assessment evaluated workload distribution and resource utilisation across departments to identify overlaps, capacity imbalances, and operational pressures. Overall, the assessment provided data-driven insights into workforce strengths, capability gaps, and utilisation levels, forming a strong foundation for effective manpower planning, targeted capability development, and enhanced organisational agility and future readiness.

Sustaining Talent Pipelines and Workforce Capacity

As at 31 December 2025, the SC successfully maintained its headcount at 871, reflecting disciplined workforce planning and effective resource management. In addition, 83 promotions were awarded to recognise consistently high-performing employees, reinforcing the SC's strong merit-based culture and commitment to talent development.

Developing Early Talent: Internships and Placements

In the same vein, the SC continued to nurture early talent through internships and industrial placements, hosting a total of 49 undergraduates and seven vocational trainees within the organisation. The programme aimed to provide practical learning opportunities for youth by giving them working knowledge and experience working in a regulatory setting.

Expanding the Capital Market Talent Pool: investED

Further to developing undergraduates, the SC continued its efforts to raise awareness of the diverse career opportunities and address the young talent gap in the capital market by continuing to spearhead the investED Talent Inculcation programme. Now in its third year, investED recruited 212 trainees who completed one month of classroom learning at the Asia School of Business before being placed at 46 participating organisations within the capital market ecosystem.

These trainees have been given the opportunities to explore career options within the capital market based on their skills/experience and will be considered for roles within their host organisations upon programme completion.

Championing Inclusion: investED for Returning Women

October 2025 saw the launch of the investED for Returning Women programme, a structured training and re-entry programme designed to support women returning to the capital market workforce after a career break. The programme, supported by the 30% Club Malaysia, LeadWomen Sdn Bhd, SIDC, PwC Malaysia and TalentCorp, reflects a strong multi-stakeholder commitment to advancing gender diversity and inclusion. The initiative received over 600 applications in 2025, demonstrating strong market demand. Selected applicants were provided a variety of learning opportunities to refresh their CV and skills before being considered for roles in participating organisations.

Secondments: Strengthening Talent Mobility and Strategic Exposure

Additionally, the SC continued to strengthen its Talent Mobility programme with secondments and attachment programmes with key agencies, including the Ministry of Finance, the Consumer Credit Oversight Board (CCOB), Capital Markets Malaysia (CMM), World Bank, and the IOSCO Asia-Pacific Hub. The programmes enabled 11 employees to broaden their regulatory exposure, enhance skills and build cross-agency networks throughout their secondment experience. To complement the outgoing secondments, the SC also hosted four secondees from Bank Negara Malaysia, Polis Diraja Malaysia and Japan's Financial Services Agency (FSA), fostering inter-agency collaboration and knowledge exchange.

The SC Capability and Development Highlights

The SC adopts a targeted, outcomes-driven approach to learning. 2025 saw the completion of approximately 88,895 training hours, reflecting sustained investment in priority regulatory capabilities rather than volume-

driven training. These efforts reflect the SC's commitment to cultivating a skilled, ethical and future-ready workforce aligned with the evolving needs of Malaysia's capital market.

In 2025, the SC continued to strengthen organisational capabilities through targeted learning which included integrity and safety initiatives. The Governance, Integrity and Anti-Corruption (GIC) Awareness Programme continued to emphasise the SC's code of conduct, gifting policy and anti-corruption requirements. Delivered in both Bahasa Malaysia and English, the programme supports ongoing efforts under the Organisational Anti-Corruption Plan (OACP) 2024-2026 to embed a culture of transparency, accountability and responsibility across the organisation.

Furthermore, the SC established a structured case study and internal knowledge-sharing series to further safeguard institutional memory and foster a culture of continuous learning. These initiatives focused on documenting pivotal regulatory cases and initiatives, specifically within the Equities and Take-overs and Mergers departments. These initiatives facilitated the transfer of specialised expertise and operational insights, enhanced understanding of the SC's regulatory role, and captured decision rationales, regulatory considerations, and lessons learned. This approach ensures that 'lessons learned' from past initiatives are integrated into the SC's ongoing regulatory functions, supporting long-term institutional excellence. The series was further complemented by the SC's New Manager Development Programme and Middle Management Development Programme, to help leaders build the skills they need for the future of capital market regulation. Beyond presentation design and delivery skills, the programme continued to enhance innovation and strategic thinking skills within the organisation.

Extending capacity building from 2024, the SC continued to upskill staff ahead of emerging market changes in 2025. The SC strengthened its technical depth in fraud detection and investigative work by supporting staff to pursue the Certified Fraud Examiner (CFE) qualification, a unique global certification that helps regulators address the complexities of financial crime in both private and public sectors. This reinforces the organisation's capability to undertake complex investigations and enhances staff credibility as expert witnesses when required. Capacity building in areas of sustainability continued to carry weight as 20 staff

pursued the completion of the ICAEW Sustainability Accelerator Programme in 2025. The programme equipped staff with practical skills and strategic insight to integrate sustainability into business, managing risks, creating business cases, and leading ESG initiatives, and helping organisations achieve long-term profitability and compliance with evolving standards.

The SC also continued to invest in developing internationally attuned regulators. One of these initiatives included participation in the ASEAN Young Regulators Development Programme delivered in collaboration with Durham University. SC officers joined peers from the ASEAN and Gulf regions to explore regulatory fundamentals, supervisory approaches and emerging issues in capital markets. The programme deepened expertise in adaptation finance and Islamic capital markets while fostering international regulatory exchanges. This sharpened cross-border insights and cemented the SC's reputation as a respected regional partner. Moreover, two officers were awarded scholarships to pursue master's degrees at leading international institutions, strengthening the SC's pipeline of future regulatory leaders. These opportunities equip recipients with advanced knowledge, global perspectives, and specialised expertise that will be applied upon their return to service.

Strengthening Safety Awareness and Operational Readiness

As a capital market regulator, the SC and all its staff are exposed to some level of risk in their function. As such, the SC continued to prioritise staff safety awareness across a broad range of functions, including those operating in higher-risk environments. Staff are equipped with foundational knowledge in personal safety, situational awareness and practical self-protection techniques to help address the risks they face in their roles. To further support operational readiness, specialised firearms handling exposure was also introduced for relevant functions, focusing on understanding firearm-related risks and appropriate usage in emergency procedures. These initiatives reinforce the SC's commitment to employee well-being and risk-preparedness.

Enhancing Knowledge Continuity and Organisational Capability

The approval and implementation of the Enterprise Records Management Policy and Procedures in 2025 established a standardised, organisation-wide framework to managing institutional records. By adopting a uniformed reference numbering and filing practices in accordance with the *National Archives Act 2003*, the SC has significantly strengthened regulatory compliance, records integrity, and enhanced information accessibility and traceability across all departments. This

THE SC TRIUMPHS AT LIFE AT WORK AWARDS 2025

In 2025, the SC received national recognition for its progressive workplace culture, employee well-being, and diversity and inclusion practices at the LIFE AT WORK Awards (LAWA) 2025, organised by TalentCorp. The awards celebrate employers who foster inclusive, equitable and future-ready work environments. The SC's achievement across multiple categories reflects its long-standing commitment to creating a people-centred workplace and a holistic ecosystem where employees can thrive both personally and professionally. It further reflects not only strong leadership and sound human resource frameworks, but the collective spirit of the SC community.

CEO Champion (Public Sector) – Dato' Mohammad Faiz Azmi

The SC's Chairman, Dato' Mohammad Faiz Azmi, was named CEO Champion (Public Sector) in recognition of his strategic leadership and commitment to advancing employee well-being and organisational excellence. Under his stewardship, the SC has strengthened its workplace ecosystem through enhanced facilities, collaborative spaces and flexible working arrangements, while expanding learning opportunities including postgraduate, international and regional exposure for staff. His emphasis on mental health, regular engagement with employees and supportive work policies have further reinforced a strong culture of care within the organisation.

Dato' Faiz has also championed inclusivity, particularly supporting the advancement of women in the capital market, and has helped elevate Malaysia's global standing in Islamic finance and regulatory excellence through strategic partnerships and educational programmes. This award underscores the important role of leadership in shaping workplace culture and affirms his commitment to fostering an environment where employees feel valued, supported and empowered.

Employee Care and Well-Being (Public Sector) – Winner

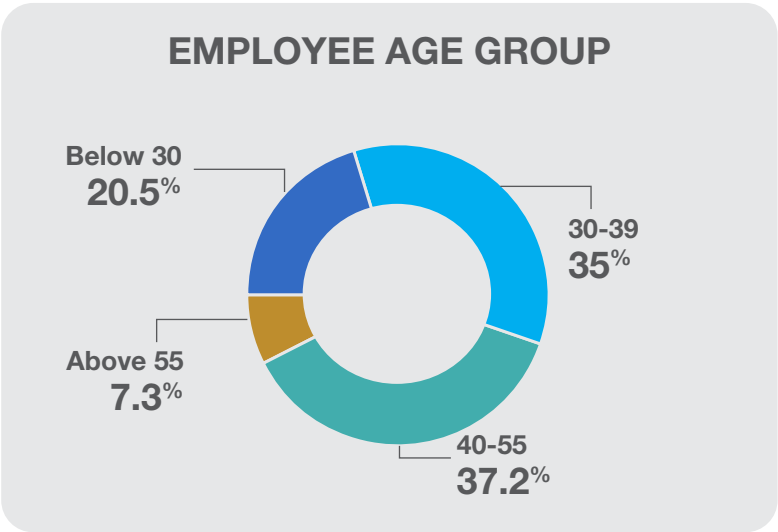
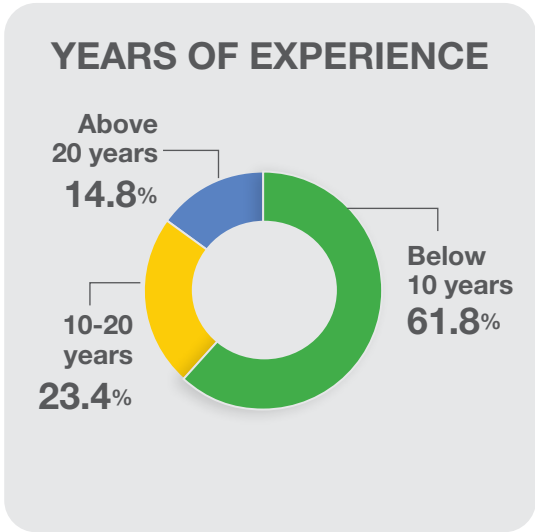
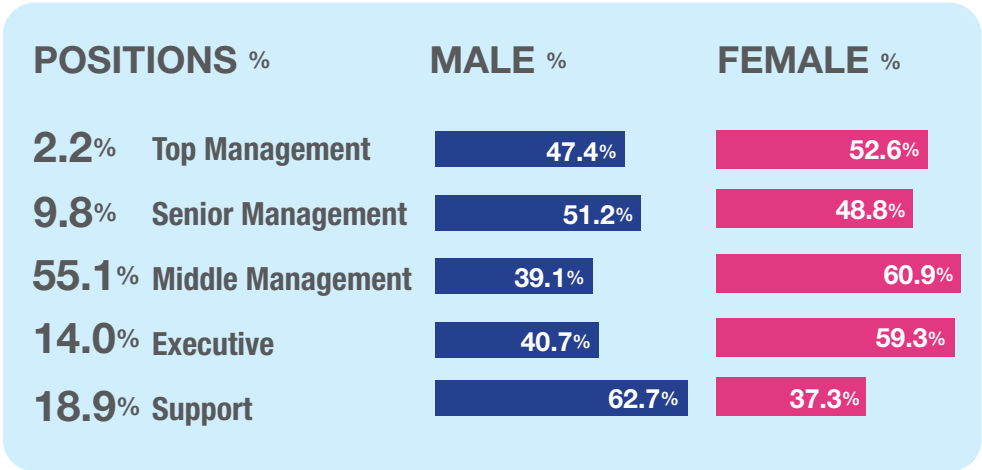
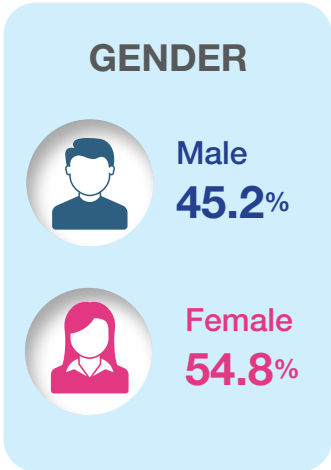
The SC was named the Winner for Employee Care and Well-Being (Public Sector) for its comprehensive approach to cultivating a healthy, supportive and resilient workforce. This recognition reflects the SC's deliberate and sustained efforts to embed holistic well-being into its organisational culture, guided by five core pillars: mental and emotional health, financial well-being, family support and work-life integration, and social connectedness and community engagement.

Overall Best Organisation (Public Sector) – Runner-Up

Furthermore, the SC was named Runner-Up for the Overall Best Organisation (Public Sector), placing it among Malaysia's most progressive and people-centric public sector institutions. This recognition reflects the SC's consistent investment in people development, commitment to equitable and inclusive workplace practices, progressive HR policies, agility in adapting to evolving workforce needs, particularly in the post-pandemic landscape, and its strong organisational culture rooted in trust, respect and shared purpose.

These awards reinforce the SC's Care Beyond Compliance philosophy, demonstrating that employee well-being is not merely a policy, but a lived organisational value.

HEADCOUNT: 877 As at 31 December 2025



SECURITIES COMMISSION MALAYSIA

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	140,463	140,679
Intangible assets	5	16,330	19,720
Right-of-use assets	6	7,860	6,746
Other receivables	8	787	1,176
Other investments	9	494,443	498,535
Tax recoverable		11,899	11,943
		<u>671,782</u>	<u>678,799</u>
CURRENT ASSETS			
Other investments	9	258,756	306,420
Trade and other receivables	10	33,037	31,726
Cash and cash equivalents	11	121,885	101,623
		<u>413,678</u>	<u>439,769</u>
Non-current assets classified as held for sale	12	267	-
		<u>413,945</u>	<u>439,769</u>
TOTAL ASSETS		<u>1,085,727</u>	<u>1,118,568</u>
RESERVES			
Compensation fund reserve	13	100,000	100,000
Accumulated surplus		692,107	777,967
TOTAL RESERVES		<u>792,107</u>	<u>877,967</u>
NON-CURRENT LIABILITIES			
Post-employment benefits	14	142,509	123,174
Lease liabilities	15	6,114	4,734
		<u>148,623</u>	<u>127,908</u>
CURRENT LIABILITIES			
Lease liabilities	15	3,942	3,662
Other payables and accruals	16	135,813	105,222
Contract liabilities	17	5,242	3,809
		<u>144,997</u>	<u>112,693</u>
TOTAL LIABILITIES		<u>293,620</u>	<u>240,601</u>
TOTAL RESERVES AND LIABILITIES		<u>1,085,727</u>	<u>1,118,568</u>

The notes on pages 204 to 234 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
INCOME			
Levies		164,821	209,518
Fees and charges		23,853	27,472
License fees		4,113	4,132
Registration fees		3,304	3,296
Finance income		36,385	36,262
Other income		19,272	19,714
	18	<u>251,748</u>	<u>300,394</u>
Less: EXPENDITURE			
Staff costs	19	242,294	210,062
Administrative expenses		57,620	53,227
Depreciation of property, plant and equipment	4	11,966	11,429
Amortisation of intangible assets	5	3,916	3,766
Depreciation of right-of-use assets	6	699	458
Rental expense		1,497	316
Finance cost on lease liabilities		367	439
		<u>318,359</u>	<u>279,697</u>
NET OPERATING (DEFICIT)/SURPLUS		(66,611)	20,697
Less: Funds to affiliates	20	(2,700)	(6,700)
(Deficit)/Surplus before tax for the financial year	21	<u>(69,311)</u>	<u>13,997</u>
Taxation	22	-	-
(Deficit)/Surplus after tax for the financial year		(69,311)	13,997
Other comprehensive loss:	23		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	14	<u>(16,549)</u>	<u>(16,110)</u>
Total comprehensive loss for the financial year		<u>(85,860)</u>	<u>(2,113)</u>

The notes on pages 204 to 234 are an integral part of these financial statements.

STATEMENT OF CHANGES IN RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Compensation fund reserve</u>	<u>Accumulated surplus</u>	<u>Total</u>
	RM'000	RM'000	RM'000
At 1 January 2024	100,000	780,080	880,080
Surplus for the financial year	-	13,997	13,997
Remeasurement of defined benefit liability	-	(16,110)	(16,110)
Total comprehensive loss for the financial year	-	(2,113)	(2,113)
At 31 December 2024/1 January 2025	100,000	777,967	877,967
Deficit for the financial year	-	(69,311)	(69,311)
Remeasurement of defined benefit liability	-	(16,549)	(16,549)
Total comprehensive loss for the financial year	-	(85,860)	(85,860)
At 31 December 2025	100,000	692,107	792,107
	Note 13		

The notes on pages 204 to 234 are an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/Surplus before tax		(69,311)	13,997
Adjustments for:			
Depreciation of property, plant and equipment	4	11,966	11,429
Amortisation of intangible assets	5	3,916	3,766
Depreciation of right-of-use assets	6	699	458
Loss/(Gain) on disposals of property, plant and equipment		49	(198)
Loss on property, plant and equipment written off	4	11	70
Impairment loss on property, plant and equipment	4	-	1,559
Loss on intangible assets written off	5	1,033	802
Impairment loss on intangible assets	5	1,776	3,359
Reversal of liabilities due to post-employment benefits voluntary buy-out scheme	14	-	(9,874)
Net fair value gain on financial asset at fair value through profit or loss (FVTPL)		(3,141)	(923)
Finance income		(36,385)	(36,262)
Finance cost on lease liabilities		367	439
Current service cost and interest expense on post-employment benefits	14	6,966	6,600
OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES		(82,054)	(4,778)
Changes in working capital:			
Trade and other receivables		(2,508)	(1,692)
Other payables and accruals		32,024	9,087
CASH (USED IN)/FROM OPERATION		(52,538)	2,617
Tax refund		44	-
Benefit payout from post-employment benefits	14	(4,180)	(4,927)
Settlement of post-employment benefits voluntary buy-out scheme	14	-	(118,190)
NET CASH USED IN OPERATING ACTIVITIES		(56,674)	(120,500)
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments in Government Guaranteed Bonds		-	5,000
Withdrawal of quoted unit trusts		22,016	30,000
Acquisition of discretionary mandate		-	(300,000)
Movement in deposits placed with licensed bank		53,664	105,947
Finance income received		17,188	22,435
Proceeds from disposal of property, plant and equipment		103	215
Acquisition of property, plant and equipment*		(8,513)	(9,824)
Acquisition of intangible assets	5	(3,335)	(8,810)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		81,123	(155,037)

	Note	2025 RM'000	2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of lease liabilities**		(4,187)	(3,973)
NET CASH USED IN FINANCING ACTIVITY		<u>(4,187)</u>	<u>(3,973)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		20,262	(279,510)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		101,623	381,133
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u>121,885</u>	<u>101,623</u>

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

	2025 RM'000	2024 RM'000
Net cash payment for purchase of property, plant and equipment	8,513	9,824
Add:		
Acquisition of computer hardware under finance lease	3,667	2,261
Additions for the financial year (Note 4)	<u>12,180</u>	<u>12,085</u>

** Reconciliation of liabilities arising from financing activities

	2025 RM'000	2024 RM'000
At 1 January	8,396	9,303
<u>Non-cash changes</u>		
Addition of lease	5,480	2,627
Finance cost on lease liabilities	367	439
<u>Cash flow from financing activity</u>		
Repayment of lease liabilities	<u>(4,187)</u>	<u>(3,973)</u>
At 31 December (Note 15)	<u>10,056</u>	<u>8,396</u>

The notes on pages 204 to 234 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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 29 January 2026.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(i) Amendments to published standards that are effective

The SC has applied the following amendments to published standards for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

(ii) New standard and amendments to published standards that have been issued but not yet effective

New standard, amendments to published standards and annual improvements that are effective for financial year beginning on or after 1 January 2026 are set out below:

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments', Amendments to MFRS 9 and MFRS 7 'Contracts Referencing Nature-dependent Electricity' (effective 1 January 2026).
- Annual Improvements to MFRSs (Amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', Amendments to MFRS 7 'Financial Instruments: Disclosures', Amendments to MFRS 9 'Financial Instruments', Amendments to MFRS 10 'Consolidated Financial Statements' and Amendments to MFRS 107 'Statement of Cash Flows') (effective 1 January 2026).
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027).
- Amendments to MFRS121 'Translation to a Hyperinflationary Presentation Currency' (effective 1 January 2027).

These new standard, 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 new standard, 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 those 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 followings:

(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 14.

(ii) 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.

(iii) 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 its related application system are disclosed in Note 3(b)(iii).

(iv) Assessment of impairment of non-financial assets

The SC assesses impairment of the non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount of an asset is measured at the higher of the fair value less cost to sell (FVLCTS) for that asset and its value-in-use (VIU). The VIU is the net present value of the projected future cash flows derived from the cash generating units (CGU) discounted at an appropriate rate.

Projected future cash flows are based on the SC's judgements in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, discount rates and other available information. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

The assumptions used and results of the impairment assessment of non-financial assets are disclosed in Note 27.

3. MATERIAL ACCOUNTING POLICIES

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 loss 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(g)(i)) 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.

Subsequent measurement

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

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.

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 'administrative 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 are as follows:

Buildings	50 years
Office equipment, furniture and fittings	3-10 years
Motor vehicles	5 years
Computer hardware and its related application systems	3-7 years

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

(c) Intangible assets

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 to seven 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 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, 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 its 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) Non-current assets classified as held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

(g) 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 Government Investment Issues and Government Guaranteed Bonds 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 fully) 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.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment.

(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.

(h) 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 represent a percentage of the consideration for every purchase and sale of securities recorded on Bursa Malaysia Securities Berhad (Bursa) 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 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.

(i) 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;
- (b) the amortisation of premiums or discounts on purchases of fixed income measured at amortised cost.

(j) Other Income

Included in other income are, among others:

- (i) Penalty income on auditors for failing to comply with 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.
- (iv) 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.

(k) 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 organisation (SOCISO), Employees Provident Fund (EPF) or Private Retirement Scheme (PRS) are measured on an undiscounted basis and are expensed off 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.

(i) 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.

(m) 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.

(n) 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.

(o) 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
Cost						
At 1 January 2024	232,162	110,612	20,400	1,792	136	365,102
Additions	-	473	2,330	1,706	7,576	12,085
Disposals	-	(384)	(24)	(965)	-	(1,373)
Write off	-	-	-	-	(70)	(70)
Reclassification from intangible assets	-	-	593	-	-	593
Transfer to/(from)	-	6,152	213	-	(6,365)	-
At 31 December 2024/1 January 2025	232,162	116,853	23,512	2,533	1,277	376,337
Additions	-	1,029	686	201	10,264	12,180
Disposals	-	(501)	(1,595)	(387)	-	(2,483)
Write off	-	(14,930)	(352)	-	(11)	(15,293)
Reclassification to non-current asset classified as held for sale	(508)	-	-	-	-	(508)
Transfer to/(from)	-	7,666	-	-	(7,666)	-
At 31 December 2025	231,654	110,117	22,251	2,347	3,864	370,233
Less: Accumulated depreciation and impairment loss						
At 1 January 2024						
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
Depreciation for the financial year	4,643	2,694	3,788	304	-	11,429
Reclassification from intangible assets	-	-	492	-	-	492
Disposals	-	(371)	(20)	(965)	-	(1,356)
Impairment loss	-	-	1,559	-	-	1,559
At 31 December 2024/1 January 2025						
Accumulated depreciation	118,498	101,091	13,496	905	-	233,990
Accumulated impairment loss	109	-	1,559	-	-	1,668
	118,607	101,091	15,055	905	-	235,658
Depreciation for the financial year	4,642	3,701	3,248	375	-	11,966
Reclassification to non-current asset classified as held for sale	(241)	-	-	-	-	(241)
Disposals	-	(490)	(1,594)	(247)	-	(2,331)
Write off	-	(14,930)	(352)	-	-	(15,282)
At 31 December 2025						
Accumulated depreciation	122,899	89,372	14,798	1,033	-	228,102
Accumulated impairment loss	109	-	1,559	-	-	1,668
	123,008	89,372	16,357	1,033	-	229,770

	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
<u>Carrying amounts</u>						
At 1 January 2024	118,198	11,844	11,164	226	136	141,568
At 31 December 2024/1 January 2025	113,555	15,762	8,457	1,628	1,277	140,679
At 31 December 2025	108,646	20,745	5,894	1,314	3,864	140,463

Impairment assessment has been performed as disclosed in Note 27.

5. INTANGIBLE ASSETS

	Computer softwares RM'000	Capital work-in progress RM'000	Total RM'000
<u>Cost</u>			
At 1 January 2024	32,064	10,293	42,357
Additions	-	8,810	8,810
Write off	-	(802)	(802)
Transfer to/(from)	4,460	(4,460)	-
Reclassification to property, plant and equipment	(593)	-	(593)
At 31 December 2024/1 January 2025	35,931	13,841	49,772
Additions	-	3,335	3,335
Write off	(32)	(1,033)	(1,065)
Transfer to/(from)	1,025	(1,025)	-
At 31 December 2025	36,924	15,118	52,042

	Computer softwares RM'000	Capital work-in progress RM'000	Total RM'000
<u>Less: Accumulated amortisation and impairment loss</u>			
At 1 January 2024			
Accumulated amortisation	23,419	-	23,419
Accumulated impairment loss	-	-	-
	23,419	-	23,419
Amortisation for the financial year	3,766	-	3,766
Reclassification to property, plant and equipment	(492)	-	(492)
Impairment loss	-	3,359	3,359
	26,693	3,359	30,052
At 31 December 2024/1 January 2025			
Accumulated amortisation	26,693	-	26,693
Accumulated impairment loss	-	3,359	3,359
	26,693	3,359	30,052
Amortisation for the financial year	3,916	-	3,916
Write off	(32)	-	(32)
Impairment loss	-	1,776	1,776
	30,577	5,135	35,712
At 31 December 2025			
Accumulated amortisation	30,577	-	30,577
Accumulated impairment loss	-	5,135	5,135
	30,577	5,135	35,712
<u>Carrying amounts</u>			
At 1 January 2024	8,645	10,293	18,938
At 31 December 2024/1 January 2025	9,238	10,482	19,720
At 31 December 2025	6,347	9,983	16,330

Impairment assessment has been performed as disclosed in Note 27.

6. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Building RM'000	Computer hardware RM'000	Motor vehicle RM'000	Office equipment RM'000	Total RM'000
Cost						
At 1 January 2024	9,154	179	549	-	-	9,882
Additions	-	94	272	-	-	366
At 31 December 2024/1 January 2025	9,154	273	821	-	-	10,248
Additions	-	92	260	1,129	332	1,813
At 31 December 2025	9,154	365	1,081	1,129	332	12,061
Less: Accumulated depreciation						
At 1 January 2024	2,679	90	275	-	-	3,044
Depreciation	92	92	274	-	-	458
At 31 December 2024/1 January 2025	2,771	182	549	-	-	3,502
Depreciation	92	51	281	220	55	699
At 31 December 2025	2,863	233	830	220	55	4,201
Carrying amounts						
At 1 January 2024	6,475	89	274	-	-	6,838
At 31 December 2024/1 January 2025	6,383	91	272	-	-	6,746
At 31 December 2025	6,291	132	251	909	277	7,860

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 27.

7. DEFERRED TAX ASSET

In prior financial year, the SC was granted a 5-year tax exemption from Year of 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.

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:

	2025 RM'000	2024 RM'000
Unabsorbed capital allowance	69,707	56,188
Unutilised tax losses	148,418	146,880
	<u>218,125</u>	<u>203,068</u>
Deferred tax assets not recognised at 24% (2024: 24%)	<u>52,350</u>	<u>48,736</u>

The unutilised tax losses of RM148.4million (2024: RM146.9 million) will expire in the following YA:

<u>YA</u>	2025 RM'000	2024 RM'000
2028	11,060	11,060
2033	44,474	44,474
2034	91,346	91,346
2035	1,538	-
	<u>148,418</u>	<u>146,880</u>

8. OTHER RECEIVABLES

	2025 RM'000	2024 RM'000
Staff financing	1,215	1,947
Less: Unearned profit		
– Islamic financing on housing and motor vehicles	(26)	(41)
	<u>1,189</u>	<u>1,906</u>
Less: Amount due within 12 months (Note 10)	(402)	(730)
Amount due after 12 months	<u>787</u>	<u>1,176</u>

The rates and tenure of staff financing are as follows:

	Rate charged (per annum)	Maximum repayable period
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 26.3(c).

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

	2025 RM'000	2024 RM'000
Within 1 year	402	730
More than 1 year and up to 5 years	691	970
More than 5 years	96	206
	<u>1,189</u>	<u>1,906</u>

9. OTHER INVESTMENTS

	Non-current		Current		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Fair value through profit or loss:</u>						
– Investment in quoted unit trust	112,189	128,334	-	-	112,189	128,334
– Investment in discretionary mandate	332,316	314,268	-	-	332,316	314,268
<u>Amortised costs:</u>						
– Government Investment Issues and Government Guaranteed Bonds	49,938	49,933	-	-	49,938	49,933
– Deposits placed with licensed banks	-	6,000	258,756	306,420	258,756	312,420
	<u>494,443</u>	<u>498,535</u>	<u>258,756</u>	<u>306,420</u>	<u>753,199</u>	<u>804,955</u>

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 RM1.5 million (2024: RM1.9 million).

Government Investment Issues and Government Guaranteed Bonds will mature in 2029 and 2038, respectively. The weighted average yield to maturity of Government Investment Issues and Government Guaranteed Bonds was 4.59% per annum (2024: 4.59% per annum).

Deposits placed with licensed banks have maturity period ranging from 4 months to 15 months (2024: 6 months to 15 months) and earned income at rates ranging from 2.60% to 4.00% per annum (2024: 2.50% to 4.20% per annum).

10. TRADE AND OTHER RECEIVABLES

	2025 RM'000	2024 RM'000
Levies receivable	16,613	16,665
Finance income receivable	6,098	8,154
Other receivables	3,904	1,077
Deposit	1,212	1,120
Prepayments	4,808	3,980
Short term staff financing (Note 8)	402	730
	<u>33,037</u>	<u>31,726</u>

11. CASH AND CASH EQUIVALENTS

	2025 RM'000	2024 RM'000
Cash and bank balances	25,911	40,118
Deposits placed with licensed banks	95,974	61,505
	<u>121,885</u>	<u>101,623</u>

Deposits placed with licensed banks have maturity period of 1 month to 3 months (2024: 1 month) and earned income at rates ranging from 1.80% to 3.35% per annum (2024: 2.30% to 3.40% per annum).

Included in deposits placed with licensed banks are amounts reserved for stockbroking industry development of RM16.6 million (2024: RM16.1 million), amounts reserved for brokers' security deposits of RM0.3 million (2024: RM0.3 million) and funds held in trust of approximately RM55.5 million (2024: RM45.1 million).

The bank balances are placed with licensed banks.

12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The details of the non-current assets classified as held for sale are as follows:

	2025 RM'000	2024 RM'000
Property, plant and equipment	267	-
	<u>267</u>	<u>-</u>

The movements during the financial year relating to non-current assets classified as held for sale are as follows:

	2025 RM'000	2024 RM'000
At 1 January	-	-
Reclassification from property, plant and equipment (Note 4)	267	-
	<hr/>	<hr/>
At 31 December	267	-
	<hr/> <hr/>	<hr/> <hr/>

13. COMPENSATION FUND RESERVE

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

14. 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 RM3.3 million in contributions to its defined benefit plan in 2026.

Post-employment benefits voluntary buy-out scheme

During the previous financial year, the Board Members approved the voluntary buy-out scheme for active and retired members of the post-employment benefits who opted to give up their future rights to the post-employment benefits in return for a cash settlement. The SC Board Members approved a final payout of RM118.2 million based on the final number of applicants who signed the buyout agreement for the voluntary buy-out scheme. The settlement resulted in the reversal of liabilities of RM9.9 million which is recognised in the statement of comprehensive income in the previous financial year.

Movement in net defined benefit liability

	2025 RM'000	2024 RM'000
Net defined benefit liability at 1 January	123,174	233,455
<u>Included in profit or loss</u>		
Current service cost	1,354	1,306
Interest expense	5,612	5,294
Reversal of liabilities due to post-employment benefits voluntary buy-out scheme	-	(9,874)
	<u>6,966</u>	<u>(3,274)</u>
<u>Others</u>		
Benefits paid	(4,180)	(4,927)
Settlement of post-employment benefits voluntary buy-out scheme	-	(118,190)
Remeasurement of defined benefit liability	16,549	16,110
Net defined benefit liability at 31 December	<u><u>142,509</u></u>	<u><u>123,174</u></u>

Defined benefit obligation actuarial assumptions

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

	2025	2024
Discount rate	4.3%	4.6%
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 2025, the weighted-average duration of the defined benefit obligation was 17 years (2024: 18 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:

	<u>Defined benefit obligation</u>	
	Increase RM'000	Decrease RM'000
<u>2025</u>		
Discount rate (1% movement)	(20,949)	26,364
Medical cost inflation rate (1% movement)	24,797	(20,094)
	<u><u></u></u>	<u><u></u></u>
<u>2024</u>		
Discount rate (1% movement)	(18,107)	22,910
Medical cost inflation rate (1% movement)	21,432	(17,368)
	<u><u></u></u>	<u><u></u></u>

15. LEASE LIABILITIES

	2025 RM'000	2024 RM'000
Non-current	6,114	4,734
Current	3,942	3,662
	<u>10,056</u>	<u>8,396</u>

16. OTHER PAYABLES AND ACCRUALS

	2025 RM'000	2024 RM'000
Funds held in trust	61,016	42,593
Regulatory settlements	7,520	17,015
Deposits received		
– License fees	1,556	1,266
– Registration fee	504	672
– Others	-	5
Accruals	58,255	16,663
Other payables	6,962	27,008
	<u>135,813</u>	<u>105,222</u>

17. CONTRACT LIABILITIES

	2025 RM'000	2024 RM'000
Fees and charges	3,749	2,287
License fees	1,493	1,522
	<u>5,242</u>	<u>3,809</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.

18. INCOME

	Note	2025 RM'000	2024 RM'000
Revenue	18.1	196,091	244,418
Finance income			
– fixed deposit		12,874	14,237
– bond		2,258	2,386
– quoted unit trust		4,957	5,290
– discretionary mandate		16,296	14,349
Other income	18.2	36,385	36,262
		<u>19,272</u>	<u>19,714</u>
Total income		<u>251,748</u>	<u>300,394</u>

18.1 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.

18.2 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.

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

	Note	2025 RM'000	2024 RM'000
Contract liabilities	17	5,242	3,809
Income recognised during the financial year that was included in the contract liabilities balance at the beginning of the financial year		3,809	5,137

19. STAFF COSTS

	2025 RM'000	2024 RM'000
Remuneration, bonus, staff medical, staff training and overtime	204,299	179,927
Defined contribution plan	29,046	29,521
Other employees benefits	1,982	3,888
Post-employment benefits	6,967	(3,274)
	<u>242,294</u>	<u>210,062</u>

20. 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 24.

21. (DEFICIT)/SURPLUS BEFORE TAX

	Note	2025 RM'000	2024 RM'000
(Deficit)/Surplus before tax is arrived at after charging/(crediting):			
Auditors' remuneration		184	180
Executive members' emoluments		2,729	3,839
Non-executive members' allowance		1,434	1,413
Rental expense:			
Plant and equipment		1,487	316
Depreciation of property, plant and equipment	4	11,966	11,429
Loss/(Gain) on disposals of property, plant and equipment		49	(198)
Loss on property, plant and equipment written off	4	11	70
Loss on intangible assets written off	5	1,033	802
Impairment loss on property, plant and equipment	4	-	1,559
Impairment loss on intangible assets	5	1,776	3,359
Net fair value gain on financial assets at FVTPL		(3,141)	(923)
Amortisation of intangible assets	5	3,916	3,766
Depreciation of right-of-use assets	6	699	458
Finance cost on lease liabilities		367	439
Repair and maintenance		6,059	13,413
Communication and online resources		4,882	5,170
Reversal of liabilities due to post-employment benefits voluntary buy-out scheme	14	-	(9,874)
		<u> </u>	<u> </u>

22. TAXATION

The SC was granted approval from the Minister of Finance to be exempted from taxation with effect from Year Assessment (YA) 2022 until YA 2026.

23. OTHER COMPREHENSIVE LOSS

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<u>2025</u>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(16,549)	-	(16,549)
<u>2024</u>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(16,110)	-	(16,110)

24. 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 21 under the heading of "Executive members' emoluments".

- 24.1** 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:

	2025 RM'000	2024 RM'000
Funding to SIDC	2,700	4,000
Management fee paid by the SIDC	516	516
Training provided by SIDC	582	1,073

- 24.2** 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:

	2025 RM'000	2024 RM'000
Management fee paid by the CMC	158	158

- 24.3** 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:

	2025 RM'000	2024 RM'000
Funding to the CMPC	-	500

- 24.4** The SC has a related party relationship with the IOSCO Asia Pacific Hub (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:

	2025 RM'000	2024 RM'000
Funding to the Hub	-	200

25. CAPITAL COMMITMENTS

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

	2025 RM'000	2024 RM'000
Property, plant and equipment	1,124	7,410
Intangible assets	6,390	12,659

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

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

- i. Amortised cost (AC); and
- ii. FVTPL

	AC RM'000	FVTPL RM'000	Carrying amount RM'000
2025			
<u>Financial assets</u>			
Other receivables – long term	787	-	787
Other investments	308,694	444,505	753,199
Trade and other receivables*	27,017	-	27,017
Cash and cash equivalents	121,885	-	121,885
	<u>458,383</u>	<u>444,505</u>	<u>902,888</u>
<u>Financial liabilities</u>			
Other payables and accruals*	(133,753)	-	(133,753)
Lease liabilities	(10,056)	-	(10,056)
	<u>(143,809)</u>	<u>-</u>	<u>(143,809)</u>
2024			
<u>Financial assets</u>			
Other receivables – long term	1,176	-	1,176
Other investments	362,353	442,602	804,955
Trade and other receivables*	26,626	-	26,626
Cash and cash equivalents	101,623	-	101,623
	<u>491,778</u>	<u>442,602</u>	<u>934,380</u>
<u>Financial liabilities</u>			
Other payables and accruals*	(103,279)	-	(103,279)
Lease liabilities	(8,396)	-	(8,396)
	<u>(111,675)</u>	<u>-</u>	<u>(111,675)</u>

* Exclude non-financial instruments

26.2 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.

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

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

26.3 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:

	Gross carrying amount	Loss allowance	Net balance
	RM'000	RM'000	RM'000
2025			
Not past due	27,383	-	27,383
Past due 1 – 30 days	250	-	250
Past due 31 – 60 days	46	-	46
Past due 61 – 90 days	7	-	7
Past due more than 90 days	118	-	118
	<u>27,804</u>	<u>-</u>	<u>27,804</u>

	Gross carrying amount	Loss allowance	Net balance
	RM'000	RM'000	RM'000
<u>2024</u>			
Not past due	27,702	-	27,702
Past due 1 – 30 days	98	-	98
Past due 31 – 60 days	2	-	2
	<u>27,802</u>	<u>-</u>	<u>27,802</u>

Receivables above has not recognised any loss allowance comprise receivables from:

- (a) Bursa which has no history of default and has been remitting levies to the SC within the stipulated timeframe;
- (b) Financial institutions and debt issuers who have no history of default;
- (c) 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

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.

26.4 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.

	<u>Carrying amount</u> RM'000	<u>Contractual cash flow</u> RM'000	<u>Under 1 year</u> RM'000	<u>Over 1 year</u> RM'000
<u>2025</u>				
<u>Financial liabilities</u>				
Other payables and accruals*	133,753	133,753	133,753	-
Lease liabilities	10,056	10,768	4,275	6,493
	<u>143,809</u>	<u>144,521</u>	<u>138,028</u>	<u>6,493</u>
<u>2024</u>				
<u>Financial liabilities</u>				
Other payables and accruals*	103,279	103,279	103,279	-
Lease liabilities	8,396	8,928	3,974	4,954
	<u>111,675</u>	<u>112,207</u>	<u>107,253</u>	<u>4,954</u>

* Exclude non-financial instruments

26.5 Market risk

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

26.5.1 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:

	2025 RM'000	2024 RM'000
<u>Fixed rate instruments</u>		
Financial assets	<u>404,668</u>	<u>423,858</u>

Interest rate risk sensitivity analysis*Interest rate risk sensitivity analysis for floating rate instruments*

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

26.5.2 Price risk

Price risk arises from the movement in price of the quoted unit trust and discretionary mandate. Performance on the quoted unit trust and discretionary mandate are regularly updated to Management.

26.6 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	
2025					
<u>Non-current</u>					
<u>Financial assets</u>					
Long term receivables Government Investment	-	-	787	787	787
Issues and Government Guaranteed Bonds	-	52,996	-	52,996	49,938
	<u>-</u>	<u>52,996</u>	<u>787</u>	<u>53,783</u>	<u>50,725</u>
2024					
<u>Non-current</u>					
<u>Financial assets</u>					
Long term receivables Government Investment	-	-	1,176	1,176	1,176
Issues and Government Guaranteed Bonds	-	52,072	-	52,072	49,933
	<u>-</u>	<u>52,072</u>	<u>1,176</u>	<u>53,248</u>	<u>51,109</u>

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 (2024: 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.

Financial instruments carried at fair value

Investment in quoted unit trust is categorised at Level 1 while investment in discretionary mandate is categorised at Level 2.

27. IMPAIRMENT ASSESSMENT ON ASSETS

During the financial year, impairment assessment 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:

	2025	2024
Discount rate	3.49%	3.82%
Growth rate	2.75%	3.00%

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

28. 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.


29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2025 were authorised by the Board Members of SC for issuance and signed by the SC's Board Members on 29 January 2026.

SECURITIES COMMISSION MALAYSIA STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 199 to 234 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 2025 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:



DATO' MOHAMMAD FAIZ BIN MOHAMMAD AZMI
CHAIRMAN



WEE HOE SOON @ GOOI HOE SOON
MEMBER

Kuala Lumpur
29 January 2026

SECURITIES COMMISSION MALAYSIA 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 199 to 234 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, at Kuala Lumpur in the Federal Territories on 29 January 2026.

Before me:



220 JALAN TUN SAMBANTHAN
50470 KUALA LUMPUR

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Securities Commission Malaysia (SC), which comprise the statement of financial position as at 31 December 2025, 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, including material accounting policies information, as set out on pages 199 to 234.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SC as at 31 December 2025, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISA). 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

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 financial statements of the SC that give a true and fair view in accordance with MFRS and IFRS. 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 ISA 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.

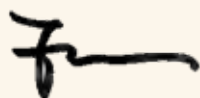
As part of an audit in accordance with approved standards on auditing in Malaysia and ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the SC, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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.



Forvis Mazars PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants



Chong Fah Yow
03004/07/2026 J
Chartered Accountant

Kuala Lumpur
29 January 2026

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