

THE SC'S PRIORITIES

Reducing Time to Market – Continuing the Focused Scope Assessment and Expediting IPO Approvals

The Focused Scope Assessment (FSA) framework, launched in 2024, marks a significant advancement to enhance operational efficiency and meet the evolving standards of Malaysia's capital markets. This framework, which aligns with international standards set by IOSCO and FATF, aims to expedite the approval process for applications relating to new eligible capital market intermediaries and registration of RMOs, reducing the time to market from over six months to just three months.

The FSA framework applies to activities including corporate finance advisory, investment advice, boutique portfolio management, financial planning, venture capital, private equity, digital asset custodianship, and RMOs. It emphasises a targeted review approach, assessing the applicant's regulatory and operational readiness based on specific, quantifiable criteria such as fit and proper assessments and capital adequacy.

The SC continues to uphold its existing assessment criteria for all licensing and registration applications, focusing on key risk areas such as business model, fit and properness, compliance with minimum regulatory requirements, and other considerations as stipulated in the applicable laws, regulations, and guidelines. This framework empowers applicants with more control over the efficiency of their application process and encourages proactive readiness among applicants, aligning with its commitment to a robust and efficient capital market.

In line with the SC's continuous efforts to streamline processes for operational efficiency and effectiveness, the RMO Guidelines were amended to reinforce governance and compliance. These updates place greater responsibility on boards, senior management, and compliance officers while enhancing the SC's supervisory capabilities through clarified regulatory expectations and introducing a new requirement for full-scope supervisory assessments for new capital market intermediaries and RMOs within 12 months of their operational. This approach supports a more secure and transparent capital market ecosystem.

Expedited IPO Approval Process by the SC and Bursa Malaysia

A key highlight of 2024 was the introduction of a fast-track IPO approval process by the SC and Bursa Malaysia. Launched in March 2024, the initiative aims to expedite IPO approvals on both the Main Market and the ACE Market with a target of reaching a decision within three months. This commitment is conditional on Principal Advisers/Sponsors satisfactorily addressing the regulators' queries and comments within five market days upon receipt of such queries and comments. Despite the shorter timeframes, the regulators have committed to maintaining rigorous assessment, ensuring that investors protection and public interests remain a top priority. This initiative is expected to attract high-quality companies, particularly those aligned with Malaysia's national growth agenda, by offering a clearer and more efficient path to listing.

The SC Approves First Accelerated Transfer from ACE to Main Market in Record 14 Days

In a major milestone for market efficiency, the SC approved its first application under the accelerated transfer process in 2024. NationGate Holdings Bhd completed its transfer from the ACE Market to the Main Market in a record 14 market days, showcasing the SC's commitment to enhancing market efficiency. The accelerated transfer process was introduced in 2023 through amendments to the Equity Guidelines, effective 1 January 2024, with the goal of streamlining the listing transfer process for eligible ACE Market companies.

The SC Broadens Sophisticated Investor Criteria for Greater Market Accessibility

In 2024, the SC introduced the *Guidelines on Categories of Sophisticated Investors* to broaden investor criteria and enhance market accessibility. Key updates include a new 'Knowledge and Experience' category for individuals with financial expertise, flexibility in financial thresholds for high-net-worth individuals, recognition of primary residence value (up to RM1 million), and expanded joint account definitions to reflect collective family financial status. These measures aim to attract a diverse investor base, fostering growth and stability in Malaysia's capital market while maintaining its competitiveness and vibrancy.

These developments collectively reinforce the SC's role in fostering a dynamic and efficient equity market, catering to the evolving needs of companies and investors alike.

Ensuring Regulatory Effectiveness to Combat Money Laundering and Terrorist Financing Activities

In an effort to enhance regulatory effectiveness in combatting money laundering and terrorist financing activities, the SC issued a revised *Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing for Reporting Institutions in Capital Markets* (Guidelines on AML/CFT/CPF) on 13 June 2024.

The revised Guidelines on AML/CFT/CPF aim to ensure alignment with the Financial Action Task Force (FATF)'s latest requirements, placing a greater emphasis on the enhancement of risks assessments and preventive measures on proliferation financing (PF) and enhancing the transparency of beneficial ownership information. Additionally, the revisions also address the compliance needs of the industry, providing firms with updated guidance on risk-based approach to Virtual Assets Service Providers (VASP).

The revised Guidelines on AML/CFT/CPF include several key amendments to enhance compliance and governance across reporting institutions. First, the

guidelines establish clearer roles and responsibilities for both the board of directors and senior management, underscoring the importance of oversight at all levels. Reporting institutions are also guided to align their institutional risk assessments with the National Risk Assessment (NRA) conducted by the National Coordination Committee, applying additional risk mitigation measures based on the NRA's findings.

Furthermore, customer due diligence (CDD) requirements now include minimum income-related information to improve customer profiling. The guidelines also mandate a risk-based approach to proliferation financing, requiring specific risk assessment and mitigation measures. Reporting institutions must also ensure that trustees or equivalent parties in legal arrangements disclose their roles when establishing business relationships. Additionally, for digital asset wire transfers, beneficiary institutions are obligated to verify beneficiary information, with clarified responsibilities for sanctions screening and counterparty due diligence on Virtual Asset Service Providers.

These revisions reflect the SC's commitment to aligning with international standards and strengthening the regulatory framework for reporting institutions.

Detailed statistics

TABLE 1A

 Equity applications and prospectus registrations (*detailed*)*

Equity applications	2024	2023
Brought forward from the previous year	9	7
Received during the year	20	22
Total applications for consideration	29	29
Approved during the year	21	18
Not approved during the year	-	-
Returned during the year	-	-
Total applications considered	(21)	(18)
Withdrawn during the year	-	(2)
Lapsed (exceeded 6-month validity period)	-	-
Carried forward to the next year	8	9
Equity prospectus registrations	2024	2023
Prospectus	11	6
Abridged prospectus	13	11
Total registrations	24	17

TABLE 2A

 Corporate bonds and sukuk lodgements (*detailed*)*

Ringgit-denominated	No. of lodgements		Nominal amount (RM billion)	
	2024	2023	2024	2023
Lodgements for the year	86	61	165.89	171.26
Corporate bonds	23	20	48.80	73.00
Sukuk	61	41	115.59	98.26
Combination	2	-	1.50	-
Foreign currency-denominated	No. of lodgements		Nominal amount (US\$ billion)	
	2024	2023	2024	2023
Lodgements for the year	1	3	35.00	50.00
Corporate bonds	-	1	-	10.00
Sukuk	1	2	35.00	40.00
Combination	-	-	-	-

Note:

* Refer to Capital-Raising section.