



PART 5

ORGANISATION INFORMATION

BOARD MEMBERS



**DATUK DR. SHAHRAZAT
HAJI AHMAD**

**DATO' ALIZATUL KHAIR
OSMAN KHAIRUDDIN**

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

Note:

- The line-up of Board Members as at 31 December 2025.
- Dato' Seri Dr. Awang Adek was a board member until 15 June 2024.
- Datuk Rashidah Mohd Sies and Tan Sri Mazlan Mansor completed board member tenures on 12 January and 29 February 2024 respectively.
- Datuk Nik Mohd Hasyudeen Yusoff was appointed board member on 15 January 2025.



**DATO' MOHAMMAD
FAIZ AZMI**

**DATUK DR. ZUNIKA
MOHAMED**

KEMAL RIZADI ARBI



**DATO' MOHAMMAD
FAIZ AZMI**

Appointed 16 June 2024

DATO' MOHAMMAD FAIZ AZMI 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.

Much of his recent work has been with the Federal and State Governments involving work related to Accrual Accounting, acting as an Administrator for an airline and certain government entities and being part of the Federal Government National COVID-19 vaccine rollout. He has also been involved in the financial restructuring of government agencies and investigations.

Dato' Faiz is a member of the Malaysian Institute of Accountants and a Fellow of ICAEW. He has held the post of President of the Malaysian Institute of Accountants, Chairman of the Malaysia Accounting Standards Board, President of the Kuala Lumpur Business Club and ICAEW City Group Chairman.

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



TAN SRI WEE HOE SOON
@ GOOI HOE SOON

Appointed 1 January 2019

TAN SRI GOOI HOE SOON has over 35 years of experience in the fields of accounting and corporate finance. He was instrumental in the successful implementation of several corporate exercises, which 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 Yinson Holdings Bhd, JaGaSolution Bhd (formerly known as Red Ideas Holdings Bhd), Perusahaan Sadur Timah Malaysia (PERSTIMA) Bhd, AIA Bhd, Hydropipes Bhd and LMS Compliance Ltd.

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



DATUK DR. ZUNIKA
MOHAMED

Appointed 1 June 2020

DATUK DR. ZUNIKA MOHAMED is currently the Deputy Secretary General (Policy), Ministry of Economy.

She 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 leads the preparation and conceptualisation of the 13th Malaysia Plan, 2026-2030.

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 Malaysia External Trade Development Corporation (Matrade), Federal Agricultural Marketing Authority (FAMA), Halal Development Corporation Bhd (HDC), Rubber Industry Smallholders Development Authority (RISDA), Langkawi Development Authority (LADA) and Selangor State Development Corporation (PKNS).



**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 in 2011.

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



KEMAL RIZADI ARBI

Appointed 15 January 2024

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

He is currently an Advisor with the government of Oman and has been with the Executive President and Vice President's Office at the 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).

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 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 Retirement Fund (Incorporated) (KWAP), 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



**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

**DATIN PADUKA
AZALINA ADHAM**
Managing
Director

Note:

- 1. Datuk Kamarudin Hashim retired as Managing Director on 30 August 2024.
- 2. Neetasha Rauf is appointed Chief Sustainability Officer on 1 January 2025.



**DATO' MOHAMMAD
FAIZ AZMI**
Chairman

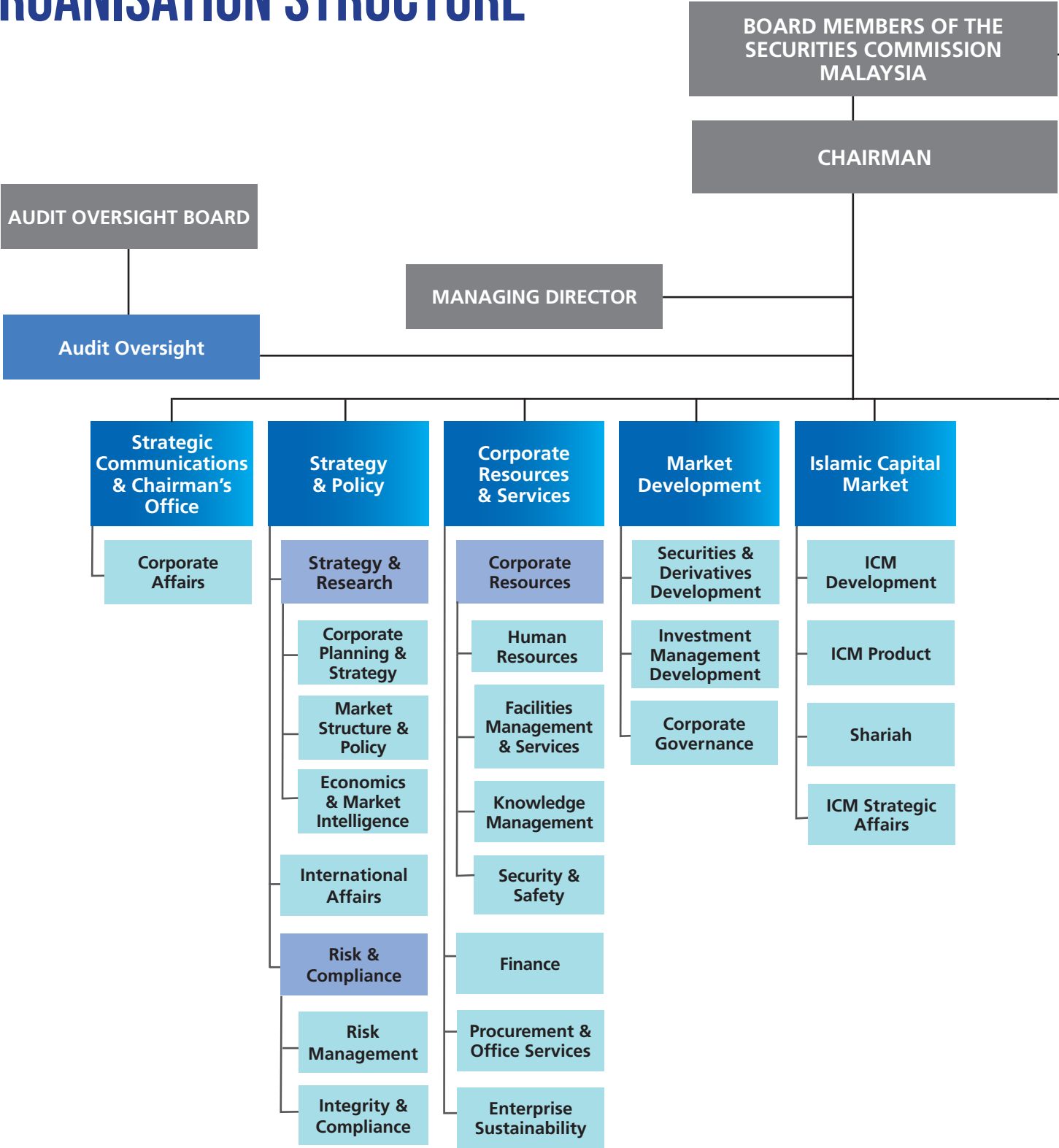
**SALMAH BEE
MOHD MYDIN**
Executive Director
Market Development

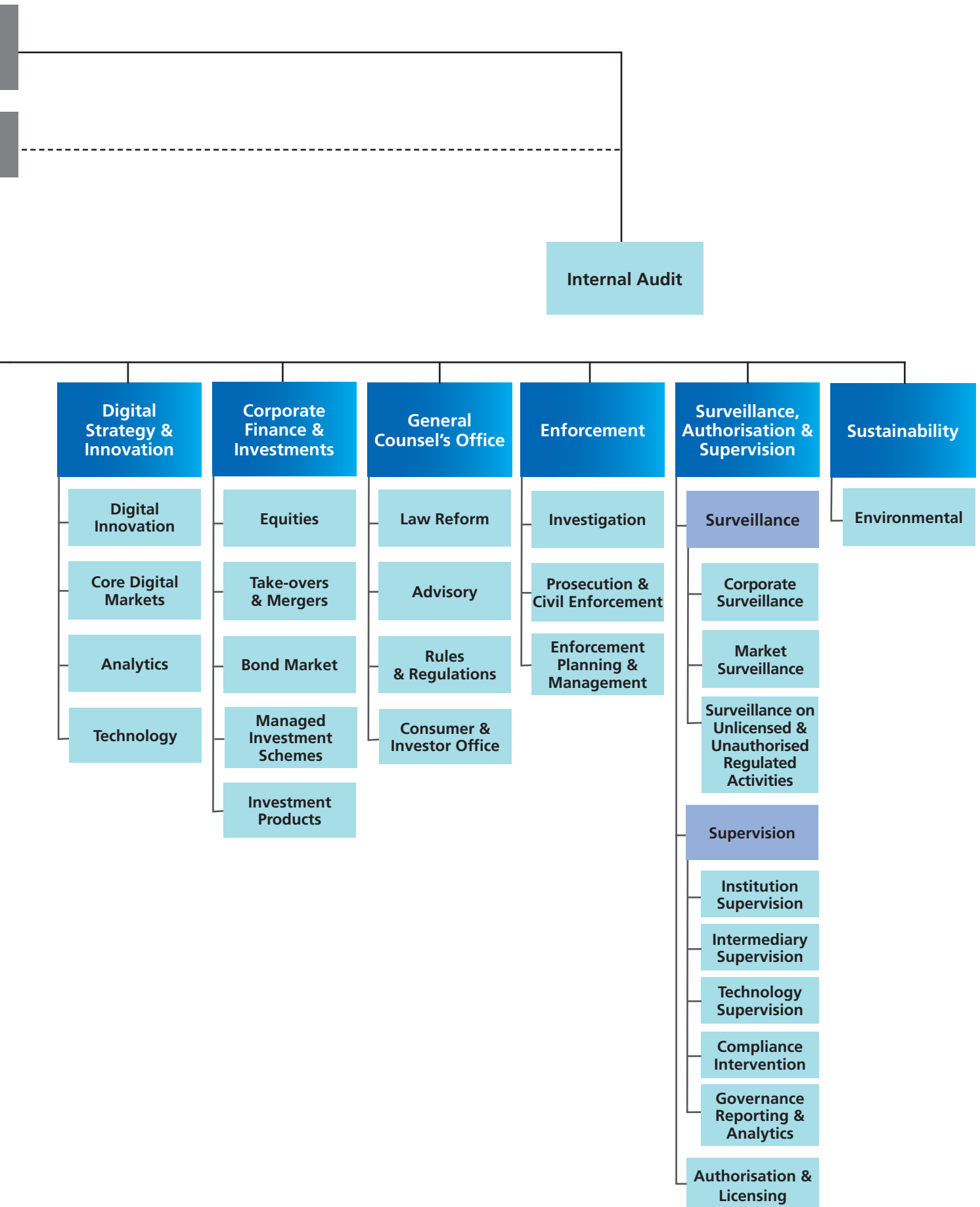
**DATO' ZAIN
AZHARI MAZLAN**
Executive Director
Corporate Finance &
Investments

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

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

ORGANISATION STRUCTURE





SHARIAH ADVISORY COUNCIL MEMBERS



PROFESSOR DATO' DR. AZNAN HASAN
Chairman



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



**PROFESSOR 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 SC is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. The SC's mission is to promote and maintain fair, efficient and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensure investor protection, fair and orderly markets, and monitor, mitigate and manage systemic risks arising from the capital market. The SC's responsibilities, powers and authorities are clearly defined and transparently set out in securities laws, namely the SCMA, *Capital Markets and Services Act 2007* (CMSA) and *Securities Industry (Central Depositories) Act 1991* (SICDA).

ABOUT THE COMMISSION

Board Members

The Board is responsible for the overall governance of the 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 154 to 157 and their involvement in the various committees established by the Board is provided on page 165.

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;
- regulate all matters relating to the capital market;
- ensure that the provisions of the securities laws are complied with;
- regulate the take-overs and mergers of companies;
- promote and regulate all matters relating to fund management, including unit trust schemes and PRS;

- be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- promote and encourage proper conduct among participating organisations, participants, affiliates, depository participants and all licensed or registered persons of an exchange, clearing house and central depository, as the case may be;
- suppress illegal, dishonourable and improper practices in the capital market, and in the provision of investment advice or other services relating to the capital market;
- consider and make recommendations for the reform of the securities laws;
- encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- encourage and promote self-regulation by professional associations or market institutions in the capital market;
- license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under the securities laws;
- promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- register or recognise all auditors of PIEs 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;
- promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;
- take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;
- promote and regulate corporate governance and approved accounting standards of listed corporations; and
- set and approve standards for professional qualification for the capital market.

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

Board Meetings

A total of 11 Board meetings were held in 2024, 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 members	Number of meetings attended
Dato' Seri Dr. Awang Adek Hussin ¹	5/5
Dato' Mohammad Faiz Azmi ²	11/11
As Chairman	6/6
As SC Board Member	5/5
Tan Sri Gooi Hoe Soon	10/11
Datuk Dr. Zunika Mohamed	8/11
Tan Sri Mazlan Mansor ³	1/1
Dato' Alizatul Khair Osman Khairuddin	11/11
Kemal Rizadi Arbi	11/11
Datuk Dr. Shahrazat Ahmad ⁴	6/10

Notes:

¹ Resigned from the Board on 15 June 2024.

² Appointed as SC Chairman 16 June 2024.

³ Tenure ended 29 February 2024.

⁴ Appointed to the Board on 15 February 2024.

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
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)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Tan Sri Gooi Hoe Soon • Dato' Alizatul Khair Osman Khairuddin
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)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Kemal Rizadi Arbi • Datuk Dr. Shahrazat Ahmad
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)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Datuk 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 Mazlan Mansor (Chairman)³ • Tan Sri Gooi Hoe Soon (Chairman)⁴ • Datuk Dr. Zunika Mohamed • Dato' Alizatul Khair Osman Khairuddin
6. Sustainability Committee	Provide oversight on the formulation of the SC's internal policy positions as well as policy positions to regulate and develop the capital market on sustainability and ESG-related strategies.	<ul style="list-style-type: none"> • Dato' Mohammad Faiz Azmi (Chairman)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Tan Sri Gooi Hoe Soon • Datuk Dr. Zunika Mohamed
7. Regulatory Strategy and Advisory Committee (RSAC)⁵	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, Licensing, 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 (Chairman) • Dato Dr. Nik Ramlah Nik Mahmood⁵ • Dato' Ishak Mohd Yusoff⁵

Notes:

- ¹ Appointed as SC Chairman 16 June 2024.
(Previous member of the Issues Committee, TOM Committee, Licensing Committee and Sustainability Committee prior to being appointed as the SC Chairman).
- ² Resigned from the Board 15 June 2024.
- ³ Completed term as Board Member on 29 February 2024.
- ⁴ Appointed as Chairman NRC on 1 March 2024.
- ⁵ Committee member appointed by the SC Board.

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 2024, the ARC had convened seven meetings.

SHARIAH ADVISORY COUNCIL

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

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).

RISK MANAGEMENT AND INTERNAL CONTROLS

Board Responsibility

The Board acknowledges the importance of maintaining a robust risk management framework and internal control to safeguard its integrity and governance.

To ensure this, the Board through delegation to the Board level ARC and management level Risk Management Committee (RMC), oversees the implementation,

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 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

TABLE 4
Audit Oversight Board members

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

monitoring, and continual enhancement of the organisation's risk management framework. This includes assessing emerging risks, evaluating the effectiveness of internal controls, and ensuring compliance with regulatory standards.

The SC has also established the Financial Risk Committee (FRC) and Technology and Cybersecurity Risk Committee (TCRC), Operational Risk Committee (ORC) and Safety and Health Committee (SHC) to support the RMC in reviewing the adequacy and integrity of the SC's enterprise risk management system which includes the key processes of risk identification, assessment, mitigation, monitoring and reporting. Through the RMC, these committees update the ARC and Board periodically of their work and ensuring all activities are consistent with the SC's strategic objectives and risk appetite.

Board and Management Responsibility

The management is accountable to the Board. As per Section 4(3)(c) of the SCMA, the Board is responsible for reviewing and adopting appropriate systems and controls to manage the enterprise risks of the SC.

Risk Appetite

The SC’s risk appetite outlines the extent, nature, and types of risk the organisation is willing and able to accept in the pursuit of its strategic goals. It also establishes the risk tolerance levels and limits to guide, manage, and regulate the SC’s risk-taking activities.

The risk appetite is a key element of the SC’s effective risk management framework, guided by strong top-down leadership from the Board and active bottom-up engagement from Management at all levels.

FIGURE 1
The SC’s Enterprise Risk Appetite Statement



Risk Management Framework

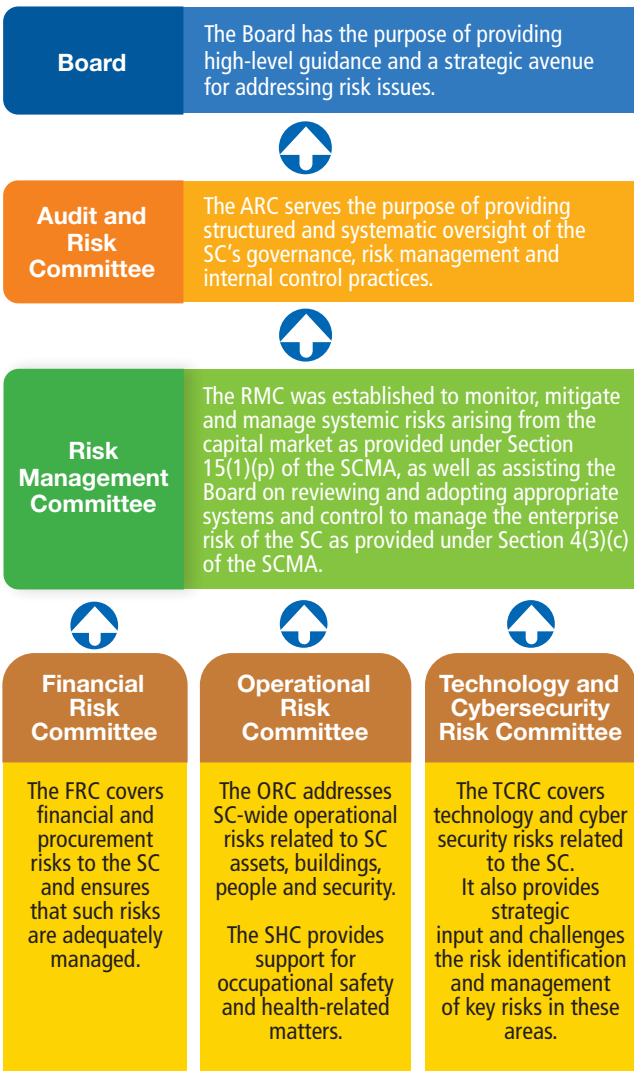
The SC’s Enterprise Risk Management Framework is set up in accordance with ISO 31000:2018 Risk Management Guideline which include the identification, evaluation, reporting, treatment, monitoring, and review of both strategic and operational risks within the SC. This is implemented through the establishment of the Enterprise Risk Management Policy and Standard Operating Procedure for Enterprise Risk Management (ERM SOP).

The identified risks are documented in the risk register and subsequently evaluated to assign a risk rating. The Risk Management department would then challenge and validate these risk registers for accuracy, reliability and integrity. This assessment is determined using a matrix that evaluates the likelihood of occurrence and

the potential impacts, considering both financial and non-financial consequences. Following this assessment, line departments are responsible for implementing mitigation measures aimed at achieving a residual risk that falls within the SC’s acceptable tolerance levels.

In the effort to enhance the efficiency and effectiveness of risk oversight and decision-making processes, the SC has consolidated its two management risk committees – the Systemic Risk Oversight Committee (SROC) and the Executive Risk Management Committee (ERMC) – into a unified committee now known as the Risk Management Committee (RMC). With this consolidation, it will provide the SC’s senior management a better holistic view of key risks across the capital market as well as at enterprise level. In 2024, a total of 23 meetings were held to deliberate various key issues.

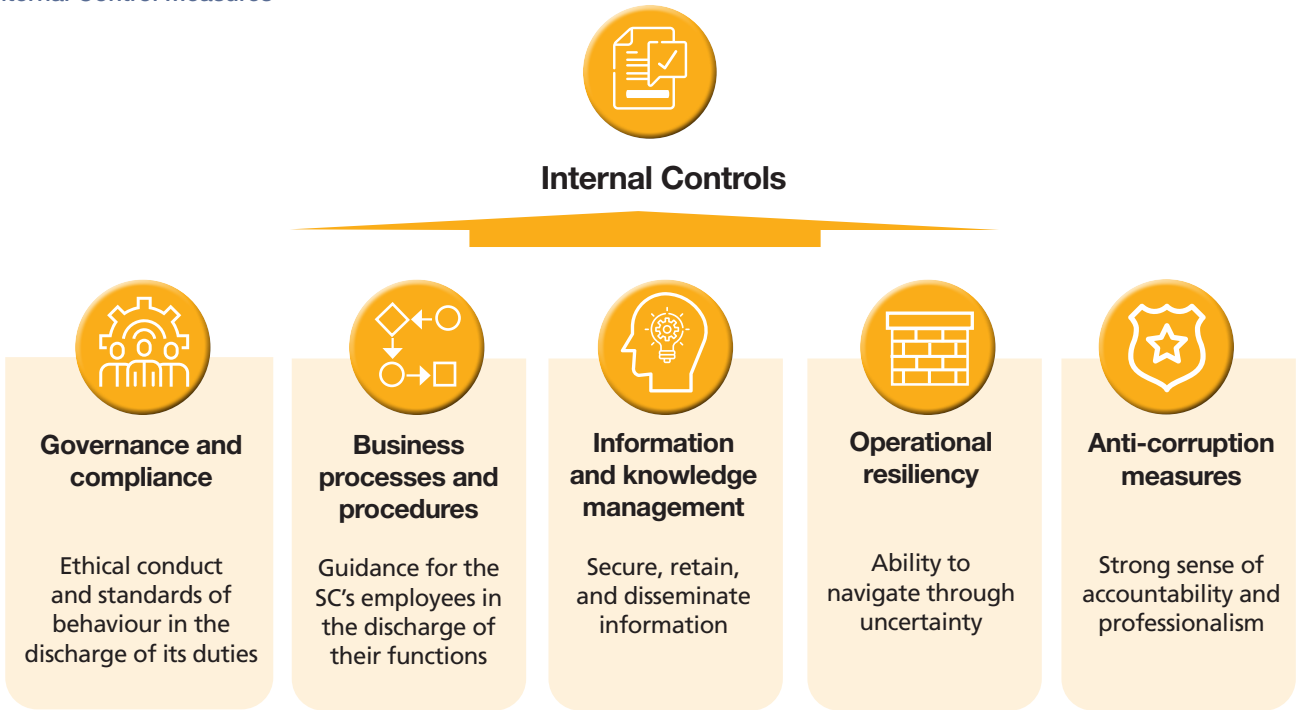
FIGURE 2
The SC’s Internal Risk Governance Structure



Internal Controls

The SC has established a comprehensive framework of internal control measures, incorporating policies and procedures that address key operational areas, including governance, staffing, procurement, operational resilience, data protection, and risk management. These measures are designed to ensure the effectiveness and reliability of the overall control environment.

FIGURE 3
Internal Control Measures



Risk management is a dynamic process, and as part of ongoing efforts to maintain the SC's resilience, the risk taxonomy has been revised and streamlined. This establishes a unified approach to strategic risks which allows for more effective risk mitigation strategies where action plans are now becoming targeted and centralised, and integration of interconnected risks which facilitates a more cohesive risk management strategy.

FIGURE 4



Business Continuity and Crisis Management

Business Continuity Management

The SC is fully committed to fortifying organisational resilience through the implementation of a robust Business Continuity Management (BCM) Policy and BCM Standard Operating Procedure, aligning with the ISO 22301:2019 Security and Resilience – Business Continuity Management System (BCMS) requirements. This corresponds with the organisation's ongoing efforts to ensure the sustainability of operations, even in the event of crises or disasters.

The SC also has an annual programme which includes awareness, training, review and validation on the efficiencies and effectiveness of BCM. Execution of the programme is reported to the RMC.

Crisis Management

Crisis management is a vital component of the SC's risk management framework, ensuring preparedness and resilience in the face of unexpected challenges. There is an established Crisis Management Policy and Crisis Management Standard Operating Procedure (SOP) to quickly identify, assess, and respond to crises, minimising disruptions to our operations while safeguarding stakeholders' interests.

The crisis management plan is regularly reviewed and updated to reflect evolving risks, ensuring that SC is

well-equipped to handle emergencies with agility and effectiveness. Through proactive communication and decisive action, the SC remains committed to maintaining operational stability and protecting our strategic objectives.

Emerging Risks

In today's dynamic environment, as organisations increasingly rely on innovative solutions and remain closely connected to external influences – new hazards pose potential challenges. Emerging risks are often marked by uncertainty in both their likelihood and their potential impact to business functions and operations.

To remain resilient, the SC is actively monitoring these emerging risks, even though they may not pose any immediate threats, consistent with forward-looking approach in managing risk.

The SC has implemented an internal process to identify emerging risks annually. This methodology includes analysing risk data points from both leading and lagging key risk indicators, engaging with risk officers and relevant stakeholders, and conducting environmental scans for emerging risk trends. The SC utilises the risk outlook to strategise the business plan, complementing the SC's strategic planning efforts.

By identifying emerging risks early, the SC can proactively develop mitigation measures and response plans, as shown in Figure 5.

FIGURE 5



Integrity and Compliance

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

- Defining governance expectations for Board Members in the execution of their duties.
- Outlining expectations for the SC's employees, encompassing ethical conduct and standards of behaviour throughout their tenure with the SC.
- In embracing the tenets of governance, integrity and compliance, the SC has continuously maintained the highest standards that focuses on ethical conduct when dealing with both external and internal stakeholders.

The SC's *Code of Conduct* sets clear expectations for employee behaviour, emphasising the organisation's values and principles. It outlines the consequences for breaches to ensure alignment with high standards of governance and professional conduct.

To uphold transparency and integrity within the workforce, the SC conducts thorough verification of potential hires and delivers regular awareness sessions on ethics and integrity, reflecting its commitment in promoting a culture of integrity and compliance.

The SC has also established the *Job Rotation Policy*, which is designed to promote talent development by providing staff with opportunities to enhance their skills and broaden their professional growth. This initiative supports career progression, encourages knowledge sharing across the organisation, and contributes to maintaining a healthy succession ratio for mission-critical positions while identifying and addressing skill gaps. This ensures that the organisation is prepared as a future ready regulator.

Promoting governance, integrity, and anti-corruption practices remains a priority at the SC. Mandatory training programmes, led by subject matter experts, are implemented for employees at all levels. The Job Rotation Policy also promotes a rotation programmes for key positions and high-risk departments. This initiative enhances the effectiveness of the SC's anti-corruption efforts. Organisational structure reviews are also conducted to address conflicting functions within business groups and to establish clear segregation of duties.

Additionally, collaborative sessions with line departments are organised to address specific needs and encourage an agile approach to fraud prevention and internal controls.

Policies and Procedures

Recognising the importance of having well-established organisational policies and procedures, an SC wide exercise was undertaken to review these documents were up-to-date. Policies and procedures are the cornerstone for promoting good business conduct in the organisation. Clear and documented processes provide a sense of accountability and guide for employees to ensure goals are achieved while efficiency is maintained.

The commitment shown by the employees in completing the review, exemplifies the culture of proper governance to mitigate unwarranted situations.

Talent Management

The *Job Rotation Policy* has been implemented to promote a rotation programme for key positions and high-risk departments.

This initiative enhances the effectiveness of the organisation's anti-corruption efforts. Additionally, organisational structure reviews are conducted to address conflicting functions within business groups and to establish clear segregation of duties.

To support sustainable operations, the SC prioritises maintaining a healthy succession ratio for mission-critical positions and regularly assesses skill gaps. This robust approach to succession planning ensures that the organisation is prepared as a future ready regulator.

Procurement

The Procurement and Office Services Department has successfully deployed a new E-Procurement system, representing a significant milestone in streamlining workflows, improving efficiency, and enhancing accountability across procurement activities. By leveraging technology, the system ensures better tracking, monitoring, and reporting of procurement transactions, reducing manual intervention and mitigating risks associated with human error.

Key improvements achieved since the implementation of the SC E-Procurement System include:

1. **Time Efficiency:** Reduced the procurement cycle by 25%, significantly cutting down time compared to the manual process.
2. **Automated Budget Control:** Replaced manual budget tracking with automated processes, ensuring accuracy and reducing the administrative workload.

3. **Efficient Vendor Search:** Vetted vendors are readily available with an easy search feature by categories, streamlining vendor selection.
4. **Simplified Approval Process:** Introduced a one-click approval request, eliminating the need for time-consuming email or meeting-based approvals.
5. **Improved Document Handling:** Enabled direct document extraction within the platform, reducing the effort of tracking and compiling multiple document formats.

The implementation of the E-Procurement System marks a step towards modernising and strengthening the organisation's procurement processes while supporting its commitment to good governance and continuous improvement.

Sensitive and Confidential Information

The *Authorisation for Disclosure of Information Policy* governs the release of material non-public information to third parties. Requests for disclosure of such information will be referred to a committee consisting of senior management of the SC for a decision.

Information and Knowledge Management

To ensure compliance and effective records management, the SC has implemented a comprehensive framework in accordance with the *National Archives Act 2003* (Act 629).

The Records Management Policy (RMP) provides clear guidelines, standards, and procedures for managing records within the SC. The RMP ensures that records are suitable for use as evidence or information in support of business operations and legal obligations. Additionally, it has streamlined the retention and dissemination processes, enhancing staff access to knowledge and information for daily tasks.

To further strengthen records management practices, the SC has developed the SC's Enterprise File Classifications (EFC) and the Records Disposal Schedule (RDS). This alignment with Arkib Negara Malaysia (ANM) requirements demonstrates the SC's commitment in maintaining a robust records management system that meets regulatory standards.

Key improvements resulting from the RMP, EFC, and RDS include:

- Enhanced compliance with regulatory requirements: Adherence to the *National Archives Act* and ANM guidelines ensures the integrity and accessibility of SC records.
- Improved efficiency and effectiveness: Standardised classification and retention schedules streamline record management processes, reducing administrative burden and improving information retrieval.
- Strengthened accountability and transparency: A well-managed records system supports accountability and transparency in the SC's operations.
- The SC's ongoing commitment to records management ensures that its information assets are protected, accessible, and utilised effectively to support its regulatory functions and contribute to the overall efficiency and effectiveness of the organisation.

Technology and Cybersecurity

The SC has taken steps to enhance its resilience in the face of evolving technology and cybersecurity risks. In 2024, these measures included strengthening data governance, access controls, operations resilience, and project management capabilities.

As the SC increasingly leverages AI in its SupTech work, ensuring accessible quality data and effective data governance becomes paramount. The *Enterprise Data Governance* (EDG) framework was deployed this year to promote standardised data handling practices, improve data quality, and align data-related activities with the SC's long-term objectives. This is a critical pillar towards our objective of becoming a data-driven organisation.

From a security standpoint, the focus has been on strengthening access controls to prevent unauthorised access to sensitive systems and data. These efforts aim to fortify the SC infrastructure and enhance the SC's ability to prevent, detect, and respond to increasingly sophisticated cyber attacks, ensuring a secure and resilient operational environment.

To strengthen the resilience of operations, the SC implemented the IT Operations Management (ITOM) tool, enhancing real-time IT infrastructure monitoring and enabling faster responses to operational issues. This contributed to more efficient and reliable IT operations. Additionally, the SC conduct regular simulation exercises to strengthen business continuity and the ability to recover critical operations in the face of potential disruptions.

To address execution risks in technology projects, the SC has focused on strengthening its project management capabilities. By enhancing governance structures and risk management practices, the SC team is better equipped to execute technology projects in line with strategic goals, mitigating risks related to scope, timelines, and resources.

Governance, Integrity and Anti-Corruption Measures

The SC's *Organisational Anti-Corruption Plan* (OACP) 2024-2026 was developed in line with Government directives to focus on strengthening good governance and affirming measures to address organisational issues in relation to governance, integrity, and corruption to enhance SC's performance.

As part of ongoing initiatives and creating a corporate integrity culture, a new mandatory training programme was initiated in 2024 till 2025 to build awareness and understanding about the importance of governance, integrity and anti-corruption especially in a working environment.

Further, the scope of the existing SC Anti-Corruption Committee (SC JAR) was enhanced which demonstrated the SC's commitment to support the government's fight against corruption. Following this, the committee was renamed as *SC Jawatankuasa Tatakelola* (SC JTK). The SC JTK serves as a platform focused on addressing organisational issues pertaining to governance, integrity and anti-corruption measures.

The OACP 2024-2026 is monitored, and the implementation achievement reports are reported to the top management periodically.

INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the ARC in discharging its duties and responsibilities. IAD reports directly to the ARC, which determines the adequacy of scope and function of the department as

set out in the Internal Audit Charter. IAD accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control and governance processes.

IAD carries out its responsibilities by conducting reviews based on the internal audit plan as approved by the ARC and the *International Standards for the Professional Practice of Internal Auditing* as issued by The Institute of Internal Auditors.

The main activities of IAD for the year 2024 included performing predominantly risk-based audits for the areas identified in the internal audit plan and ad-hoc review of certain functions as requested by Management. The results of the audits and activities performed by IAD were presented to the ARC for its review and deliberation. Where applicable, IAD conducted follow-up enquiries to ensure that Management's corrective actions were implemented appropriately and provided periodic updates on the status or progress of the key actions to the ARC. In addition, IAD played an advisory role in the course of discharging its responsibilities.

IAD had also reviewed the ARC Charter and Internal Audit Charter to ensure they remain relevant and had sought the ARC's feedback and approval.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

SIDREC is a body approved by the SC to handle capital market-related monetary disputes by investors against its members. SIDREC members are CMSL holders or Registered Persons under the CMSA who are authorised to deal in securities, derivatives, private retirement schemes and fund management services. This includes banks, brokers, unit trust management companies, fund managers, PRS providers and distributors as well as two development financial institutions.

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

In 2024, SIDREC received 230 claims and enquiries, out of which 38 were eligible disputes (2023: 266 claims and enquiries, of which 49 were eligible disputes). Of the 44 cases resolved, 50% (22 cases) were successfully resolved through case management and mediation

without having to proceed to adjudication. Since its establishment up to 2024, SIDREC has managed a cumulative total of 3,922 claims and enquiries, including 747 eligible disputes and 3,175 enquiries.

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

As announced by the MOF, BNM, and the SC, an integrated dispute resolution scheme has been

established to streamline financial dispute resolution for investors/financial consumers and capital market intermediaries/financial service providers. In line with this initiative, SIDREC and the Ombudsman for Financial Services (OFS) have consolidated into a single entity, the Financial Markets Ombudsman Service (FMOS), effective January 2025. This consolidation aims to provide a consistent approach to investor and consumer protection, enhance operational efficiencies between the two alternative dispute resolution (ADR) bodies, and ensure the resolution process remains fair, impartial, seamless, and free for investors and financial consumers.

Through ongoing collaboration with stakeholders such as the SC, BNM, and industry participants, FMOS will remain responsive to the evolving challenges of the capital and financial sector and uphold global best practices in alternative dispute resolution.

ENTERPRISE SUSTAINABILITY

INTRODUCTION

The SC strives to be a sustainable organisation, taking into consideration the environmental and social impact of its operations, while setting the tone for other public-listed companies in Malaysia. Aligned with global trends and Malaysia's climate aspirations as outlined in the *National Energy Transition Roadmap* (NETR), the SC's decarbonisation commitments are to be Carbon Neutral by 2040, and Net Zero by 2050. The SC's Sustainability First Initiative (SFI) introduced the SFI Roadmap in 2023 to chart the organisation's effort to transition to net zero and includes Environmental, Social and Governance initiatives.

This segment covers the SC's enterprise sustainability initiatives, which includes incorporating improved sustainability practices within the organisation. It also includes an overview of the SC's commitment to the United Nations Sustainable Development Goals (UN SDGs).

The SC's Commitment to the UN SDGs

Consistent with the SC's goal to be a sustainable organisation, six SDGs have been identified as relevant to the SC's enterprise values and operations. The following are the relevant SDGs and how the SC is contributing to its specific targets (Figure 1).

FIGURE 1



ENVIRONMENTAL

The SC's Emissions

Under the environmental pillar, the SC has started tracking the greenhouse gas (GHG) emissions associated with its operations including its Scopes 1, 2 and 3. The calculation of the SC's GHG emissions is done via a carbon management solution and is guided by the GHG Protocol methodology.

Scope 1 emissions represent the direct emissions from sources owned or controlled by the SC, including its mobile combustion and stationary combustion sources. Scope 2 emissions are the indirect emissions arising from the purchase of electricity, while Scope 3 represents the upstream and downstream indirect emissions that occur in the SC's value chain.

Assessing its GHG emissions is crucial to understand and quantify the SC's carbon footprint. By accurately measuring its GHG emissions, the SC is able to develop effective strategies to reduce its carbon emissions, aligning with its decarbonisation commitments to be Carbon Neutral by 2040, and Net Zero by 2050.

The SC's Decarbonisation Efforts

Under the SFI, several emissions abatement levers were introduced in 2024. The SC also conducted an Energy Audit that analysed energy consumption, evaluated the performance of systems, and identified potential energy-saving measures. The following section outlines the SC's decarbonisation initiatives (Figure 2).

FIGURE 2

Solar Panel Installation



To further enhance the SC's energy efficiency, the installation of solar panels on the SC's rooftop is expected to be completed by March 2025.

The installation of the solar panels is projected to decrease electricity consumption within the SC by approximately 20%.



Vehicle Transition



To manage Scope 1 emissions, the SC has transitioned its petrol fleet from conventional fossil fuel vehicles to hybrid and Electric Vehicles (EVs), with charging stations installed within the organisation.



Lighting Transition



The SC is expected to fully transition its office building and perimeter lighting to energy-saving LED lighting by March 2025, replacing less efficient conventional options to significantly lower carbon emissions.

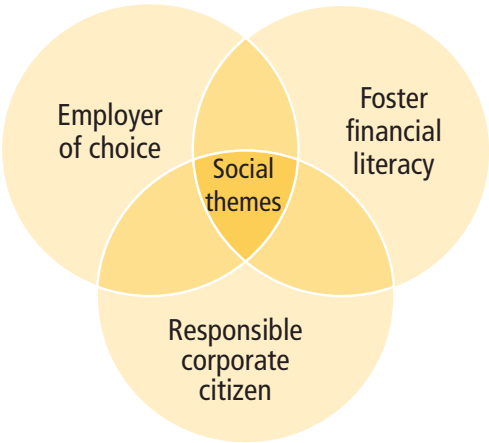
An estimated 7% reduction in electricity consumption is anticipated with the transition to LED lighting.



SOCIAL

As the capital market regulator, the SC demonstrates social responsibility to broader societal well-being to promote positive change and contribute to a more sustainable and equitable future. Under the SC’s sustainability framework, the social pillar is a three-pronged approach that is targeted to benefit the SC staff, as well as the external underserved community (Figure 3).

FIGURE 3



Employer of Choice

The SC strives to be a preferred employer among job seekers in Malaysia by building a healthy and supportive work environment, with an emphasis on maintaining the health, safety and wellbeing of its employees.

In 2024, the SC received the Malaysia’s 100 Leading Graduate Employers award. To be an employer of choice, the SC has internal policies that promote fair labour practices, career development and workplace safety, among others.

Throughout the year, the SC’s Sports and Recreation Club (KSRSS) organised various activities and events to strengthen staff camaraderie such as its annual Family Day, the SC Family Fun Run, and the Fruit Fest 2024.

The KSRSS’s Adulting 101 series organised in 2024 further offered life tips to young adults on budgeting and taxes, while the Pasar Pre-Loved provided an avenue for staff to buy and sell pre-loved items, promoting zero waste practices.



The SC’s Safety and Health Committee (SHC) plays a vital role in fostering a healthy lifestyle among SC staff. The Safety and Health Week 2024 included health screenings such as blood tests, total body composition analyses, eye examinations, among others.

Supporting staff health, there are counselors and professional psychiatrists to improve staff mental wellbeing, besides a wide coverage of approximately 7,000 clinics and hospitals for medical attention.



Additionally, the SC has commenced renovation of key areas of the SC building for increased staff utilisation and comfort. The creche was renovated to double its infant capacity and improve its visual appearance. Other enhancements to the SC building included renovations to the Ground and Lower Ground floor toilets, and refurbishment to the auditorium, gym, and multipurpose hall for better comfort and utilisation.

Fostering Financial Literacy

Supporting the SC's mandate of investor protection, fostering financial literacy and investor education forms part of the SC's social pillar to improve awareness among various stakeholders. The SC continuously promotes investor awareness and education via various initiatives and programmes.

The annual InvestSmart® Fest educates investors to be more informed, improving public financial literacy. The investED programme, a capacity-building programme, aims to enhance the capital market knowledge of young graduates.



Responsible Corporate Citizen

The SC as a responsible corporate citizen regularly seeks to identify and uplift the underserved community via philanthropic and non-philanthropic initiatives.

The Batik Lestari Project, a collaboration between the SC and MyCreative Ventures Sdn Bhd, aims to promote Malaysian batik and provide a platform for artisans to engage with corporate entities, helping them reach a wider market, elevating their income potential.

The *Kampung Angkat MADANI* is a programme to uplift rural villages via the provision of essential infrastructure. Over 5,000 attendees participated in the *Kampung Angkat MADANI* Carnival (KKAM) by the Ministry of Finance at SK Kampung La, Hulu Besut, Terengganu, on



2 November 2024. Officiated by Datuk Johan Mahmood Merican, Secretary-General of Treasury, the event featured services from 22 agencies, including the SC.

The SC, KWAP, LHDN and KWSP jointly sponsored the 'Back to School' programme for 135 students of SK Kampung La, providing school essentials such as backpack bags, stationery sets, colour pencils and notebooks.

GOVERNANCE

The SC is committed to upholding robust sustainability governance standards through its Board Sustainability Committee (BSC) and establishment of a Sustainability Steering Committee (SSC) in 2024.

The BSC provides oversight on the SC's sustainability and ESG-related strategies and initiatives internally, and externally to regulate and develop the capital market. The BSC is supported by the SSC to guide and monitor key sustainability and ESG-related matters within the SC and in respect of the SC's role to regulate and develop the capital market.

Furthermore, as part of the SC's ongoing commitment to advancing ESG principles and sustainable development in the capital market, the SC will be appointing a Chief Sustainability Officer with effect January 2025.

The enhanced sustainability governance structure underscores the SC's heightened awareness of the pressing need to address sustainability efforts in a comprehensive and holistic manner.

OUR PEOPLE

AUTOMATION: TRANSFORMING THE WORKFORCE

As technological advancements continue to reshape the business landscape, the SC is evolving to adopt automation in ways that streamline operations, enhance the employee experience, and improve overall organisational outcomes. The SC's human resources increasingly rely on technology to drive efficiency, informed decision-making and cultivate a more agile and inclusive workforce. In the second quarter of 2024, the Human Resources Department has successfully completed the first phase of an upgraded human resources management system, automating HR processes to enhance operational efficiency. This integration has simplified HR transactions, improved access to services and enhance employee experience.

RECRUITMENT AND TALENT REQUISITION

In 2024, the SC continued our recruitment initiatives, primarily on a needs and replacement basis. This was important to ensure the continuity of an inflow of high-skilled talents into the organisation; both at executive and mid-management levels. The SC hired a total of 93 candidates, of whom 87 were experienced hires and six Graduate Management Executives (GMEs) (including two returning scholars). In addition, career progression opportunities were given to qualified employees, where 89 promotions were affected across the SC. This is a testament of the SC's belief in continuously recognising and rewarding strong, consistent performers.

The SC also continued to provide opportunities for young graduates, particularly those who are in their penultimate year of study to gain knowledge and work experience in a regulatory environment; 33 undergraduate students from both local and foreign universities had completed their internships during the year. In addition, 16 trainees from polytechnics and vocational colleges were given practical training opportunities in the SC's Facilities Management and Services Department.

In continuing our talent development efforts, 15 employees underwent secondment or attachment

programmes; among others to the Ministry of Finance, Consumer Credit Oversight Board (CCOB), Islamic Financial Services Board (IFSB), Malaysia International Islamic Financial Centre (MIFC), Capital Markets Malaysia (CMM), IOSCO Asia Pacific Hub and World Bank. These opportunities enabled employees to gain greater learning, broaden work experience, expand networking opportunities, and inculcate knowledge sharing. The SC was also privileged to host secondees from BNM, Majlis Agama Islam Wilayah Persekutuan and (MAIWP) and Brunei Darussalam Central Bank.

Realising that there is a need to create greater awareness of the wide range of career opportunities available in the capital market, the SC continued to spearhead investED, the talent inculcation programme. investED is a large-scale, multi-faceted three-year capacity-building programme that aims to enhance the capital market knowledge of students, creating job opportunities for graduates, enhancing the leadership skills amongst graduates, and offering them job placement opportunities. In the second year of running, a total of 199 trainees were recruited for the cohort and commenced classroom learning session at the Asia School of Business for a month and were successfully placed in designated participating organisations. A total of 41 organisations within the capital market fraternity participated in the placement exercise.

TRAINING AND EMPLOYEE DEVELOPMENT

Learning and development interventions at work provide employees with the ability to sharpen skills they already have and build new skills they need to perform in the future workplace by staying abreast of new technologies, trends and best practices. This year, the SC has seen a 95% participation in learning and development interventions, reflecting the investment and commitment the organisation is making in its employees' professional growth and development.

This year, the SC made significant inroads into staff leadership development with investments in staff through structured leadership learning interventions. The launch of the leadership learning series incorporated

modules for the development of new managers and middle managers as well as the top management. In 2024, the organisation focused on delivering training on the specific skills required of leaders at present time including emotional intelligence, stakeholder management, strategic thinking, innovation by design thinking, business writing and presentation delivery. Besides classroom training models and self learn through an e-learning platform, the SC also introduced a brand-new group coaching and mentoring programme. The programmes were initiated to reinforce the SC's middle management with the tools and skills needed to enhance more effective leadership within the organisation.

Beyond leadership development, the SC launched the Governance, Integrity and Anti-Corruption (GIC) Awareness Programme required under the SC's OACP 2024-2026. This awareness training programme was planned as part of the SC's mandate to increase awareness of the importance of governance, integrity and anti-corruption practices at work. The programme was conducted in both Bahasa Malaysia and English to help ensure all staff understand the SC's GIC policies and the consequences of breaching them. Additionally, all SC staff face risks at any point of time in their employment at the SC. In order to help staff fully understand the risks they face in workplace and their rights in mitigating them, the SC completed the delivery of several Office Safety and Risks programmes. The programme led to several additional interventions at the SC aimed at supporting the wellbeing and safety of SC staff, including an organisation-wide briefing from SOCSO.

Furthermore, the SC introduced the SC Balanced Scorecard in 2023 in efforts to fulfil the organisation's need for outcome-based performance measurement as well as comprehensive goal and strategy alignment across the organisation. Consequently, a SMART KPI (Specific, Measurable, Achievable, Relevant, and Timely

Key Performance Indicators) training programme was launched in 2024 to ensure clarity in setting key performance indicators that can improve performance measurement and increase accountability so that the SC can align and achieve its missions and mandates amidst current challenges and complexities, and work towards becoming a future ready regulator.

In an ever-changing global economy, access to higher education has become more crucial than ever before. However, for many young students, the financial barriers to attending university can be overwhelming, preventing them from pursuing their academic and professional aspirations. The provision of undergraduate scholarships plays a vital role in bridging this gap, ensuring that talent and ambition are not hindered by financial limitations. In 2024, the SC scholarship programme attracted significant interest, receiving hundreds of applications from talented and ambitious individuals. Our rigorous selection process involved multiple stages, done to ensure the candidate's alignment with the SC's DNA and mission. Out of all applicants, the SC has selected to award the scholarship to two exceptional recipients. Upon completion of their education, these scholars will join the SC as part of the SC's talent attraction programme.

The SC has also enhanced its existing Job Rotation Policy, designed to promote talent development by providing staff with opportunities to enhance their skills and broaden their professional growth. Job rotation is a highly effective strategy for enhancing skills, fostering professional growth, boosting employee engagement, facilitating succession planning, encouraging knowledge-sharing, and retaining talent within an organisation. It also reinforces the SC's commitment to uphold integrity and transparency in its operations, and circumventing engagement in corruption practices with relevant stakeholders.

GENDER AND DIVERSITY

HEADCOUNT

826

(As of 31 December 2024)
(2023: 838)

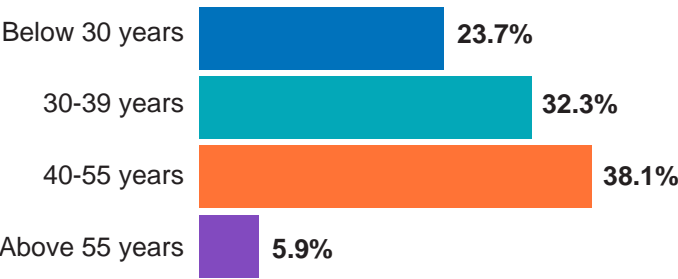


MALE
45.5%

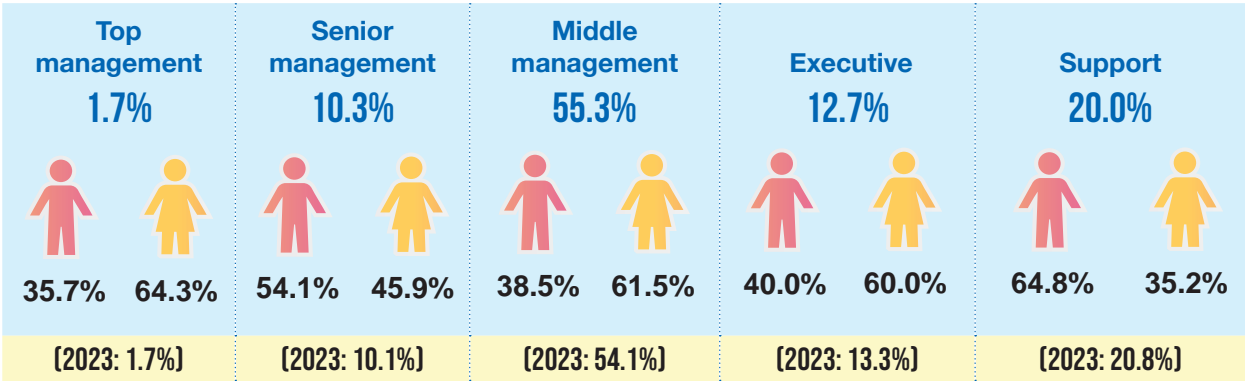


FEMALE
54.5%

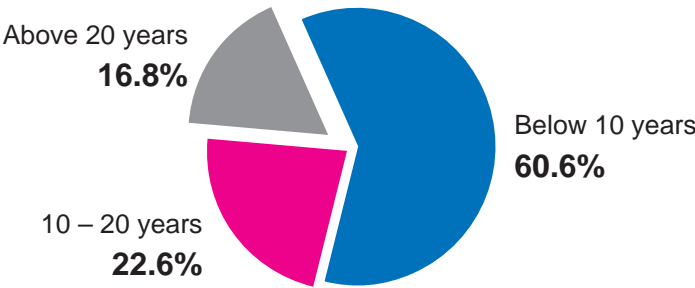
EMPLOYEE AGE GROUP



POSITION



YEARS OF EXPERIENCE IN THE SC



SECURITIES COMMISSION MALAYSIA

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

SECURITIES COMMISSION MALAYSIA

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	140,679	141,568
Intangible assets	5	19,720	18,938
Right-of-use assets	6	6,746	6,838
Other receivables	8	1,176	1,814
Other investments	9	498,535	202,219
Tax recoverable		11,943	-
		<u>678,799</u>	<u>371,377</u>
CURRENT ASSETS			
Other investments	9	306,420	423,403
Tax recoverable		-	11,943
Trade and other receivables	10	31,726	35,384
Cash and cash equivalents	11	101,623	381,133
		<u>439,769</u>	<u>851,863</u>
TOTAL ASSETS		<u>1,118,568</u>	<u>1,223,240</u>
RESERVES			
Compensation fund reserve	12	100,000	100,000
Accumulated surplus		777,967	780,080
TOTAL RESERVES		<u>877,967</u>	<u>880,080</u>
NON-CURRENT LIABILITIES			
Post-employment benefits	13	123,174	233,455
Lease liabilities	14	4,734	6,186
		<u>127,908</u>	<u>239,641</u>
CURRENT LIABILITIES			
Lease liabilities	14	3,662	3,117
Other payables and accruals	15	105,222	95,265
Contract liabilities	16	3,809	5,137
		<u>112,693</u>	<u>103,519</u>
TOTAL LIABILITIES		<u>240,601</u>	<u>343,160</u>
TOTAL RESERVES AND LIABILITIES		<u>1,118,568</u>	<u>1,223,240</u>

The notes on pages 187 to 217 are an integral part of these financial statements.

SECURITIES COMMISSION MALAYSIA

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2024

	Note	2024 RM'000	2023 RM'000
INCOME			
Levies		209,518	144,342
Fees and charges		27,472	16,576
License fees		4,132	3,215
Registration fees		3,296	3,144
Finance income		36,262	36,744
Other income		19,714	5,885
	17	<u>300,394</u>	<u>209,906</u>
LESS: EXPENDITURE			
Staff costs	18	210,062	209,664
Administrative expenses		53,227	41,879
Depreciation of property, plant and equipment	4	11,429	10,186
Amortisation of intangible assets	5	3,766	3,530
Depreciation of right-of-use assets	6	458	457
Rental expense		316	371
Finance cost on lease liabilities		439	274
		<u>279,697</u>	<u>266,361</u>
NET OPERATING SURPLUS/(DEFICIT)		20,697	(56,455)
Less: Funds to affiliates	19	<u>(6,700)</u>	<u>(10,500)</u>
Surplus/(Deficit) before tax for the financial year	20	13,997	(66,955)
Taxation	21	<u>-</u>	<u>(4,340)</u>
Surplus/(Deficit) after tax for the financial year		13,997	(71,295)
Other comprehensive loss:	22		
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability		<u>(16,110)</u>	<u>(36,566)</u>
Total comprehensive loss for the financial year		<u>(2,113)</u>	<u>(107,861)</u>

The notes on pages 187 to 217 are an integral part of these financial statements.

SECURITIES COMMISSION MALAYSIA

STATEMENT OF CHANGES IN RESERVES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Compensation fund reserve RM'000	Accumulated surplus RM'000	Total RM'000
At 1 January 2023	100,000	887,941	987,941
Deficit for the financial year	-	(71,295)	(71,295)
Remeasurement of defined benefit liability	-	(36,566)	(36,566)
Total comprehensive loss for the financial year	-	(107,861)	(107,861)
At 31 December 2023/1 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	100,000	777,967	877,967
Note 12			

The notes on pages 187 to 217 are an integral part of these financial statements.

SECURITIES COMMISSION MALAYSIA

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) before tax		13,997	(66,955)
Adjustments for:			
Depreciation of property, plant and equipment	4	11,429	10,186
Amortisation of intangible assets	5	3,766	3,530
Depreciation of right-of-use assets	6	458	457
Gain on disposals of property, plant and equipment		(198)	(23)
Loss on property, plant and equipment written off	4	70	3
Impairment loss on property, plant and equipment	4	1,559	-
Loss on intangible assets written off	5	802	-
Impairment loss on intangible assets	5	3,359	-
Reversal of liabilities due to post-employment benefits voluntary buy-out scheme	13	(9,874)	-
Net fair value gain on financial asset at fair value through profit or loss (FVTPL)		(923)	(1,325)
Finance income		(36,262)	(36,744)
Finance cost on lease liabilities		439	274
Current service cost and interest expense on post-employment benefits	13	6,600	14,443
OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES		(4,778)	(76,154)
Changes in working capital:			
Trade and other receivables		(1,692)	(1,825)
Other payables and accruals		9,087	49,602
CASH FROM/(USED IN) OPERATION		2,617	(28,377)
Tax paid		-	(6,841)
Benefit payout from post-employment benefits	13	(4,927)	(4,504)
Settlement of post-employment benefits voluntary buy-out scheme	13	(118,190)	-
NET CASH USED IN OPERATING ACTIVITIES		(120,500)	(39,722)
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments in Government Guaranteed Bonds		5,000	10,000
Withdrawal/(Acquisition) of quoted unit trusts		30,000	(150,000)
Acquisition of discretionary mandate		(300,000)	-
Movement in deposits placed with licensed bank		105,947	375,559
Finance income received		22,435	30,762
Proceeds from disposal of property, plant and equipment		215	42
Acquisition of property, plant and equipment*		(9,824)	(6,801)
Acquisition of intangible assets	5	(8,810)	(11,906)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(155,037)	247,656

	Note	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of lease liabilities**		(3,973)	(2,566)
NET CASH USED IN FINANCING ACTIVITY		<u>(3,973)</u>	<u>(2,566)</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(279,510)	205,368
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>381,133</u>	<u>175,765</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u><u>101,623</u></u>	<u><u>381,133</u></u>

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

	2024 RM'000	2023 RM'000
Net cash payment for purchase of property, plant and equipment	9,824	6,801
Add:		
Acquisition of computer hardware under finance lease	<u>2,261</u>	<u>10,867</u>
Additions for the financial year (Note 4)	<u><u>12,085</u></u>	<u><u>17,668</u></u>

** Reconciliation of liabilities arising from financing activities

	2024 RM'000	2023 RM'000
At 1 January	9,303	-
<u>Non-cash changes</u>		
Addition of lease	2,627	11,595
Finance cost on lease liabilities	439	274
<u>Cash flow from financing activity</u>		
Repayment of lease liabilities	<u>(3,973)</u>	<u>(2,566)</u>
At 31 December (Note 14)	<u><u>8,396</u></u>	<u><u>9,303</u></u>

The notes on pages 187 to 217 are an integral part of these financial statements.

SECURITIES COMMISSION MALAYSIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 6 February 2025.

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 2024:

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'.
- Two amendments to MFRS 101 'Presentation of Financial Statements'.
 - The first amendments, 'Classification of Liabilities as Current or Non-current'
 - The second amendments, 'Non-current Liabilities with Covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'.

(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 2025 are set out below:

- Amendments to MFRS 121 'Lack of Exchangeability' (effective 1 January 2025).
- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (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).

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 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 13.

(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 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 26.

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(f)(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.

During the financial year, the SC changes the estimated useful lives as follows:

	2024	2023
Buildings	50 years	50 years
Office equipment, furniture and fittings	3-10 years	5-10 years
Motor vehicles	5 years	5 years
Computer and application systems	3-7 years	3-5 years

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

(c) Intangible assets

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 software 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) 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 full) to the extent that there is no realistic prospect of recovery. This is generally the case when the SC determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the SC's procedures for recovery of amounts due.

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.

(g) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third party. The SC recognises income when (or as) it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The SC transfers control of services at a point in time unless one of the following over-time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the SC performs;
- (b) the SC's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the SC's performance does not create an asset with an alternative use and the SC has an enforceable right to payment for performance completed to date.

(i) Levies

Levies 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.

(h) Finance income

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

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

(i) 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.

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

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave, contribution to social security organisation (SOCSSO), 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.

(k) Deferred taxes

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

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

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

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

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

(l) Funds to affiliates

The SC provides funds to eligible affiliates to undertake capital market activities. These funds are recognised in profit or loss when payments have been made.

(m) Provisions

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

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

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

(n) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the SC uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the SC can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The SC recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer hardware RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost						
At 1 January 2023	232,162	125,470	47,884	1,753	1,267	408,536
Additions	-	374	11,535	231	5,528	17,668
Disposals	-	(984)	(75)	(190)	-	(1,249)
Write off	-	(19,112)	(39,472)	(2)	-	(58,586)
Reclassification to intangible assets	-	-	-	-	(1,267)	(1,267)
Transfer to/(from)	-	4,864	528	-	(5,392)	-
At 31 December 2023/1 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	232,162	116,853	23,512	2,533	1,277	376,337

Less: Accumulated depreciation and impairment loss

At 1 January 2023						
Accumulated depreciation	109,212	115,658	46,445	1,737	-	273,052
Accumulated impairment loss	109	-	-	-	-	109
Depreciation for the financial year	109,321	115,658	46,445	1,737	-	273,161
Disposals	4,643	3,197	2,325	21	-	10,186
Write off	-	(977)	(63)	(190)	-	(1,230)
Write off	-	(19,110)	(39,471)	(2)	-	(58,583)
At 31 December 2023/1 January 2024						
Accumulated depreciation	113,855	98,768	9,236	1,566	-	223,425
Accumulated impairment loss	109	-	-	-	-	109
Depreciation for the financial year	113,964	98,768	9,236	1,566	-	223,534
Reclassification from intangible assets	4,643	2,694	3,788	304	-	11,429
Disposals	-	-	492	-	-	492
Disposals	-	(371)	(20)	(965)	-	(1,356)
Impairment loss	-	-	1,559	-	-	1,559
At 31 December 2024						
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

	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
Carrying amounts						
At 1 January 2023	122,841	9,812	1,439	16	1,267	135,375
At 31 December 2023/1 January 2024	118,198	11,844	11,164	226	136	141,568
At 31 December 2024	113,555	15,762	8,457	1,628	1,277	140,679

Impairment assessment has been performed as disclosed in Note 26.

5. INTANGIBLE ASSETS

	Computer softwares RM'000	Capital work-in progress RM'000	Total RM'000
Cost			
At 1 January 2023	45,140	3,225	48,365
Additions	67	11,839	11,906
Write off	(19,181)	-	(19,181)
Transfer to/(from)	6,038	(6,038)	-
Reclassification from property, plant and equipment	-	1,267	1,267
At 31 December 2023/1 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	35,931	13,841	49,772
Less: Accumulated amortisation and impairment loss			
At 1 January 2023			
Accumulated amortisation	39,070	-	39,070
Accumulated impairment loss	-	-	-
	39,070	-	39,070
Amortisation for the financial year	3,530	-	3,530
Write off	(19,181)	-	(19,181)
At 31 December 2023/1 January 2024			
Accumulated amortisation	23,419	-	23,419
Accumulated impairment loss	-	-	-
	23,419	-	23,419

	Computer softwares RM'000	Capital work-in progress RM'000	Total RM'000
Amortisation for the financial year	3,766	-	3,766
Reclassification to property, plant and equipment	(492)	-	(492)
Impairment loss	-	3,359	3,359
At 31 December 2024			
Accumulated amortisation	26,693	-	26,693
Accumulated impairment loss	-	3,359	3,359
	26,693	3,359	30,052

Carrying amounts

At 1 January 2023	6,070	3,225	9,295
At 31 December 2023/1 January 2024	8,645	10,293	18,938
At 31 December 2024	9,238	10,482	19,720

Impairment assessment has been performed as disclosed in Note 26.

6. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Building RM'000	Computer hardware RM'000	Total RM'000
<u>Cost</u>				
At 1 January 2023	9,154	-	-	9,154
Additions	-	179	549	728
At 31 December 2023/1 January 2024	9,154	179	549	9,882
Additions	-	94	272	366
At 31 December 2024	9,154	273	821	10,248
<u>Less: Accumulated depreciation</u>				
At 1 January 2023	2,587	-	-	2,587
Depreciation	92	90	275	457
At 31 December 2023/1 January 2024	2,679	90	275	3,044
Depreciation	92	92	274	458
At 31 December 2024	2,771	182	549	3,502

	Leasehold land RM'000	Building RM'000	Computer hardware RM'000	Total RM'000
Carrying amounts				
At 1 January 2023	6,567	-	-	6,567
At 31 December 2023/1 January 2024	6,475	89	274	6,838
At 31 December 2024	6,383	91	272	6,746

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

Impairment assessment has been performed as disclosed in Note 26.

7. DEFERRED TAX ASSET

In previous 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. As a consequence, the deferred tax asset is derecognised in previous financial year.

	2024 RM'000	2023 RM'000
Deferred tax assets	-	-
At 1 January	-	10,057
Recognised in statement of comprehensive income (Note 21)		
– property, plant and equipment	-	(8,481)
– provisions	-	(1,576)
	-	-
At 31 December	-	-

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:

	2024 RM'000	2023 RM'000
Unabsorbed capital allowance	59,249	45,017
Unutilised tax losses	55,534	55,534
	114,783	100,551
Deferred tax assets not recognised at 24% (2023: 24%)	27,548	24,132

The unutilised tax losses of RM55.5 million (2023: RM55.5 million) will expire in the following YA:

	2024 RM'000	2023 RM'000
YA		
2028	11,060	11,060
2033	44,474	44,474
	<u>55,534</u>	<u>55,534</u>

8. OTHER RECEIVABLES

	2024 RM'000	2023 RM'000
Staff financing	1,947	2,765
Less: Unearned profit		
– Islamic financing on housing and motor vehicles	(41)	(71)
	<u>1,906</u>	<u>2,694</u>
Less: Amount due within 12 months (Note 10)	(730)	(880)
Amount due after 12 months	<u>1,176</u>	<u>1,814</u>

The rates and tenure of staff financing are as follows:

	Maximum charged (per annum)	Rate 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 25.3(c).

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

	2024 RM'000	2023 RM'000
Within 1 year	730	880
More than 1 year and up to 5 years	970	1,470
More than 5 years	206	344
	<u>1,906</u>	<u>2,694</u>

9. OTHER INVESTMENTS

	Non-current		Current		Total	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Fair value through profit or loss:</u>						
– Investment in quoted unit trust	128,334	152,291	-	-	128,334	152,291
– Investment in discretionary mandate	314,268	-	-	-	314,268	-
<u>Amortised costs:</u>						
– Government Investment Issues and Government Guaranteed Bonds	49,933	49,928	-	5,036	49,933	54,964
– Deposits placed with licensed banks	6,000	-	306,420	418,367	312,420	418,367
	<u>498,535</u>	<u>202,219</u>	<u>306,420</u>	<u>423,403</u>	<u>804,955</u>	<u>625,622</u>

During the financial year, the SC has invested RM300.0 million in discretionary mandate managed by external fund managers which are medium-term and long-term in nature.

In previous financial year, the SC has invested in quoted unit trust amounting to RM150.0 million which are classified as medium-term and long-term investments

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 RM1.9 million (2023: RM3.1 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 (2023: 4.44% per annum).

Deposits placed with licensed banks have maturity period ranging from 6 months to 15 months (2023: 6 months to 15 months) and earned income at rates ranging from 2.50% to 4.20% per annum (2023: 3.85% to 4.30% per annum).

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	RM'000	RM'000
Levies receivable	16,665	14,849
Finance income receivable	8,154	13,936
Other receivables	1,077	1,045
Deposit	1,120	1,117
Prepayments	3,980	3,557
Short term staff financing (Note 8)	730	880
	<u>31,726</u>	<u>35,384</u>

11. CASH AND CASH EQUIVALENTS

	2024 RM'000	2023 RM'000
Cash and bank balances	40,118	329,637
Deposits placed with licensed banks	61,505	51,496
	<u>101,623</u>	<u>381,133</u>

Deposits placed with licensed banks have maturity period of 1 month (2023: 1 month and 3 months) and earned income at rates ranging from 2.30% to 3.40% per annum (2023: 3.80% to 4.00% per annum).

Included in deposits placed with licensed banks are amounts reserved for stockbroking industry development of RM16.1 million (2023: RM15.6 million), amounts reserved for brokers' security deposits of RM0.3 million (2023: RM0.2 million) and funds held in trust of approximately RM45.1 million (2023: RM35.6 million).

The bank balances are placed with licensed banks.

12. COMPENSATION FUND RESERVE

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

13. POST-EMPLOYMENT BENEFITS

The defined benefit plan is an unfunded post-employment medical plan, which provides medical benefits for participants and their eligible dependents after retirement age until the death of the participant or spouse, or for child dependents up to age 18 or age 24, if they are still studying.

As such, the ultimate cost of the plan depends on the longevity of the retirees and their eligible dependents, the incidence and cost of events resulting in claims under the plan, and the inflation of such costs in the future.

Funding

The plan is unfunded. Employer contributions to the plan refer to the medical claim amounts paid directly by the SC. The SC expects to pay approximately RM2.9 million in contributions to its defined benefit plan in 2025.

Post-employment benefits voluntary buy-out scheme

During the 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 financial year.

Movement in net defined benefit liability

	2024 RM'000	2023 RM'000
Net defined benefit liability at 1 January	233,455	186,950
<u>Included in profit or loss</u>		
Current service cost	1,306	3,690
Interest expense	5,294	10,753
Reversal of liabilities due to post-employment benefits voluntary buy-out scheme	(9,874)	-
	(3,274)	14,443
<u>Others</u>		
Benefits paid	(4,927)	(4,504)
Settlement of post-employment benefits voluntary buy-out scheme	(118,190)	-
Remeasurement of defined benefit liability	16,110	36,566
Net defined benefit liability at 31 December	123,174	233,455

Defined benefit obligation actuarial assumptions

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

	2024	2023
Discount rate	4.6%	5.1%
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 2024, the weighted-average duration of the defined benefit obligation was 18 years (2023: 17 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:

	Defined benefit obligation Increase RM'000	Decrease RM'000
2024		
Discount rate (1% movement)	(18,107)	22,910
Medical cost inflation rate (1% movement)	21,432	(17,368)
2023		
Discount rate (1% movement)	(36,886)	47,158
Medical cost inflation rate (1% movement)	44,823	(35,952)

14. LEASE LIABILITIES

	2024 RM'000	2023 RM'000
Non-current		
Lease liabilities	4,734	6,186
Current		
Lease liabilities	3,662	3,117
	8,396	9,303

15. OTHER PAYABLES AND ACCRUALS

	2024 RM'000	2023 RM'000
Funds held in trust	42,593	47,641
Regulatory settlements	17,015	14,955
Deposits received		
– License fees	1,266	1,203
– Registration fee	672	608
– Others	5	6
Accruals	16,663	6,061
Other payables	27,008	24,791
	105,222	95,265

16. CONTRACT LIABILITIES

	2024 RM'000	2023 RM'000
Fees and charges	2,287	3,625
License fees	1,522	1,512
	3,809	5,137

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

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

17. INCOME

	Note	2024 RM'000	2023 RM'000
Revenue	17.1	244,418	167,277
Finance income			
– fixed deposit		14,237	33,262
– bond		2,386	2,517
– quoted unit trust		5,290	965
– discretionary mandate		14,349	-
Other income	17.2	36,262	36,744
		19,714	5,885
Total income		300,394	209,906

17.1 Nature of revenue

The following information reflects the transactions of the SC:

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

17.2 The nature of other income are as follows:

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

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

	Note	2024 RM'000	2023 RM'000
Contract liabilities	16	3,809	5,137
Income recognised during the financial year that was included in the contract liabilities balance at the beginning of the financial year		5,137	2,860

18. STAFF COSTS

	2024 RM'000	2023 RM'000
Remuneration, bonus, staff medical, staff training and overtime	179,927	169,156
Defined contribution plan	29,521	21,321
Other employees benefits	3,888	4,744
Post-employment benefits	(3,274)	14,443
	210,062	209,664

19. FUNDS TO AFFILIATES

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

20. SURPLUS/(DEFICIT) BEFORE TAX

	Note	2024 RM'000	2023 RM'000
Surplus/(Deficit) before tax is arrived at after charging/(crediting):			
Auditors' remuneration		180	163
Executive members' emoluments		3,839	3,198
Non-executive members' allowance		1,413	955
Rental expense:			
Plant and equipment		316	371
Depreciation of property, plant and equipment	4	11,429	10,186
Gain on disposals of property, plant and equipment		(198)	(23)
Loss on property, plant and equipment written off	4	70	3
Loss on intangible assets written off	5	802	-
Impairment loss on property, plant and equipment	4	1,559	-
Impairment loss on intangible asset	5	3,359	-
Net fair value gain on financial assets at FVTPL		(923)	(1,325)
Amortisation of intangible assets	5	3,766	3,530
Depreciation of right-of-use assets	6	458	457
Finance cost on lease liabilities		439	274
Repair and maintenance		13,413	11,903
Communication and online resources		5,170	4,021
Reversal of liabilities due to post-employment benefits voluntary buy-out scheme	13	(9,874)	-

21. TAXATION

In the previous financial year, the SC was granted tax exemption status by the MOF for YA 2022 until YA 2026.

	2024 RM'000	2023 RM'000
Current tax expense:		
– overprovision of taxation in prior financial year	-	5,717
Deferred taxation (Note 7)	-	(10,057)
	<u>-</u>	<u>(4,340)</u>

The explanation and the relationship between taxation and surplus/(deficit) before tax is as follows:

	2024 RM'000	2023 RM'000
Surplus/(Deficit) before tax	<u>13,997</u>	<u>(66,955)</u>
Tax calculated at the Malaysian tax rate of 0% (2023: 0%)	-	-
Tax effects of:		
– derecognition of deferred tax assets	-	(10,057)
– overprovision of taxation in prior financial year	-	5,717
Taxation	<u>-</u>	<u>(4,340)</u>

22. OTHER COMPREHENSIVE LOSS

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2024			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	<u>(16,110)</u>	<u>-</u>	<u>(16,110)</u>
2023			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	<u>(36,566)</u>	<u>-</u>	<u>(36,566)</u>

23. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the SC if the SC has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the SC and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the SC either directly or indirectly. The remuneration of the key management personnel is disclosed in Note 20 under the heading of 'Executive members' emoluments'.

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

Significant related party transactions

The significant related party transactions with SIDC is shown below:

	2024 RM'000	2023 RM'000
Funding to SIDC	4,000	4,100
Management fee paid by the SIDC	516	516
Training provided by SIDC	1,073	63

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

Significant related party transactions

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

	2024 RM'000	2023 RM'000
Management fee paid by the CMC	158	158

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

Significant related party transactions

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

	2024 RM'000	2023 RM'000
Funding to the CMPC	500	1,700

- 23.4** 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:

	2024 RM'000	2023 RM'000
Funding to the Hub	200	500

24. CAPITAL COMMITMENTS

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

	2024 RM'000	2023 RM'000
Property, plant and equipment	7,410	4,093
Intangible assets	12,659	18,474

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

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

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

	AC RM'000	FVTPL RM'000	Carrying amount RM'000
<u>2024</u>			
<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>

	AC RM'000	FVTPL RM'000	Carrying amount RM'000
2023			
<u>Financial assets</u>			
Other receivables – long term	1,814	-	1,814
Other investments	473,331	152,291	625,622
Trade and other receivables*	30,710	-	30,710
Cash and cash equivalents	381,133	-	381,133
	<u>886,988</u>	<u>152,291</u>	<u>1,039,279</u>
<u>Financial liabilities</u>			
Other payables and accruals*	(93,448)	-	(93,448)
Lease liabilities	(9,303)	-	(9,303)
	<u>(102,751)</u>	<u>-</u>	<u>(102,751)</u>

* Exclude non-financial instruments

25.2 Financial risk management

The SC has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund.

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

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

25.3 Credit risk

Credit risk is the risk of a financial loss to the SC if a counterparty to a financial instrument fails to meet its contractual obligations. The exposure to credit risk arises principally from the individual characteristics of each customer. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The SC has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

In managing credit risk of receivables, the SC manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, receivables will be collected within 30 days.

Recognition and measurement of impairment loss

The SC uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2024.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance 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>
<u>2023</u>			
Not past due	32,518	-	32,518
Past due 31 – 60 days	6	-	6
	<u>32,524</u>	<u>-</u>	<u>32,524</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.

25.4 Liquidity risk

Liquidity risk is the risk that the SC will not be able to meet its financial obligations as they fall due. The SC monitors and maintains a level of cash and cash equivalents deemed necessary by the SC to finance its operations and to mitigate the effects of fluctuations in cash flows.

Maturity analysis

The table below summarises the maturity profile of the SC's financial liabilities as at the end of the reporting period. There is no contractual interest rate for other payables and accruals.

	Carrying amount RM'000	Contractual cashflow	Under 1 year	Over 1 year
2024				
<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>
2023				
<u>Financial liabilities</u>				
Other payables and accruals*	93,448	93,448	93,448	-
Lease liabilities	9,303	10,023	3,246	6,777
	<u>102,751</u>	<u>103,471</u>	<u>96,694</u>	<u>6,777</u>

* Exclude non-financial instruments

25.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the amount 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.

25.5.1 Interest rate risk

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

The interest rate profile of the SC's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2024 RM'000	2023 RM'000
<u>Fixed rate instruments</u>		
Financial assets	423,858	524,827

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.

25.5.2 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.

25.6 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of fixed deposits is assumed to reasonably approximate their fair values.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
<u>2024</u>					
<u>Non-current</u>					
<u>Financial assets</u>					
Long term receivables	-	-	1,176	1,176	1,176
Government Investment Issues and Government Guaranteed Bonds	-	52,072	-	52,072	49,933
	-	52,072	1,176	53,248	51,109

**Fair value of financial instruments
not carried at fair value**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
<u>2023</u>					
<u>Current</u>					
<u>Financial assets</u>					
Government Investment Issues and Government Guaranteed Bonds	-	5,058	-	5,058	5,036
	<u>-</u>	<u>5,058</u>	<u>-</u>	<u>5,058</u>	<u>5,036</u>
	<u>-</u>	<u>5,058</u>	<u>-</u>	<u>5,058</u>	<u>5,036</u>
<u>Non-current</u>					
<u>Financial assets</u>					
Long term receivables	-	-	1,814	1,814	1,814
Government Investment Issues and Government Guaranteed Bonds	-	52,453	-	52,453	49,928
	<u>-</u>	<u>52,453</u>	<u>-</u>	<u>52,453</u>	<u>49,928</u>
	<u>-</u>	<u>52,453</u>	<u>1,814</u>	<u>54,267</u>	<u>51,742</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 (2023: 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.

26. IMPAIRMENT ASSESSMENT ON ASSETS

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

	<u>2024</u>	<u>2023</u>
Discount rate	3.82%	3.75%
Growth rate	3.00%	2.50%

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

27. RESERVES MANAGEMENT

The SC's financial management objective is to maintain adequate reserves to safeguard the SC's ability to perform its duties and functions independently and effectively. Management monitors the long-term capital commitments to ensure that sufficient funds are available to meet the obligations. The SC's investments are managed in a prudent manner to ensure the preservation of the funds.

28. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2024 were authorised by the Board Members of the SC for issuance and signed by the SC's Board Members on 6 February 2025.

SECURITIES COMMISSION MALAYSIA

STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 182 to 217 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 2024 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

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 182 to 217 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 6 February 2025.

Before me:



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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Securities Commission Malaysia (SC), which comprise the statement of financial position as at 31 December 2024, 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 182 to 217.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SC as at 31 December 2024, 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 Financing 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

1. 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.
2. The financial statements of the SC for the preceding financial year ended 31 December 2023, were audited by another auditor whose report dated 30 January 2024 expressed an unmodified opinion on the financial statements.



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

Kuala Lumpur

6 February 2025



Chong Fah Yow
03004/07/2026 J
Chartered Accountant

