

Frequently Asked Questions Digital Innovation Fund (DIGID)

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General

1. What is DIGID?

The **Digital Innovation Fund (DIGID)** was established to co-fund **innovative projects that demonstrate the use of technology** to allow new and competitive propositions in the Malaysian capital market. DIGID aims to encourage technology investments by smaller capital market players and the development of industry-wide solutions, impacting capital raising and investment activities.

2. What are the objectives of DIGID?

In advancing **new-to-market, scalable and sustainable*** solutions, DIGID aims to:

- Assist and catalyse smaller capital market players in their digital transformation journey.
- Spur further innovation in capital market products and services.
- Drive further efficiency and productivity in capital raising and investment activities.
- Spur greater inclusion to serve markets or segments which are underserved.

**Sustainable solution refers to the ability to maintain the solution post-development*

3. What are the intended outcomes of DIGID?

DIGID is intended to encourage digital adoption among smaller capital market players that will lead to one or more of the following outcomes:

- New sources of growth
- Enhanced process efficiency
- Improved customer delivery, experience, and satisfaction
- Enhanced risk management and regulatory compliance efficiency

Application

1. How to apply?

Submit your application form and relevant supporting documents to digid@seccom.com.my starting from 1 January 2023.

All applications must be accompanied by a **pitch deck** which includes the following:

Company Profile	Solution Overview	Project Development	Feasibility and Execution	Intended Outcomes & Long-Term Vision
Status quo of business current performance, and operational history	Problem statement/ challenge areas	Project governance framework for product design & delivery, partnerships, and marketing (where relevant)	Dependency of grant for project viability	Success metrics, which includes baseline (status quo prior to implementation of solution) and measurable target outcomes (post solution implementation)
Management team profile, which includes name, designation, experience, and accountability	Proposal, which includes: <ul style="list-style-type: none"> ➤ Value proposition/ benefits; ➤ How the project can advance new-to-market, scalable and sustainable solution; ➤ Target user (including demographic ➤ Technology stack 	Development roadmap, with identified deliverables for each phase	Plans to demonstrate how solution can be sustainable post-development (to include monetisation plans where relevant)	Long-term vision including roadmap that demonstrate how solution can support future goals
Project team profile; which includes name, designation, experience, and accountability to the project	Demand, including market analysis (where applicable)	Estimated project cost (to distinguish between development cost and post-development cost).	Concept design, prototype testing with sample target user/ client (where applicable)	
Latest shareholding structure		Management of project risk	Go-to-market strategy (where applicable) Scalability of solution	

2. What are the types of projects eligible for this fund (Eligible Project List)?

For Mid-Tier Companies (MTCs)

- Projects which intend to adopt technology and digital solutions that:
 - i. Demonstrate application of **cutting-edge solutions** that uses **advanced tech i.e., Generative AI; OR**
 - ii. Offer **industry-wide technological/utility infrastructure** that address industry-wide or national strategic interest, within technology and/or innovation. Solution must **benefit at least 2 MSMEs**.

For Small and Medium Sized Enterprises (SMEs)

- Projects which intend to adopt technology and digital solutions that:
 - i. contribute towards **novel or improved capital market products and services** in Malaysia; and/or
 - ii. **address inefficiencies and pain points** faced in any of the following capital market focus areas:
 - Trading or post-trade
 - Portfolio development and management
 - Financial planning/ Investment advisory
 - Customer profiling and analysis
 - Valuation and onboarding; due diligence and credit scoring
 - Other supporting capital market activities approved by the Securities Commission Malaysia

Priority will be given to projects which:

- Implement **new capabilities**;
- **Contribute towards affordability and/or efficiency** of products and services; and/or
- Are potentially **scalable, with industry-wide impact**.

DIGID Fund is **not** intended to fund solutions for marketing or advertising purposes, or for developing a narrow scope or non-core segment of the business.

All qualifying solutions must be **deployed and used in Malaysia**.

3. Who is eligible to apply?

For Mid-Tier Companies (MTCs)

- SC-regulated capital market players with **revenue of up to RM100 million**

For Small and Medium Sized Enterprises (SMEs)

- SC-regulated capital market players with **headcount of up to 75 staff or revenue of up to RM20 million**, aligned with definition of MSME for services sector as per the Guidelines for SME Definition issued by SME Corp. Malaysia

SC-regulated capital market players refer to:

- Capital Markets and Services Licence holders
- Registered Venture Capital Corporations or Registered Venture Capital Management Corporations
- Registered Private Equity Corporations or Registered Private Equity Management Corporations
- Registered Credit Rating Agencies or Registered Bond Pricing Agency
- Registered Capital Market Services Providers: Trustees or Issuing Houses
- Recognized Market Operators

4. Can I still apply if my project does not fall within the Eligible Project List as stated in No. 3 above?

No.

5. When can I apply?

Application is now open. You can submit your application before the proposed project(s) started. For any queries, please email us at digid@seccom.com.my.

6. Can I still apply for an ongoing project(s)?

Yes, you can apply for an ongoing project(s), provided that your application for DIGID is **submitted and approved** before the completion of the first milestone or before 50% completion of the said project. The project development phase can only proceed beyond 50% after receiving the DIGID Award. Project(s) surpassing 50% completion prior to receiving the DIGID Award will be disqualified.

7. Can I submit multiple applications for different projects concurrently for this fund?

Yes, it is possible to submit multiple applications for different eligible projects concurrently. For example, a stockbroking company may submit solutions that aim to address inefficiencies in two eligible capital market focus areas, i.e.

- i. customer profiling and analysis; and
- ii. post-trade

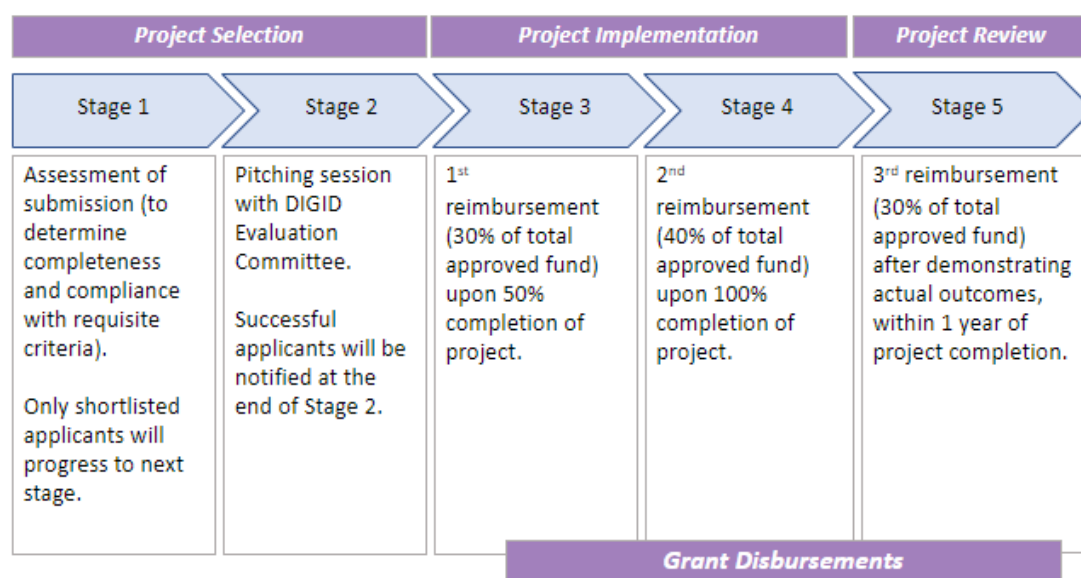
However, the two projects will be treated as separate projects and will be evaluated and funded separately.

8. What is to be expected after applying?

Only an applicant who has submitted a complete application will be notified by the SC for further assessment. The SC reserves the right to return an incomplete application.

The submission of a complete application does not automatically qualify for approval of application.

The SC will assess applicants' eligibility based on the stated qualifying criteria in No. 3 and 4 above and will notify applicants on the outcomes of the project selection process via email.



Any application which are put on hold by applicants will be removed from the project selection process. Applicants are required to submit a new DIGID application should they intend to proceed with the project selection phase.

9. Can a solution provider or any other person apply on behalf of the applicant?

No. Each eligible applicant must submit their own application.

10. How long will it take to process an application?

The application turnaround cycle varies according to the project proposition and its level of complexity.

11. Do you accept e-signature for the DIGID Fund?

Yes, we do.

Funding

1. What is the amount of funding that will be granted to successful DIGID applicant?

For Digital and Technology Solutions (only SMEs)

- DIGID will co-fund **up to 70% of approved qualifying expenses**, capped at **RM500,000 per project**

Advanced Technology and Industry Infrastructure

- DIGID will co-fund **up to 70% of approved qualifying expenses**, may go beyond RM500,000 cap, subject to size of consortium, project scale and value add (determined by Evaluation Committee's assessment)

2. How will the fund be disbursed to a successful applicant?

The funds will be disbursed on a **reimbursement basis** in accordance with the following:

Percentage of Total Approved Fund Disbursements (%)	Reimbursement Milestones	Timeline for milestones to be met by approved projects
30%	Upon 50% completion of project	Up to 18 months from the date the project has been approved for the DIGID Award
40%	Upon 100% completion of project	
30%	After demonstrating actual outcomes	Within 1 year after completion of project

DIGID recipients are required to submit three (3) agreed project milestone reports and relevant supporting documents prior to each respective tranche disbursement (in such form and manner as specified by the SC).

3. What are the potential approved qualifying expenses?

All costs **directly associated to the digital project**, which may comprise of hardware and software, maintenance costs; professional services, and other project implementation costs, as approved by the SC.

Others

1. What is the project implementation period under DIGID?

The project must be implemented within the approved project timeline, which shall not exceed an 18-month period.

2. What if I exceed the approved implementation period?

The project must meet the agreed milestone and/or deliverables within the approved implementation period to be eligible for each reimbursement.

3. Can I still apply for DIGID if I have been granted or is currently enjoying other grants administered by any other organizations for the same project under consideration?

No.