



Empat Nafas brings together four iconic blossoms, Terengganu's *Bunga Kenanga*, Sarawak's *Bunga Orkid Normah*, Perak's *Bunga Kelumpang* and Perlis' *Bunga Harum Manis*. Each drawn from different cultural landscapes yet seamlessly balanced within a single composition. The meeting of rainforest intensity and coastal gentleness is a dialogue of duality: strength and tenderness, wildness and refinement. Bright petals and soft gradients merge into a unified motif that echoes Malaysia's interconnected, culturally-rich identity.

01

OVERVIEW AND CONTEXT



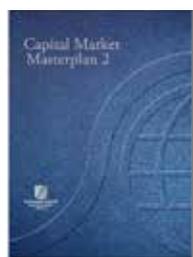
CAPITAL MARKET MASTERPLAN 2021-2025 STRATEGIC HIGHLIGHTS

MASTERPLANS IN REVIEW

Over the past two decades, Malaysia's capital market masterplans have guided the transformation of the nation's financial architecture, evolving in step with the changing global dynamics and national priorities. Each phase is built upon the achievements of the preceding phase. This has steadily expanded the market's depth, integrity and inclusivity, and led to Malaysia emerging as one of the region's most resilient and well-governed markets.



Capital Market Masterplan 2001-2010 (CMP1) laid the foundation for a modern capital market in the aftermath of the Asian financial crisis. Over its 10-year span, CMP1 laid the institutional and regulatory foundations to strengthen Malaysia's capital market for long-term growth. Prior to liberalising market access and participation, priority was placed on building domestic resilience in ensuring local intermediaries could compete effectively and withstand external shocks.



Capital Market Masterplan 2011-2020 (CMP2) built on these foundations by reinforcing governance standards and regulatory oversight to restore market confidence post global financial crisis. CMP2 recognised that sustainable, long-term growth could only be achieved through strong governance. For this reason, CMP2 was released in parallel with the *Corporate Governance Blueprint 2011*, presenting dual initiatives designed to improve Malaysia's corporate governance standards and the overall market ecosystem.



Capital Market Masterplan 2021-2025 (CMP3) emerged in the wake of the COVID-19 pandemic, at a time when global markets faced unprecedented disruption. It provided clarity and confidence to support market stability and business continuity, while positioning the capital market for post-crisis recovery. Accordingly, CMP3 strategies focused on navigating short-term disruption while advancing the overarching vision of a relevant, efficient and diversified capital market.

CMP3 was anchored on the two broad thrusts of Development and Regulatory. These were operationalised through six strategic pillars:

OVERVIEW OF MALAYSIA'S CAPITAL MARKET

Malaysia's capital market has demonstrated sustained resilience to global headwinds and expanded to RM4.3 trillion in 2025 from RM2.8 trillion in 2015. This expansion was underpinned by strong growth in the equity and bond segments, advances in Islamic and sustainable finance, and greater use of technology across the value chain.

The Malaysian capital market today is broader, more sophisticated and has evolved in depth, maturity and purpose with strong investor protection and regulatory oversight. These developments highlight a capital market that has recovered from the Asian financial crisis and withstood the shocks from the global financial crisis and COVID-19 pandemic.

I. DEVELOPMENTAL PROGRESS

Between 2021 and 2025, despite a challenging global environment, the Malaysian capital market grew in lockstep to support the nation's economic growth. This was enabled by the SC's various developmental initiatives which included facilitating diversity and competition across the intermediation landscape, widening investment options across investor segments, enhancing the market and digital infrastructure as well as increasing the efficiency of mobilising capital to sustainable and responsible businesses.

The total capital market size has surpassed the RM4 trillion benchmark, rising to RM4.3 trillion in 2025 (Chart 1). As a result, the Malaysian capital market has grown to a scale that is structurally significant relative to the economy, with its size reaching 2.1 times the nominal gross domestic product (GDP) of RM2.02 trillion in 2025.

The corporate bond and sukuk market continued to be a key driver of fundraising, representing at least 85% of total funds raised in the past five years (Chart 2).

Since 2020, the size of the capital market has continued to maintain its lead over banking sector assets. The total capital market size stood at RM4.3 trillion in 2025, as compared with RM3.8 trillion in banking assets as of 2025¹. This reflects a

Malaysia's capital market resilient to global headwinds

Corporate bond and sukuk market accounted for at least 85% of total funds raised over past five years

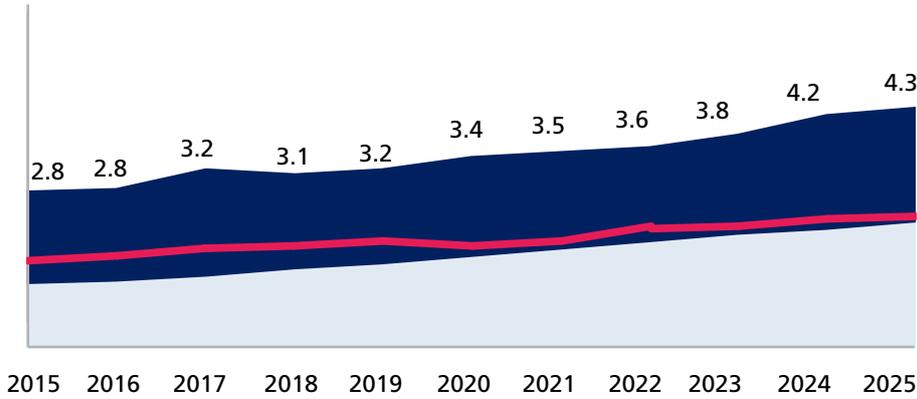
Capital market size surpassed banking sector assets in 2025

¹ Bank Negara Malaysia (December 2025), *Monthly Highlights and Statistics*.

CHART 1

Total capital market size in comparison to GDP, 2015-2025

RM trillion



Total capital market size

RM4.3 trillion
2025



RM2.8 trillion
2015

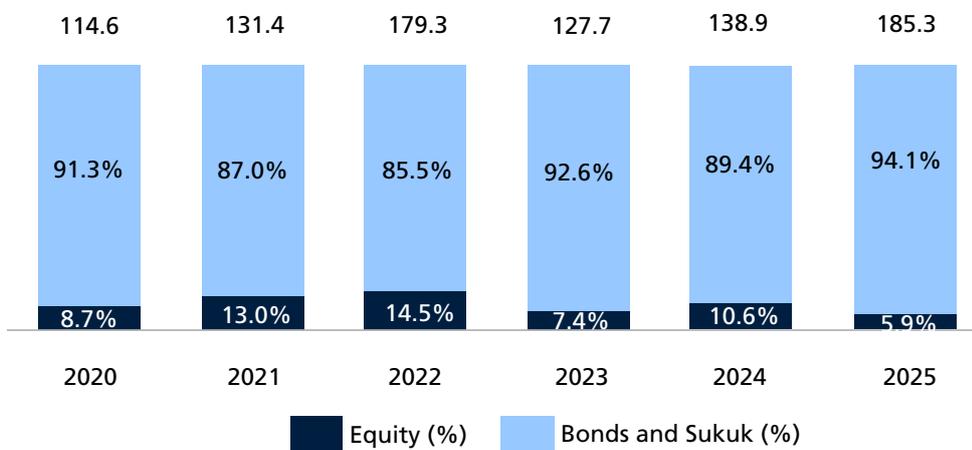
	2025 RM trillion	CAGR (2016-2025)	CAGR (2021-2025)
Total capital market size	4.3	4.8%	5.1%
Equity market capitalisation	2.1	2.4%	3.6%
Bonds and sukuk outstanding	2.2	7.5%	6.6%
GDP	2.0	5.5%	6.9%

Source: SC, DOSM.

CHART 2

Total fundraising in equity and bond markets, 2020-2025

RM billion



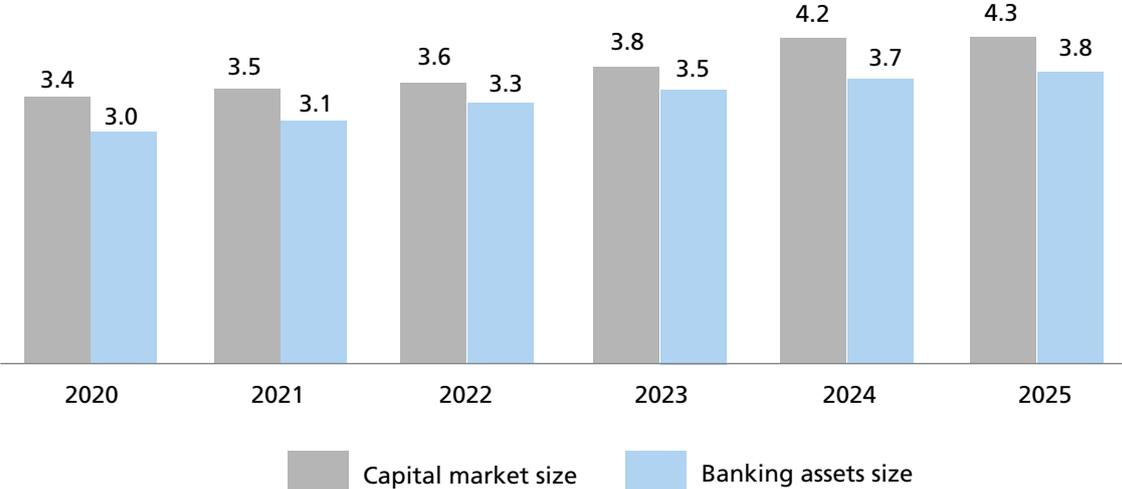
Source: SC.



CHART 3

Comparison of capital market size to banking assets size, 2020-2025

RM trillion

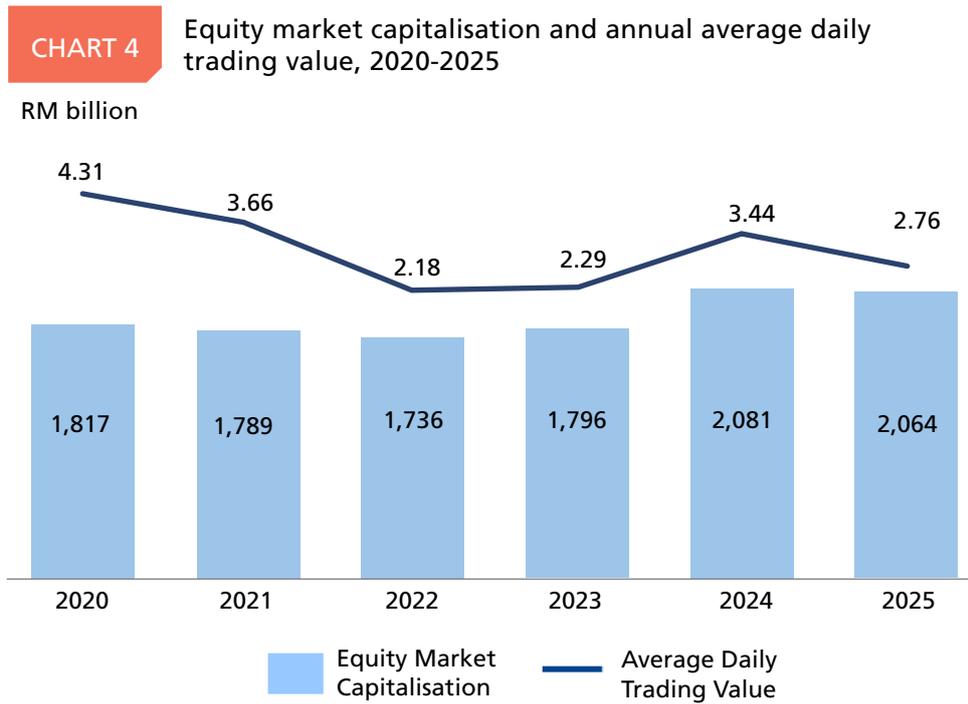


Source: Bank Negara, SC.

deepening of the Malaysian capital market and its systemic role in mobilising private capital, underscoring its increasingly pivotal role in financing the economy (Chart 3).

EQUITY MARKET PERFORMANCE

Malaysia’s equity market regained its growth momentum in recent years with equity market capitalisation rising from RM1.8 trillion in 2020 to RM2.1 trillion in 2025 (Chart 4). Nonetheless, trading activity as measured by average daily trading value moderated from the high of RM4.3 billion in 2020 to RM2.8 billion in 2025. Meanwhile, Malaysia’s benchmark index FBM KLCI recorded a growth of +3.3% during the same period (2020-2025), trailing behind the MSCI World (+64.7%),



Source: SC.

MSCI Emerging Markets (+8.8%) and MSCI ASEAN (+5.3%) indices.

Strengthening the Equity Fundraising Landscape

Building on the market’s recovery, equity fundraising activity has gathered strong momentum in recent years, reflecting renewed investor appetite and the growing depth of Malaysia’s capital market.

The number of initial public offerings (IPO) increased from 19 in 2020 to 60 in 2025 (Chart 5), comprising five listings on the LEAP Market, 44 on the ACE Market and 11 on the MAIN Market. This milestone brought the total number

² Data sourced from websites of Bursa Malaysia, SGX, SET and IDX market statistics.

Equity market capitalisation
RM2.1 trillion 2025



RM1.8 trillion 2020

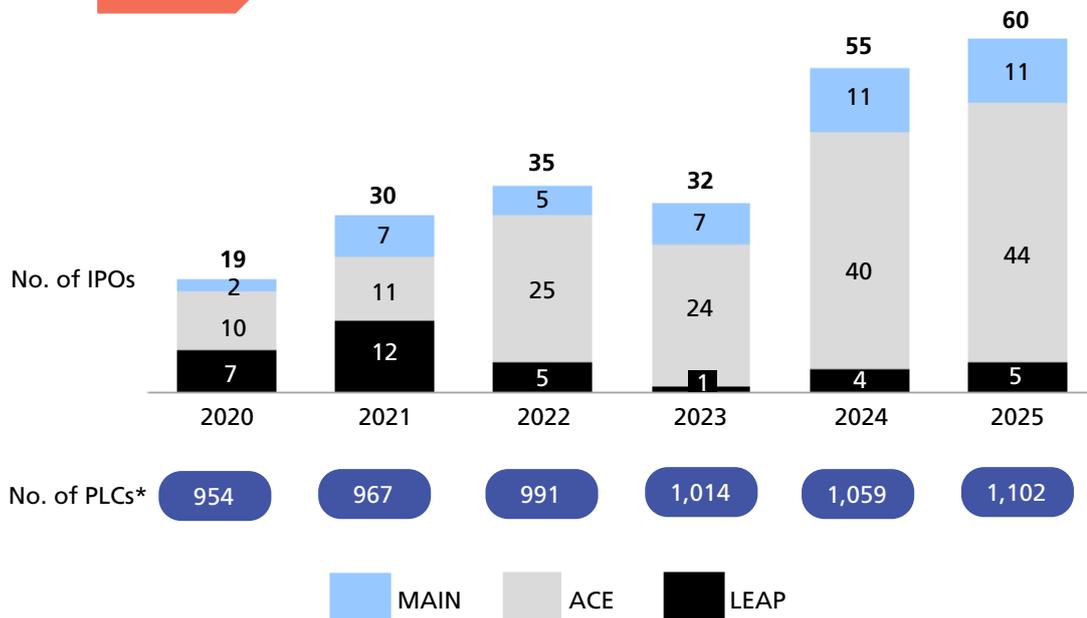
Number of IPOs
60 2025



19 2020



CHART 5 Number of IPOs and PLCs, 2020-2025



Note:

* No. of PLCs include REITs and Business Trusts.

Source: Bursa Malaysia.

of public-listed companies (PLCs) on Bursa Malaysia to 1,102, surpassing regional peers such as Singapore (606), Indonesia (958) and Thailand (868) in 2025.²

During this period, the SC further streamlined the listing ecosystem to facilitate a clearer pathway for companies. The 2023 LEAP-to-ACE transfer framework and the 2024 accelerated ACE-to-MAIN Market framework enabled high performing PLCs to transition more efficiently as their business operations grew. For new entrants, the fast-track IPO approval process introduced by the SC in 2024, together with Bursa Malaysia's corresponding process improvements for the ACE Market has expedited market entry for eligible applicants while maintaining rigorous assessment standards. These enhancements have improved market access, shortened time-to-market and reinforced Malaysia's position as a competitive and facilitative listing destination in the region.

To complement these facilitative measures and to ensure balanced market oversight, the SC issued the *Guidelines on the Offer of Shares by Unlisted Public Companies* in March 2025. The new framework addresses regulatory gaps in fundraising activities by unlisted public companies while strengthening investor safeguards against potential regulatory arbitrage.

Corporate quality and governance were also strengthened through revisions to the *Malaysian Code on Corporate Governance* (MCCG) in 2021 and Bursa Malaysia's *Public Listed Companies Transformation* (PLCT) programme. Introduced in March 2022, PLCT offered structured guidance to enhance PLCs' financial strength, board

Fast-track IPO approval process introduced in 2024

Guidelines on the Offer of Shares by Unlisted Public Companies introduced in March 2025

composition, governance and sustainability practices.

By the end of 2024, the 326 PLCs that had participated in the PLCT programme recorded an average price-to-earnings (P/E) ratio of 24 times, as compared with the 17 times average among non-participants.³ This demonstrates how stronger governance and transparency can translate into better valuations and market performance.

Supporting these efforts, Bursa Malaysia launched its *Bursa Research Incentive Scheme Plus* (Bursa RISE+) in April 2025. Supported by the Capital Market Development Fund (CMDf), this initiative builds on the earlier Bursa RISE programme (March 2022-December 2024). Collectively, an average trading velocity uplift of 9.2% was recorded, relative to the broader market in 2024.⁴

Bursa RISE+ expands this research coverage beyond listed companies to include private firms with growth potential and pre-IPO companies preparing for listing on Bursa Malaysia. While market conditions such as improved sentiment and foreign investor interest supported trading activity, such market-driven initiatives continue to play an important role in narrowing the information gap and improving price discovery for smaller and emerging issuers.

BOND AND SUKUK MARKET PERFORMANCE

Malaysia's bond and sukuk market continued to expand steadily, with total outstanding rising from RM1.6 trillion in 2020 to RM2.2 trillion in 2025. This was underpinned by government and corporate issuances (Chart 6). Corporate bonds and sukuk accounted for 42% of total bonds outstanding. Sukuk continued to dominate with a 64% share of total bonds outstanding (Chart 7) and 85% of corporate bonds in 2025 (Chart 8).

Government bonds and sukuk grew at a compound annual growth rate (CAGR) of 7.6% between 2021 and 2025. This pace of expansion outperformed the nominal GDP growth rate of approximately 6.9% over the same period (Chart 1). Consequently, the government debt-to-GDP ratio increased from around

Bond and sukuk
market size

RM2.2
trillion
2025



RM1.6
trillion
2020

Government
bonds and sukuk
grew at
CAGR of
7.6%
between 2021
and 2025

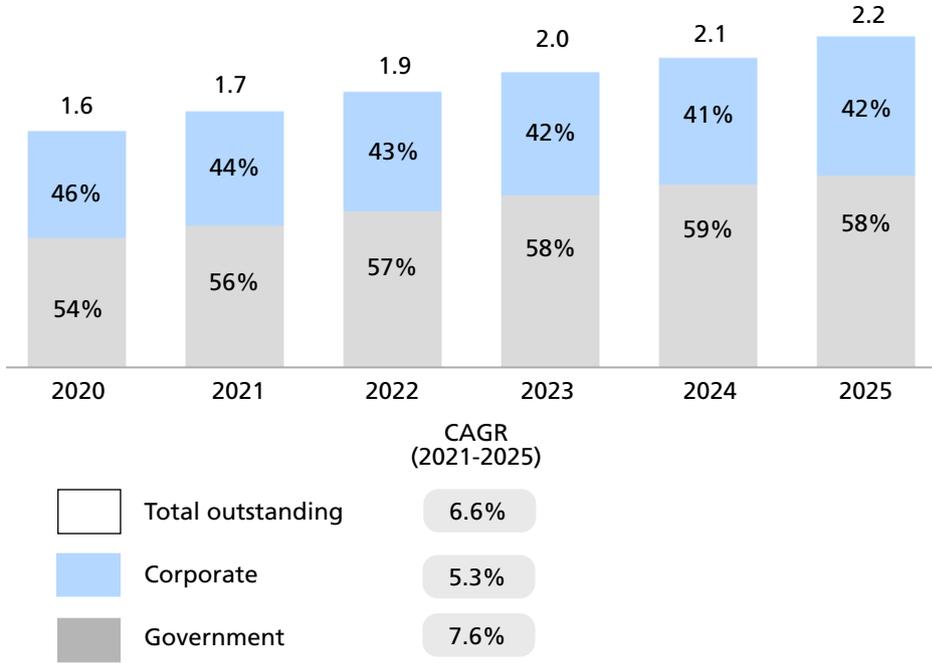
³ Asian Corporate Governance Association (ACGA) Special Report (May 2025), *Value Up, Asia – Aligning governance with shareholder value*.

⁴ Bursa Malaysia (30 April 2025), *Bursa Malaysia launches Bursa Research Incentive Scheme Plus (Bursa RISE+): Enhancing the profile and visibility of Malaysian companies*.



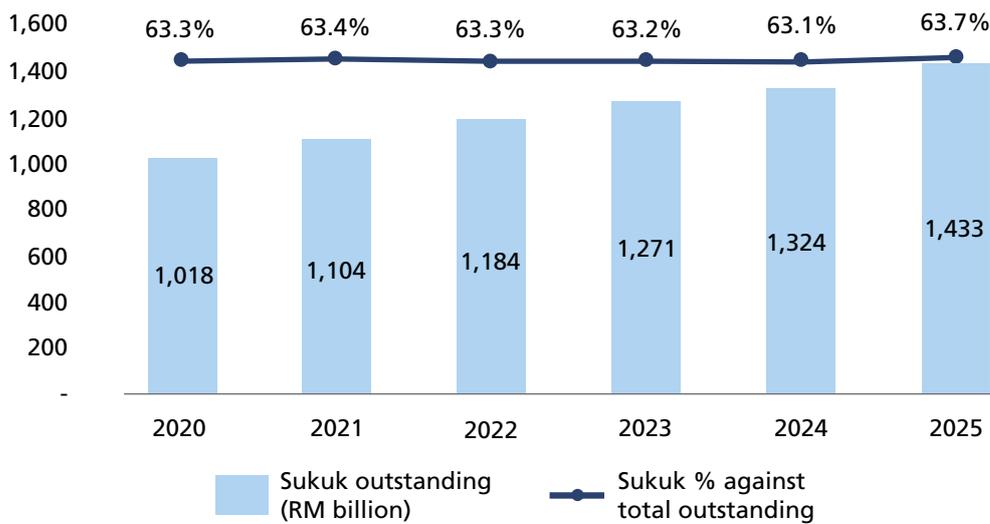
CHART 6 Bonds and sukuk outstanding, 2020-2025

RM trillion



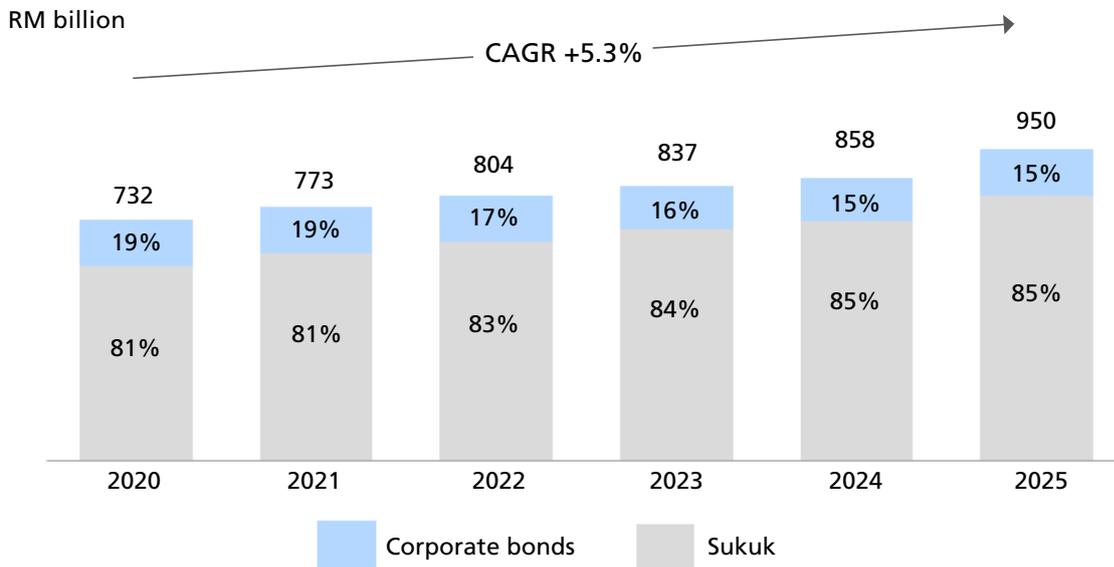
Source: SC.

CHART 7 Sukuk outstanding, 2020-2025



Source: SC.

CHART 8 Total corporate bonds and sukuk outstanding, 2020-2025



Source: SC.

62% in 2020 to 64% in 2025.

With the *Public Finance and Fiscal Responsibility Act 2023* setting a statutory limit of approximately 60% for the Federal Government's debt-to-GDP ratio and the 13th Malaysia Plan (RMK13) targeting a reduction in the ratio to around 60% by 2030, the growth momentum in government bonds is expected to moderate in the coming years as fiscal discipline measures take effect.

Notwithstanding this, the SC will continue to enhance the depth, transparency and inclusivity of the bond and sukuk market by promoting broader retail participation, advancing sustainable finance and leveraging digital innovation. To ensure that regulatory frameworks remain current, robust and responsive, the SC has refined and introduced several key guidelines and frameworks, including *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (2024)*, *Credit Rating Agency (CRA) Guidelines (2023)*, as well as the *SRI-Linked Sukuk Framework (2022)*.

In parallel, the SC continues to strengthen market transparency through the Bond + Sukuk Information Exchange (BIX), the centralised information platform that provides comprehensive access to bond and sukuk prices, issuance data, documentation and analytical tools. This platform has become an important

enabler for bond and sukuk market development.

DERIVATIVES MARKET PERFORMANCE

Malaysia's derivatives market also registered notable progress in recent years, with the Bursa Malaysia Derivatives (BMD) products' average daily traded volume rising from 73,523 contracts per day in 2020 to 95,472 contracts per day in 2025 (Chart 9). Open interest in the Crude Palm Oil Futures reached a record high on 14 March 2024 with 299,190 contracts, surpassing the previous peak set in 2014 (287,859 contracts on 10 September 2014), signifying deepening market liquidity.

Renewal of the strategic agreement with the Chicago Mercantile Exchange in October 2023, effective until 2028, further strengthened international connectivity. Initiatives such as the *Futures Trading Apprenticeship Programme* were introduced to train a new generation of professional traders. At the same time, product offerings continued to expand, with the introduction of Mini USD/CNH currency futures, soybean oil futures and used cooking oil futures in support of evolving market needs.

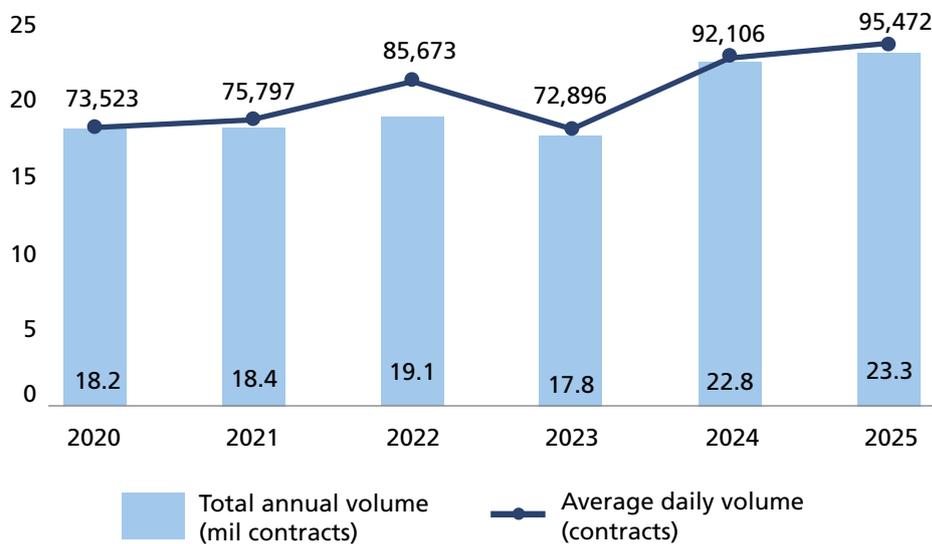
The SC will continue its commitment in developing Malaysia's derivatives market as part of its ongoing overall capital market development.

95,472
average
derivatives
contracts traded
per day in 2025

**Renewal
of Chicago
Mercantile
Exchange
partnership until
2028 strengthened
international
connectivity**

CHART 9 Trading in Bursa Malaysia Derivatives products, 2020-2025

Total annual volume



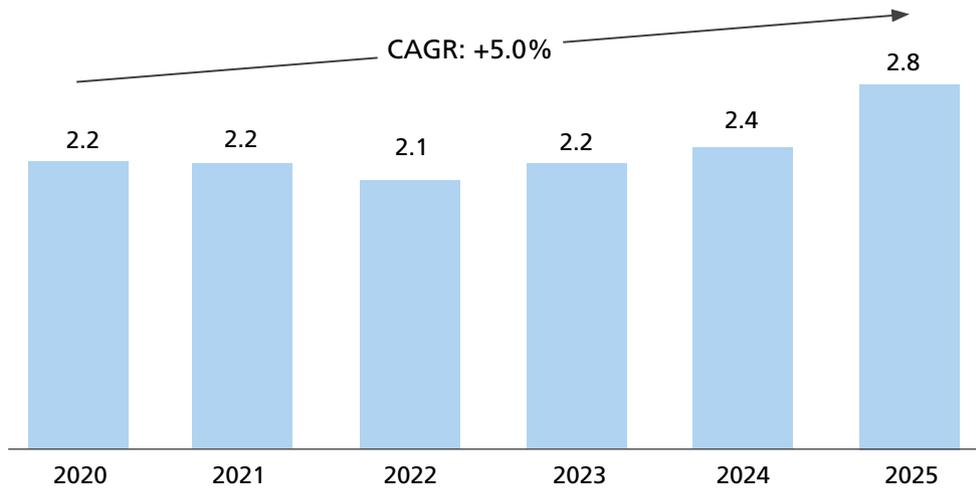
Source: Bursa Malaysia.

EXCHANGE-TRADED FUNDS PERFORMANCE

CHART 10

Market capitalisation of ETFs traded on Bursa Malaysia, 2020-2025

RM billion



Source: Bursa Malaysia.

The Malaysian exchange-traded fund (ETF) industry has grown to reach a market capitalisation of RM2.8 billion in 2025 (Chart 10). Industry developments show a shift towards product innovation, highlighted by the launch of specialised ETFs catering to sustainability, Shariah-compliance and leveraged exposure. These include leveraged and inverse (L&I) ETFs and a *Waqf*-based ETF. More recently, the FTSE4Good Bursa Malaysia ETF allowed investors to invest in companies that meets Malaysia's Sustainable and Responsible Investment (SRI) standards. Regulatory efforts and active collaboration with industry stakeholders continues, which underscore Malaysia's commitment to fostering a competitive marketplace that supports investor needs.

ALTERNATIVE MARKET PERFORMANCE

Beyond traditional equities and bonds, alternative financing channels continued to gain traction, expanding funding options for micro, small and medium-sized enterprises⁵ (MSMEs) and mid-tier companies⁶ (MTCs). Malaysia's alternative market now encompasses a broad range of platforms and instruments, including venture capital (VC), private equity (PE), peer-to-peer financing (P2P), equity crowdfunding (ECF) and initial exchange offerings (IEO).

⁵ Registered enterprises with annual sales turnover of less than RM50 million or less than 200 employees for manufacturing sector; Annual sales turnover less than RM20 million or less than 75 employees for services and other sectors.

⁶ Registered enterprises with annual sales turnover of RM50 million-RM500 million for manufacturing sector; Annual sales turnover of RM20 million-RM500 million for services and other sectors.

Specialised ETFs catering to sustainability, Shariah-compliance and leveraged exposure showed shift towards product innovation

Alternative markets operate through a broad range of platforms offering diverse instruments

While the volume of these transactions remains modest, these alternative channels provide complementary and flexible financing solutions that fill critical funding gaps, especially for growth-stage enterprises. The overall expansion reflects a genuine broadening and diversification of the Malaysian capital market.

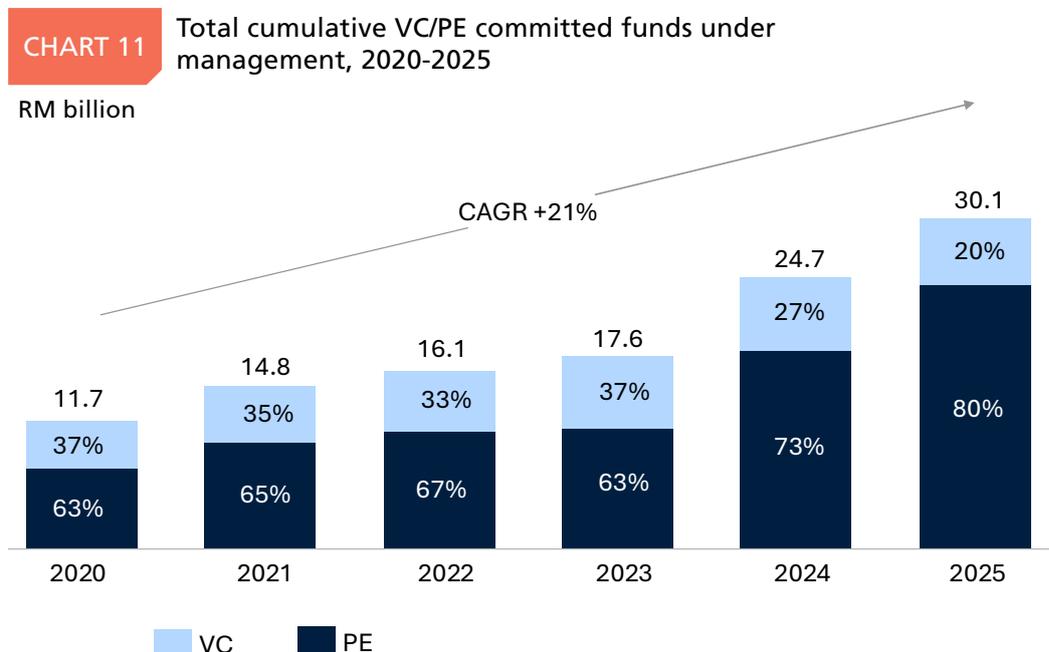
Building on this momentum, the SC launched the *Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap 2024-2028* (MSME and MTC Roadmap), which aims to mobilise RM40 billion by 2028 in market-based financing for MSMEs and MTCs, up from RM6.3 billion in 2023. While MSME and MTC primarily rely on traditional financing avenues such as banks, up to 20% of financing can be sourced from the capital market, to address the MSME financing gap of RM290 billion⁷. This roadmap reaffirms the SC's commitment to enhance financing access for smaller businesses through scalable and market-driven solutions.

RM40 billion by 2028
in market-based financing for MSMEs and MTCs

Venture Capital and Private Equity

Despite global fundraising headwinds, Malaysia's VC and PE segments grew at a rapid pace, with total cumulative VC/PE committed funds under management recording a 21% CAGR between 2020 and 2025. This rapid growth was supported by regulatory clarity, sovereign fund of funds initiatives and rising investor interest in high-growth sectors like technology, semiconductor and fintech. Total committed funds reached RM30.1 billion in 2025, with RM2.8 billion deployed across 117 deals during the year (Chart 11).

VC/PE committed funds under management grew at CAGR of **21%** between 2020 and 2025



Source: SC.

⁷ For the purpose of the MSME and MTC Roadmap, an updated financing gap estimate was calculated by PwC, adopting methodology by the International Finance Corporation (IFC) and supplemented with inputs gathered from benchmarking, estimation of financing gap and market engagements, including one-on-one interviews, a series of workshops and deployment of questionnaires. Data was also sourced from the International Monetary Fund's (IMF) Financial Access Survey (FAS) and the Organisation for Economic Cooperation and Development's (OECD) SME Scorecard.

Equity Crowdfunding, Peer-to-Peer Financing and Initial Exchange Offerings

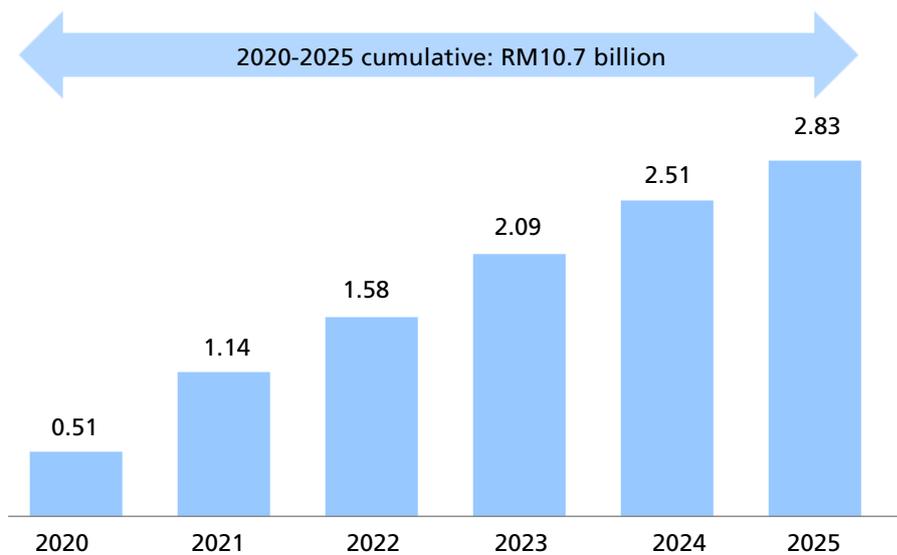
Malaysia's financing ecosystem was further strengthened with the entry of new P2P operators approved in 2023, focusing on servicing MTCs seeking to raise funds through the Recognized Market Operator (RMO) platforms. This development provides a viable path for businesses to raise capital from the public.

Over the period from 2020 to 2025, ECF and P2P platforms collectively channelled more than RM11.5 billion in financing to over 20,000 businesses across various stages of growth. P2P financing expanded steadily over the period, reaching a cumulative total of RM10.7 billion. Of this amount, RM2.83 billion was raised in 2025 alone, representing a five-fold increase compared with 2020 (Chart 12).

Five-fold increase in funds raised via P2P in 2025 compared to 2020

CHART 12 Funds raised on P2P platforms, 2020-2025

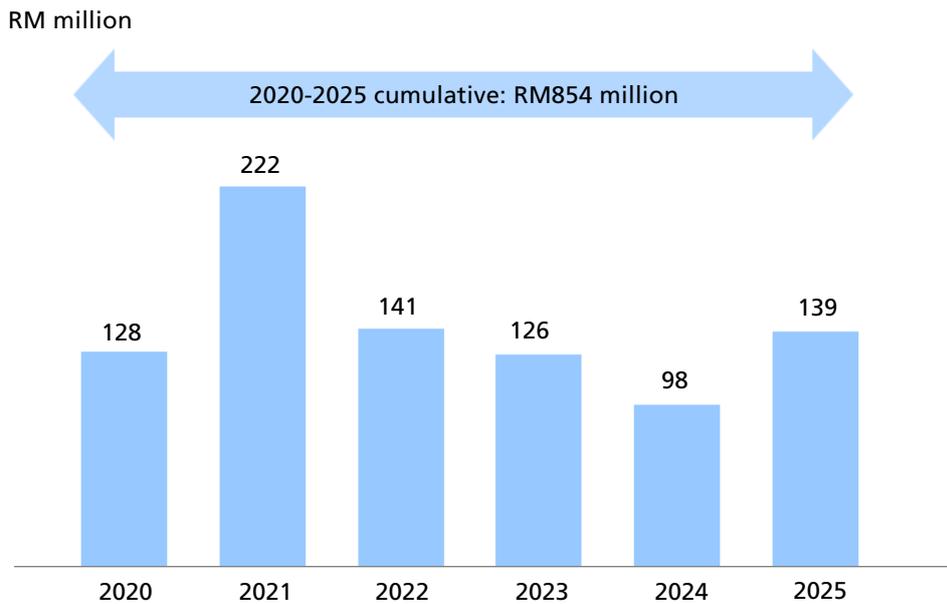
RM billion



Source: SC.

While ECF activity moderated in the preceding years, the market recorded an uptick in 2025, with funds raised amounting to RM139 million. This growth was supported by broader issuer participation, including from key productive sectors such as agriculture and manufacturing, reflecting the continued role of ECF in facilitating access to market-based financing. Cumulative funds raised from 2020 to 2025 through ECF reached RM854 million. (Chart 13).

CHART 13 Total funds raised via ECF, 2020-2025



Source: SC.

The Malaysia Co-Investment Fund (MyCIF), set up under Belanjawan 2019 by the MOF and SC to co-invest in MSMEs and social enterprises via ECF and P2P platforms, continued to play a catalytic role by co-investing alongside private investors. As of end 2025, MyCIF had mobilised RM1.5 billion, attracting RM4.13 of private capital for every ringgit invested. This demonstrates how public-private collaboration can expand access to market-based financing.⁸

To further diversify digital fundraising channels, the SC introduced Initial Exchange Offerings (IEO) in 2023. Two IEO platforms⁹ were registered, providing a regulated avenue for eligible companies to raise capital by issuing digital tokens on distributed-ledger technology (DLT). This initiative marks an important step towards the digitalisation of capital formation, combining the accessibility of crowdfunding with the transparency and traceability of DLT-based transactions. Over time, IEOs are expected to complement ECF and P2P platforms by expanding fundraising options and engaging a new generation of digital investors.

IEOs to complement ECF and P2P platforms over time by expanding fundraising options and engaging a new generation of digital investors

⁸ SC analysis.

⁹ Kapital DX Sdn Bhd and Pitch Platforms Sdn Bhd.

The expansion of alternative fundraising channels has been accompanied by a parallel transformation in Malaysia's investment landscape, where technology and innovation are reshaping how investors access, manage and grow their capital.

INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT INDUSTRY

Between 2021 and 2025, Malaysia's investment landscape evolved to become more inclusive, technology-enabled and innovation-driven, underpinned by improvements in infrastructure, market access and supported by regulatory facilitation. At the same time, Malaysia's leadership in Islamic finance was sustained through greater integration of Shariah-compliant and sustainable investment solutions. Key highlights of this transition include:



Expansion of Digital Infrastructure

The digital infrastructure for the capital market saw significant expansion, with six SC-registered e-services platforms (eSP)¹⁰ facilitating over RM53 million in subscriptions for capital market products by 2024.



Increased Market Accessibility

The introduction of fractional shares trading in 2023, enabled investors to participate in both local and cross-border equities with investments from as low as RM1.



Enhanced Position in Islamic and Sustainable Finance

Malaysia further strengthened its global standing in Islamic and sustainable finance with the launch of the world's first *waqf* ETF in December 2024 alongside ongoing efforts to expand Islamic Capital Market (ICM) products with elements of *waqf*.



Increasing Digital Asset Maturity

The digital asset segment continued to mature with the registration of the fifth and sixth digital asset exchange (DAX) operators as well as three digital asset custodians (DAC)¹¹. In 2023, the world's first Shariah-compliant cryptocurrency wholesale fund¹² was launched.

¹⁰ Axiata Digital eCode, Kenanga Digital, ShopeePay Malaysia, TNG Digital, Versa Asia and Wavpay Systems.

¹¹ The two registered DAXs are Hata and Torum, and three registered DACs are CoKeeps, Gambit Custody and Jada Platform.

¹² Halogen Shariah Bitcoin Fund.

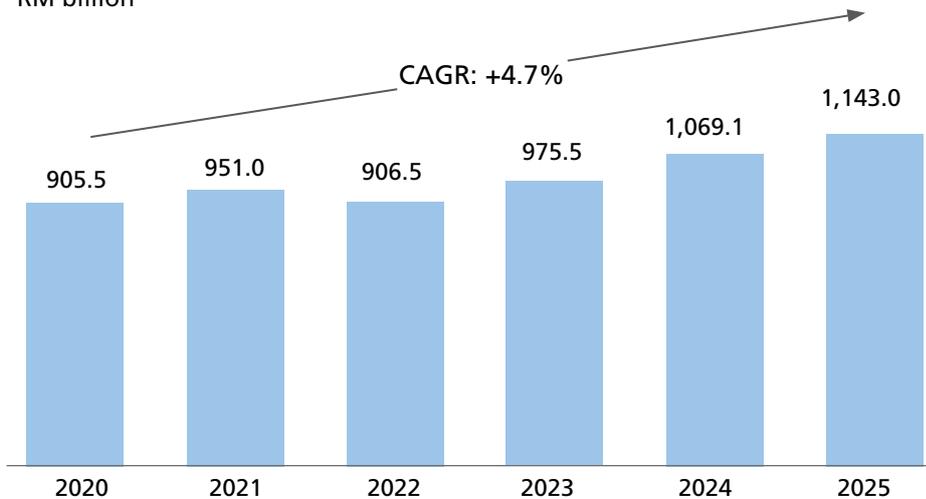


Malaysia's assets under management (AUM) has surpassed the RM1 trillion milestone since 2024 (Chart 14). In the newer digital investment management segment, AUM grew to RM1.9 billion since its inception in 2018. Wholesale funds reached a net asset value (NAV) of RM82.6 billion in 2024, supported by the 2023 amendments to the *Lodge and Launch Framework* and *Offering, Marketing and Distribution of Foreign Funds Guidelines*, which further broadened the diversity of wholesale fund offerings.

RM1.14 trillion
assets under management in 2025

CHART 14 Total Assets Under Management, 2020-2025

RM billion



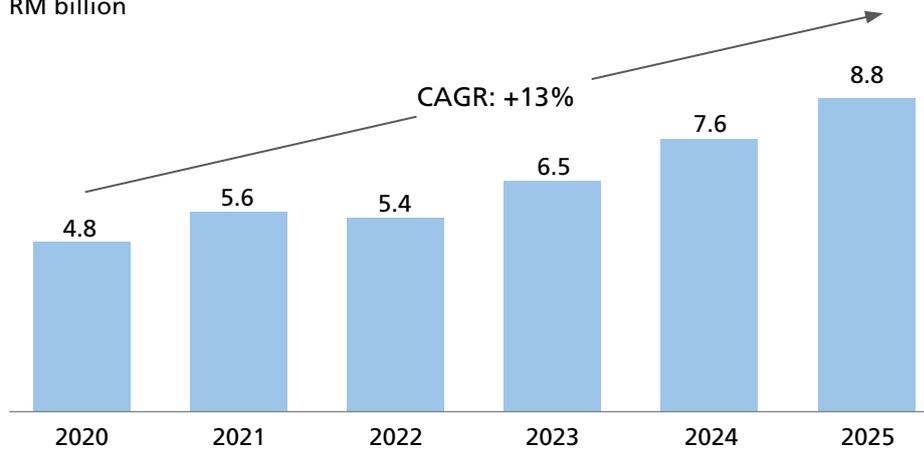
Source: SC.

The NAV of private retirement schemes (PRS) rose to RM8.8 billion in 2025 (Chart 15). CMP3 acknowledged the importance of a holistic evolution of retirement solutions in Malaysia. This includes better accumulation and decumulation through target date funds (TDFs)¹³ coupled with national level policy measures such as tax incentives to shape investor behaviour for retirement savings. While there has been TDFs¹⁴ made available during the period, there is still room to enhance retirement solutions in Malaysia.

**RM8.8
billion
private
retirement
scheme NAV
in 2025**

CHART 15 Private Retirement Scheme NAV, 2020-2025

RM billion



Source: SC.

¹³ TDF is a collective investment scheme that is actively managed towards a target date. The TDF will invest according to an asset allocation strategy designed for investors who have a retirement goal that is close to the year stated in the fund's name. Subsequently, each of the TDF will mature on its target date.

¹⁴ TDFs launched and distributed by Principal Asset Management and Touch n' Go eWallet.

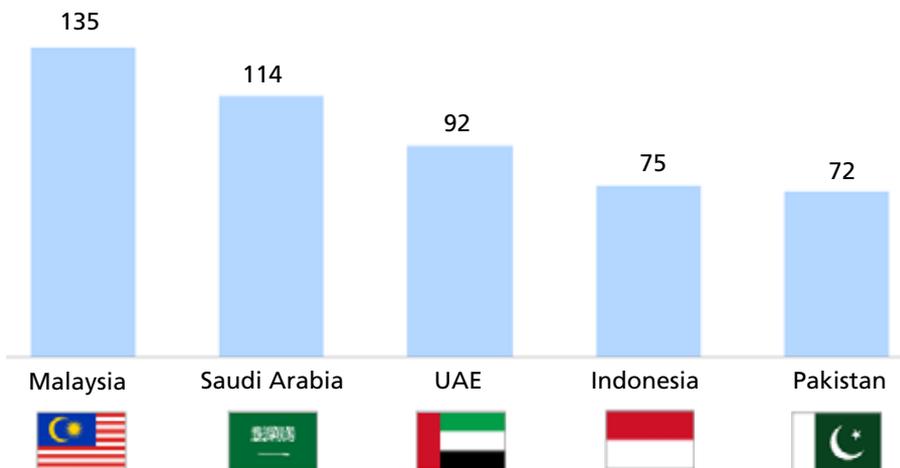
ICM AND SUSTAINABLE FINANCE

Islamic Capital Market

According to Fitch Ratings, Malaysia remains the global leader in sukuk issuance, accounting for approximately 36% of the global sukuk market size at the end of 2024. In addition, Malaysia topped the Islamic Finance Development Indicator (IFDI) for the 13th consecutive year in 2025, ahead of Saudi Arabia, the United Arab Emirates (UAE) and Indonesia. These achievements underscore Malaysia's central role in global Islamic finance (Chart 16).

CHART 16 Islamic Finance Development Indicator*
– Most Developed Islamic Finance Markets, 2025

IFDI Score, out of 200



Note:

* A composite weighted index that measures the overall development of the Islamic finance industry.

Source: ICD-LSG Islamic Finance Development Report 2025.

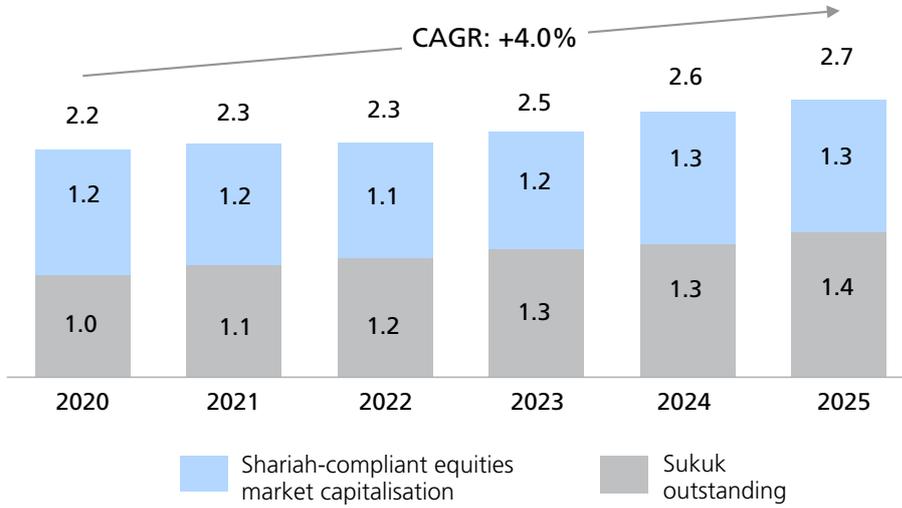
Malaysia's ICM size grew from RM2.2 trillion in 2020 to RM2.7 trillion by the end of 2025 with Shariah-compliant equities and sukuk contributing RM1.3 trillion and RM1.4 trillion, respectively (Chart 17). This accounted for 64% of the total capital market size.

To strengthen the ethical foundations of ICM, the SC launched the *Maqasid al-Shariah Guidance Islamic Capital Market Malaysia (Maqasid al-Shariah Guidance)* in November 2023. This guidance is anchored on core principles that resonate with global investors, namely fairness, transparency, environmental and social impact and accountability. This was supported by the establishment of the *Maqasid al-Shariah* Task Force and the launch of the *40 Hadith* book series on sustainability and ethics in commercial transactions in May 2025 to drive adoption and awareness of the guidance.

Malaysia led Islamic Finance Development Indicator for the 13th consecutive year in 2025

CHART 17 Islamic capital market size, 2020-2025

RM trillion



Source: SC.

Malaysia ICM size
RM2.7 trillion
2025



RM2.2 trillion
2020

ICM accounted for **64%** of total capital market size as of end 2025



Box Article 1

SHAPING A PURPOSE-DRIVEN ICM

Malaysia continues to demonstrate its commitment in enhancing the role of ICM in facilitating equitable growth and contributing towards the development of a sustainable and inclusive stakeholder economy as envisioned under CMP3. In today's evolving landscape, it is no longer sufficient for ICM participants to focus solely on Shariah compliance, as there is a growing need to align with the broader principles of *Maqasid al-Shariah* (higher objectives of Shariah) to ensure that financial activities deliver meaningful impact to society.

Recognising the need to realise these aspirations, the SC introduced the principles-based *Maqasid al-Shariah Guidance* in 2023. This pioneering initiative outlines six overarching aspirations, namely *Humanity, Justice and Benevolence, Clarity and Transparency, Flexibility and Innovation, Fiduciary and Accountability, and Accessibility and Inclusivity*. These aspirations are anchored by 15 guiding principles that promote ethical and value-driven conduct across the ICM.

The *Maqasid al-Shariah Guidance* reinforces the essence of sustainable economic development as envisioned in CMP3, where inclusivity, transparency and innovation converge to deliver socially beneficial outcomes. The adoption of the Guidance by Shariah advisers reflects the growing recognition of the need to embed practices aligned with *Maqasid al-Shariah* into product design.

Moving forward, the next phase of implementation seeks to deepen the holistic integration of the *Maqasid al-Shariah Guidance* across the ICM ecosystem in the following areas:



ICM Products and Services

Increase the adoption of the *Maqasid al-Shariah Guidance* across ICM products and services. Wider adoption will ensure that ICM offerings not only comply with Shariah requirements but also deliver meaningful impact to society in addressing pertinent issues relating to climate change, social equity, sustainability and stakeholder economy.



Shariah Governance

Strengthen Shariah governance practices across the ICM by aligning policies with the aspirations outlined in the *Maqasid al-Shariah Guidance*, reinforcing trust and integrity within the ICM ecosystem.



Capacity Building

Develop capacity building initiatives to equip Shariah advisers and industry practitioners with the necessary knowledge to understand, apply and operationalise the principles outlined in the *Maqasid al-Shariah Guidance*.

Sustainable Finance

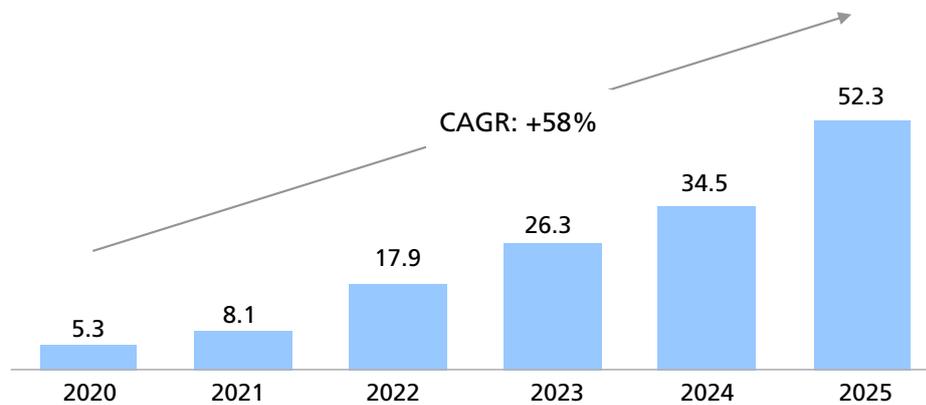
Sustainable finance has gained substantial momentum in recent years. The corporate SRI sukuk market grew at about 58% CAGR; rising from about RM5.3 billion in 2020 to RM52.3 billion outstanding by the end of 2025 (Chart 18).

This strong growth has been driven by increasing issuer and investor preference for compliance with environmental, social and governance (ESG) requirements. This was further supported by tax incentives and grants to lower issuance costs and promote market participation.

**RM52.3
billion
SRI sukuk
outstanding
in 2025**

CHART 18 Corporate SRI sukuk outstanding, 2020-2025

RM billion

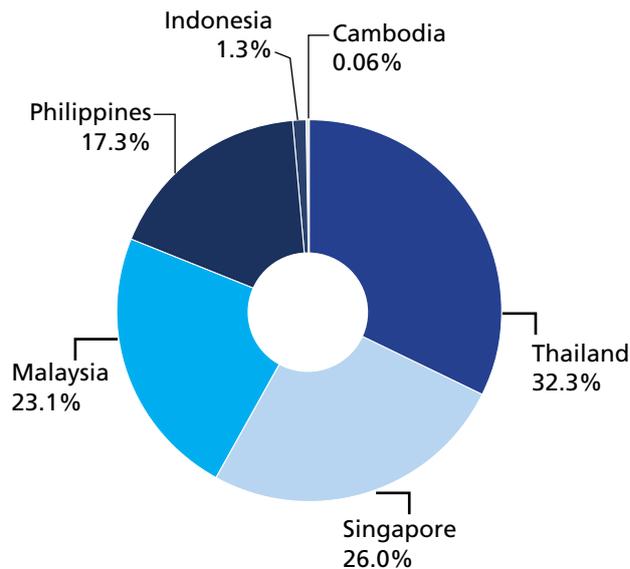


Source: SC.

Within the Association of Southeast Asian Nations (ASEAN), Malaysia ranks among the top three issuers of green, social and sustainability bonds and sukuk, accounting for approximately 23.1% of the region's cumulative US\$87.7 billion issuance (Chart 19).

CHART 19

ASEAN green, social, sustainability and sustainability-linked bonds issuance by country, 2020-2025



Source: ASEAN Capital Markets Forum (theacmf.org).

II. REGULATORY PROGRESS

Between 2021 and 2025, the SC advanced its investor protection and regulatory agenda with a sharpened focus on corporate disclosures, supervision, surveillance and enforcement. Efforts were directed at ensuring faster detection of risks, quicker resolution of cases and improved coordination in regulatory responses.

Proactive scam prevention measures, enforcement actions and regulatory reforms were complemented by the deployment of new technologies and streamlined processes to strengthen efficiency across the regulatory value chain. Collectively, these initiatives were designed to safeguard investors, reinforce accountability and strengthen resilience in the capital market while ensuring that market development progressed in an orderly manner.

Malaysia ranks among the top three issuers of green, social and sustainability bonds and sukuk in ASEAN

Faster detection of risks, quicker case resolutions and improved regulatory coordination

Key Regulatory Highlights of Capital Market Masterplan 2021-2025 (CMP3)

SHARED ACCOUNTABILITY ACROSS BROADER STAKEHOLDERS OF ECONOMY

**Enhanced Sustainability Disclosures**

The launch of the *National Sustainability Reporting Framework* (NSRF) in 2024 further bolstered market transparency through mandatory disclosures aligned with the International Sustainability Standards Board (ISSB) Standards. Under its phased adoption timeline, all Main Market listed companies on Bursa Malaysia with a market capitalisation of RM2 billion and above will begin reporting for their FY2025, while other Main Market listed companies, ACE Market listed companies and large non-listed companies will follow suit for FY2026 and FY2027 respectively.

**Advancing Corporate Governance Standards**

Corporate governance standards in Malaysia continued to advance and this has earned international recognition. The Asian Corporate Governance Association (ACGA) *CG Watch 2023*¹⁵ ranked Malaysia fifth in the Asia-Pacific region and first for the quality of auditors and audit regulators, as well as second for the strength of corporate governance rules and listed companies.

The SC continued to enhance governance practices through the *Malaysian Code on Corporate Governance* (MCCG 2021) and initiatives under the *Corporate Governance Strategic Priorities 2021-2023* to strengthen sustainability oversight, board diversity, independence and audit quality.

In addition, the *Corporate Governance Monitor 2025* (CG Monitor 2025) reports strong overall adoption of the MCCG 2021, with 33 out of 48 best practices achieving adoption levels of 90% and above. Women now hold 29% of board positions (2,112 board seats) across all PLCs, with almost all companies having at least one woman director. Further progress is needed in remuneration transparency, integration of sustainability-linked KPIs in board and management evaluations, and in enhancing the independence of audit and risk committees to advance governance standards across the capital market.



¹⁵ The jurisdictions covered by ACGA in its biennial CG Watch assessment are Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.





Centralised and Independent Financial Dispute Resolution

In January 2025, the SC and Bank Negara Malaysia (BNM) launched the Financial Markets Ombudsman Service (FMOS), consolidating the functions of the Ombudsman for Financial Services (OFS) and the Securities Industry Dispute Resolution Center (SIDREC). FMOS now serves as the central dispute resolution centre for financial consumers and investors. This provides investors with a more efficient redress mechanism to address grievances against financial service providers and capital market intermediaries with a view to building greater confidence in the financial system.

STRENGTHENING TECHNOLOGY RESILIENCE



CMP3 recognised that the industry's overall cyber security awareness and preparedness have improved significantly. The SC continues to prioritise cyber resilience as the industry deepens adoption of digital technologies. While progress has been made, capital market entities continue to be exposed to emerging technology risks, including threats against critical systems, data confidentiality, technology service dependencies and the rapidly evolving cyber threat landscape.



To strengthen industry capabilities to detect and mitigate these risks, the SC issued the *Guidelines on Technology Risk Management (GTRM)* in 2023, which took effect on 19 August 2024. The GTRM sets clear expectations for capital market entities to maintain a robust and sound technology risk management framework, supported by strong governance and oversight by the board and senior management, effective change management processes, technology audits and enhanced accountability for technology service providers. This includes specific requirements relating to risk management on cloud adoption and the use of Artificial Intelligence and Machine Learning (AI/ML).



The GTRM reinforces the SC's objective of ensuring that capital market entities can anticipate, withstand and quickly recover from technology and cyber disruptions. The SC continues to support the industry through supervisory engagements and thematic assessments focused on strengthening resilience, as well as cyber simulation exercises with industry participants to enhance preparedness and response capabilities. These collective efforts will contribute to a more cyber-resilient capital market ecosystem.

PRIORITISED EFFECTIVENESS OF REGULATORY OUTCOMES



Reinforcing Awareness and Investor Protection

Investor protection was strengthened through prompt intervention measures, improved investor literacy initiatives and enhanced digital monitoring.

Between 2021 and 2025, the SC through InvestSmart® had intensified investor engagements through various on-the-ground and other investor education initiatives. For the underserved and vulnerable Malaysian investors such as non-urban population, gig workers, youths, B40 community, senior citizens and persons with disabilities, the SC conducted targeted programmes such as on-the-ground events, webinars, gamification, Train-the-Trainers, etc. The SC also worked with communities and religious groups to help deliver SC's messages through Friday sermons and dissemination of investor education materials to various religious establishments such as mosques, temples and churches. Complementing these, InvestSmart® also leveraged on digital platforms such as dedicated websites and social media platforms (Facebook, IG, X, TikTok, etc.) to broaden public access.

These programmes aim to enhance financial and investment literacy, promote retirement planning and raise awareness of unlicensed activities and scams. In addition, the SC as a member of the Financial Education Network (FEN) collaborated with fellow members to roll out initiatives in line with the Strategic Priorities and action plans in the National Strategy for Financial Literacy 2019-2023. Examples of such initiatives are MyDuitStory, FEN Proaktif and Train-the-Trainer sessions for school teachers and many more.

Separately, the SC deployed targeted social media strategies like setting up a dedicated unit to detect and remove scams on platforms such as Telegram and Facebook, leveraging AI-powered tools. The SC also established an internal task force in 2020 to investigate fraudulent activities, coordinate anti-scam interventions and to take action on suspicious transactions. These efforts led to enforcement action against 19 mule account holders who had received thousands of ringgit in illegal proceeds through their bank accounts, resulting in total fines of RM3.68 million.



A More Adaptive and Responsive Regulatory Regime for Industry Players

In ensuring a more adaptive and responsive regulatory regime for industry players, the SC had introduced the Focused Scope Assessment in February 2024, giving new eligible Capital Market Intermediaries and RMO more control over their submissions for authorisation. It reduced the time to market for such intermediaries from over six months to three months by using a targeted review and requiring an independent third-party validation of the applicant's business policies and procedures.



Enhancing Enforcement Transparency, Efficiency and Coordination

The SC strengthened its enforcement processes and infrastructure to enhance speed and coordination in regulatory actions. The SC's enforcement priorities, first introduced in 2020, were reviewed annually and, in 2024, transitioned into a three-year enforcement priorities, covering the period 2024–2026. It focuses on disclosure breaches, securities fraud and unlicensed activities, with corporate misconduct introduced as an additional priority in response to the increasing prevalence of such cases. Collectively, these enforcement priorities accounted for approximately two-thirds of the SC's investigation efforts.¹⁶

The SC also enhanced collaboration with industry and other regulators. Partnerships with bodies such as the Federation of Investment Managers Malaysia (FIMM) strengthened enforcement against fraud involving unit trust consultants, while the rollout of the *Coordinated Enforcement Repository System (CERS)* with Bursa Malaysia in 2022 digitised and streamlined regulatory referrals. CERS formalised the referral process and improved the timeliness, consistency and coordination of enforcement actions involving overlapping breaches.

In strengthening its investigative capability, the SC launched its Digital Forensics (DF) Lab in 2024, marking a major step forward in the use of technology and data analytics in enforcement. The DF Lab is designed to equip Investigating Officers with infrastructure and cutting-edge forensic technologies essential for comprehensive evidence extraction, analysis and interpretation. It also supports *e-Discovery* and *Online Intelligence* functions and develops procedures aligned with international standards to ensure reliability of digital evidence. The DF Lab now serves as a cornerstone of the SC's digital investigative strategy, enabling closer collaboration with other law-enforcement agencies and improving the overall effectiveness and agility of enforcement operations.

Additionally, the SC developed an in-house surveillance tool that enables greater automation in the detection of cases. As a result, there has been a 60% increase in the number of cases identified as having potential issues compared to 2023 and this has contributed towards more expeditious review of cases.¹⁷

¹⁶ SC, 2024 Annual Report.

¹⁷ *Ibid.*