



STATEMENTS, STATISTICS AND ACTIVITIES

BOARD MEMBERS



[For more information](#)



DATUK SYED ZAID ALBAR



**DATUK ZAINAL IZLAN
ZAINAL ABIDIN**



**DATO' WEE HOE SOON
@ GOOI HOE SOON**



DATUK DR ZUNIKA MOHAMED



DATIN RASHIDAH MOHD SIES



LYNETTE YEOW SU-YIN



DATUK SYED ZAID ALBAR
Appointed 1 November 2018

Datuk Syed Zaid Albar is the Executive Chairman of the SC. Prior to his appointment as the SC Chairman on 1 November 2018, he was the Managing Partner of an established law firm in KL.

Currently, Datuk Syed Zaid chairs the Capital Market Development Fund (CMDf) and is a member of the Board of Trustees of the Financial Reporting Foundation. He was also appointed as a Board member of Securities Industry Development Corporation (SIDC) in January 2020. As the Chairman of the SC, Datuk Syed Zaid is a member of Bank Negara Malaysia's Financial Stability Executive Committee (FSEC) chaired by the Governor of BNM.

Datuk Syed Zaid represents the SC as the Asia Pacific representative on the governing Board of the International Organization of Securities Commissions (IOSCO), the global body of capital market regulators. He is also the Vice Chair of the Management Committee of the IOSCO Asia Pacific Hub based in Kuala Lumpur. Datuk Syed Zaid also represents the SC in the ASEAN Capital Markets Forum (ACMF).

Datuk Syed Zaid is a Barrister at Law of the Lincoln's Inn, UK. He has a degree in law from the United Kingdom (UK). Prior to joining the SC he has been an active practitioner for over 38 years, predominantly in the fields of corporate law, banking and capital market (debt and equity) in the area of both conventional and Islamic finance. His contribution and achievements in the legal practice has been recognised through numerous domestic and international awards.



**DATUK ZAINAL IZLAN
ZAINAL ABIDIN**
Appointed 5 April 2018

Datuk Zainal Izlan Zainal Abidin is Deputy Chief Executive of the SC. He provides direct oversight on the SC's Surveillance and Supervision functions as well as the People and Corporate Resources divisions. He joined the SC in 2011 as Executive Director, Islamic Capital Market and was appointed Managing Director, Development and Islamic Markets in 2016.

Datuk Izlan is currently Chairman of Capital Markets Malaysia, an entity established by the SC to promote the Malaysian capital market, and a board member of the SIDC which is the SC's training and development arm. He has over 30 years' experience in the financial services industry, starting his career with Citibank before moving to MIDF Amanah Asset Management (when it was known as Seacorp-Schroder Capital Management). Just prior to joining the SC, he was CEO of i-VCAP Management.

Datuk Izlan holds a Bachelor of Science in Economics (dual concentration in Accounting and Finance) from The Wharton School, University of Pennsylvania, US, and is a Chartered Financial Analyst (CFA) charterholder.



DATO' WEE HOE SOON
@ GOOI HOE SOON

Appointed 1 January 2019

Dato' 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 includes merger and acquisition and corporate debt restructuring exercises by PLCs. He currently sits on the Board of Yinson Holdings Bhd, Red Ideas Holdings Bhd and Perusahaan Sadur Timah Malaysia Bhd. Dato' Gooi is also a member of the Investment Panel of the Employees Provident Fund and a member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants.

Dato' Gooi was the former Chairman of the Board of EON Bank Bhd from 2009 to 2012, Chairman of Amity Bond Sdn Bhd, Deputy Chairman of Avenue Capital Resources Bhd, board member of AIA Bhd as well as the CEO/Executive Director-Dealing of Avenue Securities Sdn Bhd. He was also a member of the National Debt and Liability Management Committee under the Prime Minister's Office



DATUK DR ZUNIKA MOHAMED

Appointed 1 June 2020

Datuk Dr Zunika Mohamed is currently the Deputy Director General (Policy), Economic Planning Unit of the Prime Minister's Department. She is a trained economist and has served in various capacities at several ministries over the last 25 years, including as the Deputy Secretary General (Policy) of the Ministry of Agriculture.

She holds a doctorate in Economics from Universiti Putra Malaysia and obtained her postgraduate and undergraduate economics degrees at the International Islamic University Malaysia and University of Texas, US respectively. Datuk Dr Zunika also has a diploma in Public Administration from the National Institute of Public Administration (INTAN) Malaysia.



DATIN RASHIDAH MOHD SIES
Appointed 15 September 2020

Datin Rashidah Mohd Sies is currently the Deputy Secretary General (Management) Ministry of Finance. Datin Rashidah has served the Ministry of Finance for more than 29 years. She brings onboard a wealth of knowledge and experience, being at the forefront of issues pertaining to investment, finance, economic policies, federal budgeting, and financial legislation and regulation, among others.

Datin Rashidah obtained a Master of Business Administration from International University California, US, following a Bachelor's degree in Business Administration (Finance) from Idaho State University, US. She holds a Diploma from INTAN.



LYNETTE YEOW SU-YIN
Appointed 11 June 2021

Lynette Yeow Su-Yin is a lawyer by profession and has been in practice since January 1995. This includes being a partner at Messrs Kadir Andri & Partners and Messrs Zaid Ibrahim & Co. She is currently a consultant at Messrs Sanjay Mohan.

Yeow has extensive experience in the fields of corporate finance, capital markets, mergers and acquisitions, securities regulations and funds (including private equity and real estate investment trusts). Prior to her appointment to the SC Board, Yeow has been an independent member of the SC's Take-Overs and Mergers Committee since January 2020.

She currently sits as an Independent Non-Executive director on the boards of Malaysia Building Society Bhd and CTOS Digital Bhd. Yeow is also a Trustee of The Datai Pledge, the environmental protection and sustainability initiative founded by The Datai, Langkawi.

Yeow holds a BA and MA in law from the University of Cambridge.

EXECUTIVE TEAM



For more information



DATUK SYED ZAID ALBAR



DATUK ZAINAL IZLAN
ZAINAL ABIDIN



FOO LEE MEI



CHIN WEI MIN



KAMARUDIN HASHIM



SALMAH BEE MOHD MYDIN



SHARIFATUL HANIZAH
SAID ALI



DATO' ZAIN AZHARI MAZLAN



CHEE FEI MENG

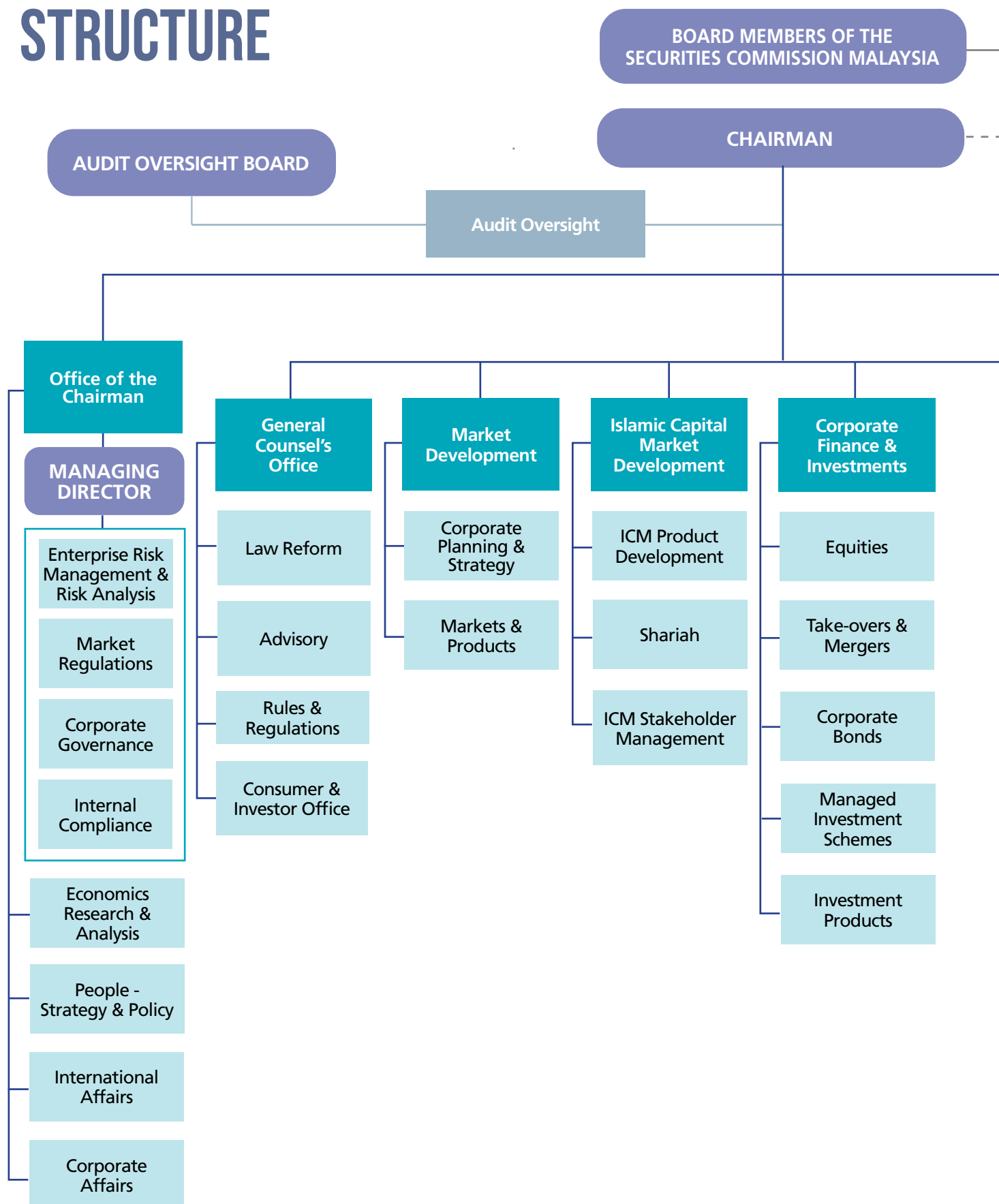


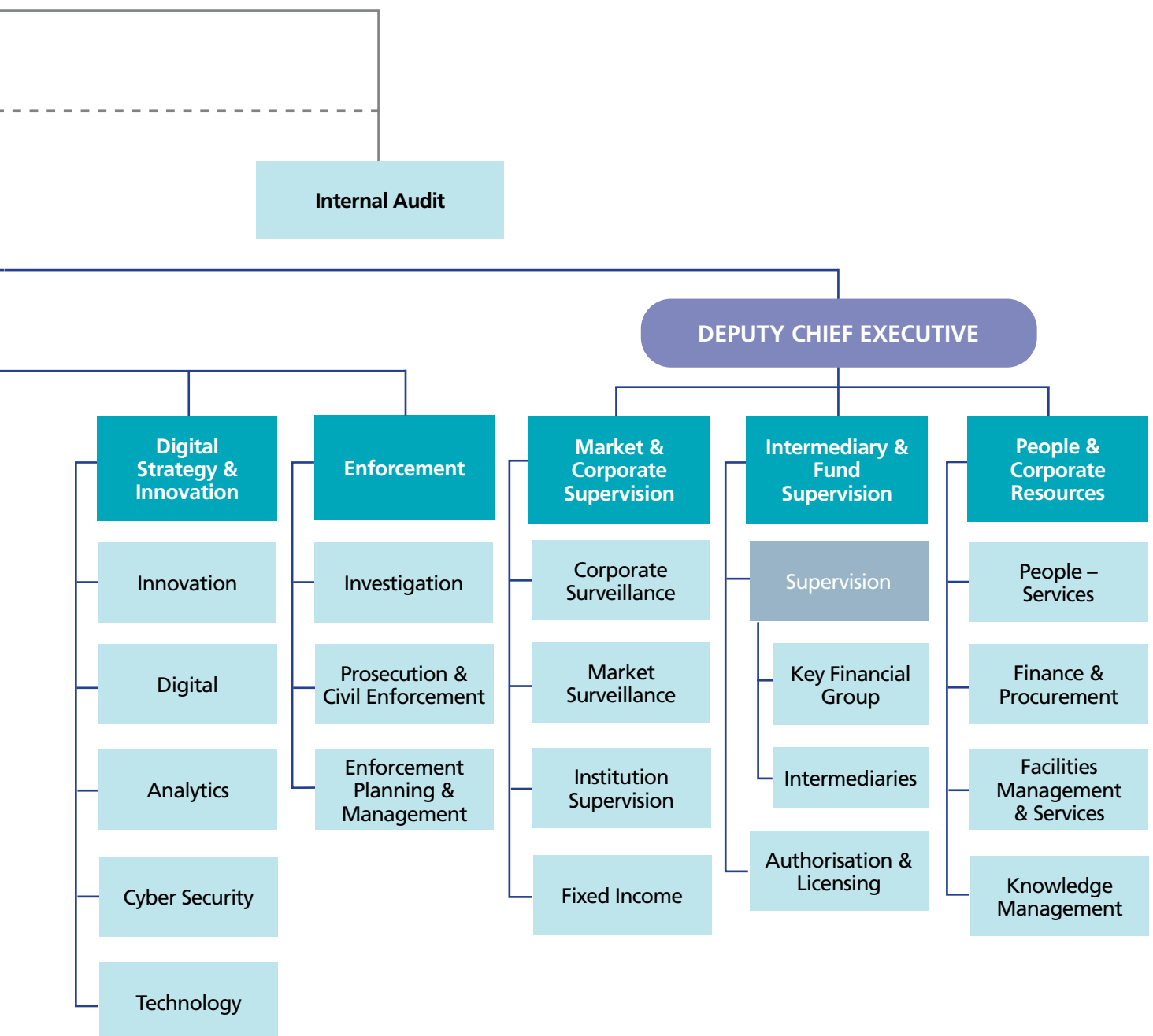
ALEX OOI THIAM POH



YEW YEE TEE

ORGANISATION STRUCTURE





SHARIAH ADVISORY COUNCIL MEMBERS



For more information



TAN SRI DR MOHD DAUD BAKAR



**ASSOCIATE PROFESSOR DR
AZNAN HASAN**



DR SHAMSIAH MOHAMAD



**PROFESSOR DR ENSKU
RABIAH ADAWIAH ENSKU ALI**



**PROFESSOR DR ASHRAF
MD HASHIM**



**PROFESSOR DR ASMADI
MOHAMED NAIM**



**ASSOCIATE PROFESSOR DR
MOHAMED FAIROOZ ABDUL KHIR**



**PROFESSOR DATO' DR MOHD
AZMI OMAR**



**DR ZAHARUDDIN ABDUL
RAHMAN**

STATEMENT ON GOVERNANCE

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. 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, CMSA, and *Securities Industry (Central Depositories) Act 1991* (SICDA).

ABOUT THE COMMISSION

Board Members

The Board is responsible for the overall governance of the Commission. The Minister of Finance appoints Board members. The Board comprises a Chairman, a Deputy Chief Executive, and up to 7 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.

Datuk Syed Zaid Albar assumed the position of Chairman on 1 November 2018. A profile of Board members is featured on pages 79 to 82 and their involvement in the various committees established by the Board is provided on page 90.

The Chairman is appointed for a term of 3 years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of 2 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 PLC, 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 3 consecutive meetings of the Board without leave;
- conducts himself in such a way as to bring disrepute to the Commission;
- fails to disclose his or her interests; or
- becomes involved in any activity which may interfere with his or her independence in discharging his or her functions.

The SCMA requires a Board member to manage conflicts of interest by disclosing his or her interest in any matter under discussion by the Board or any of its committees. Once a disclosure is made, he or she-

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and
- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

Functions of the Commission

The functions of the Commission are:

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

- To take all reasonable measures to monitor, mitigate, and manage systemic risks arising from the capital market;
- To promote and regulate corporate governance and approved accounting standards of listed corporations; and
- To set and approve standards for professional qualification for the capital market.

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

Board Meetings

Eleven Board meetings were held in 2021. The quorum required is 5. The attendance record is set out in Table 1.

The work of the Board in governing the SC is facilitated by various board committees established under section 18 of the SCMA, as listed in Table 2.

AUDIT COMMITTEE

The Audit Committee 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 Audit Committee are set out in the Audit Committee Charter as approved by the Board. Essentially, the Audit Committee provides oversight of the SC's governance, risk management and internal control practices.

Table 1 Attendance at Board meetings	
Board members	Number of meetings attended
Datuk Syed Zaid Albar	11/11
Datuk Zainal Izlan Zainal Abidin	11/11
Dato' Gooi Hoe Soon	11/11
Datuk D.P Naban ¹	2/2
Datuk Dr Zunika Mohamed	9/11
Datin Rashidah Mohd Sies	10/11
Lynette Yeow Su-Yin ²	6/7






¹ Retired from the Board on 14 April 2021.

² Appointed to the Board on 11 June 2021.

The Audit Committee has an oversight role over the internal audit activities, including reviewing outcome of audits and approving the *Annual Internal Audit Plan*. The Audit Committee is also responsible for the review of the external auditors' proposed audit scope, approach, and performance, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the current financial year, the Audit Committee had convened 6 meetings.

Table
2

Board Committees

COMMITTEE	KEY RESPONSIBILITY	MEMBERS
1. Audit Committee 	Review effectiveness of the SC's risk management and internal control systems and review the annual financial statements.	<ul style="list-style-type: none"> Dato' Gooi Hoe Soon (Chairman) Datuk D.P Naban¹ Datuk Dr Zunika Mohamed Datin Rashidah Mohd Sies Lynette Yeow Su-Yin²
2. Issues Committee³ 	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"> Datuk Syed Zaid Albar (Chairman) Datuk Zainal Izlan Zainal Abidin Dato' Gooi Hoe Soon Datuk D.P Naban¹ Datin Rashidah Mohd Sies Lynette Yeow Su-Yin²
3. Take-overs and Mergers 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"> Datuk Syed Zaid Albar (Chairman) Datuk Zainal Izlan Zainal Abidin Dato' Gooi Hoe Soon Datin Rashidah Mohd Sies Lynette Yeow Su-Yin
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"> Datuk Syed Zaid Albar (Chairman) Datuk Zainal Izlan Zainal Abidin Dato' Gooi Hoe Soon Datuk Dr Zunika Mohamed
5. Nomination and Remuneration Committee 	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive and make appropriate recommendations to the Minister of Finance.	<ul style="list-style-type: none"> Dato' Gooi Hoe Soon (Chairman) Datuk D.P Naban¹ (Chairman) Datuk Dr Zunika Mohamed Lynette Yeow Su-Yin²

¹ Retired from the Board on 14 April 2021.² Appointed to the Board on 11 June 2021.³ The Board had on 16 November 2020 approved the consolidation of the Issues Committee and the Managed Investment Schemes Committee.

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 9 SAC members as listed in Table 3, serve for a 3-year period commencing 1 July 2020, as assented by the Yang di-Pertuan Agong under Section 31ZK of the SCMA.

Table 3	Shariah Advisory Council members
SAC members	
1.	Tan Sri Dr Mohd Daud Bakar (Chairman)
2.	Associate Professor Dr Aznan Hasan (Deputy Chairman)
3.	Dr Shamsiah Mohamad
4.	Professor Dr Engku Rabiah Adawiah Engku Ali
5.	Professor Dr Ashraf Md Hashim
6.	Professor Dr Asmadi Mohamed Naim
7.	Associate Professor Dr Mohamed Fairouz Abdul Khir
8.	Professor Dato' Dr Mohd Azmi Omar
9.	Dr Zaharuddin Abdul Rahman

AUDIT OVERSIGHT BOARD

The AOB was established under Part IIIA of the SCMA and its mandate is to assist the SC in discharging its regulatory function in respect of developing an effective audit oversight framework, promoting confidence in the quality and reliability of audited financial statements, and regulating auditors of PIEs and scheduled funds.

The AOB also exercises oversight over any person who prepares a report relating to the financial information of PIEs and schedule funds, in relation to capital market activities. The AOB members are appointed by the Board (Table 4).

Table 4	Audit Oversight Board members
AOB members	
1.	Dato' Anantham Kasinather (Non-Executive Chairman)
2.	Alex Ooi Thiam Poh (Executive Officer)
3.	Salmah Bee Mohd Mydin
4.	Hew Ee-Lu
5.	Datuk Nor Azimah Abdul Aziz
6.	Dato' Darawati Hussain
7.	Dato' Seri Ahmad Johan Mohammad Raslan

RISK MANAGEMENT AND INTERNAL CONTROLS

The SC continues to be committed in maintaining strong risk management and internal control, which is an integral component of its governance arrangement. The SC's internal risk management and control systems are designed to provide a framework to monitor and mitigate known and emerging risks that may impact its ability in achieving strategic and operational goals.

The SC regards the continuous enhancements of its internal risk management and control systems as a high priority. A robust risk management and internal control environment will improve the SC's operational agility, promotes risk transparency, and enhances risk and control accountability.

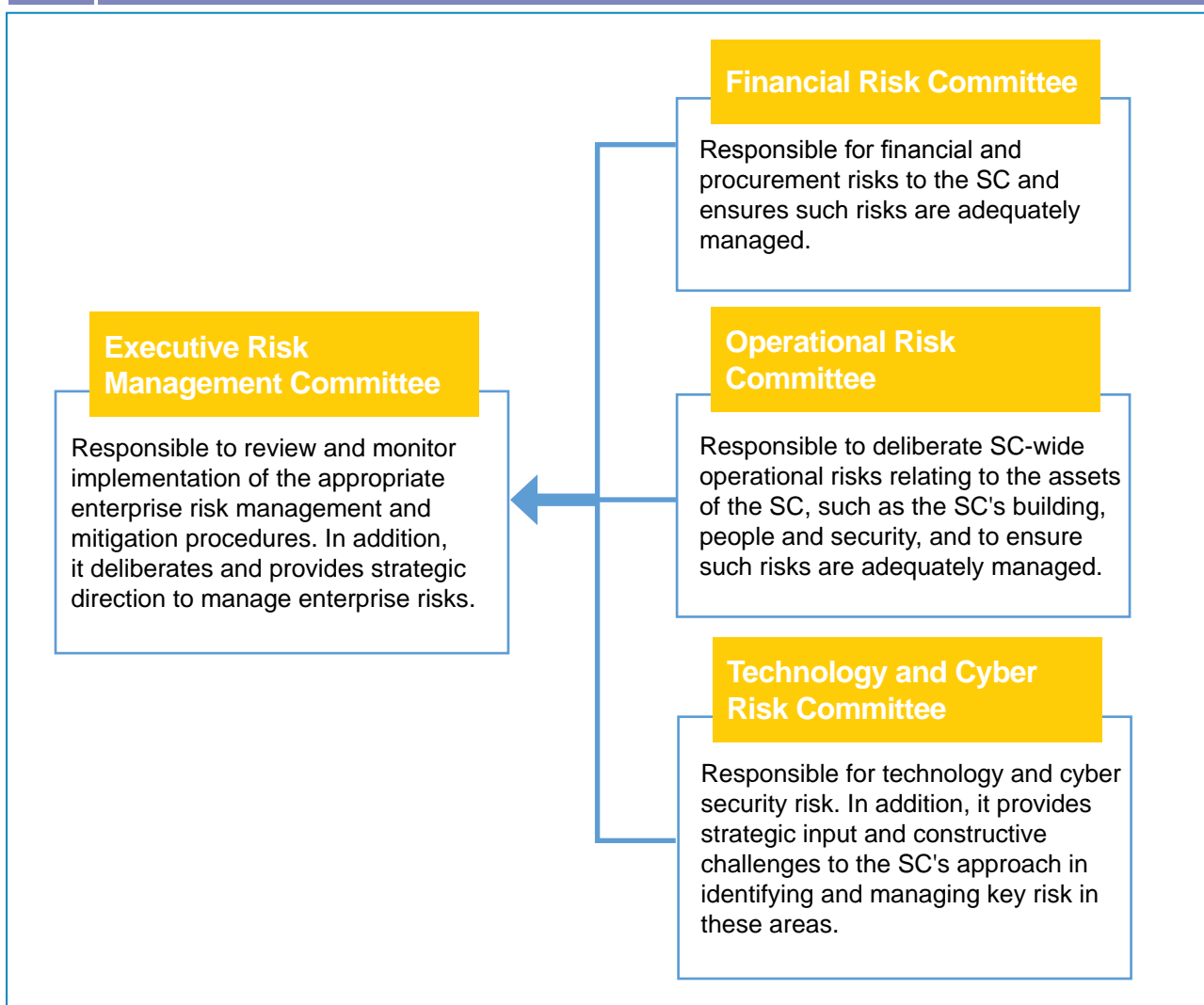
Risk Management

The SC has established various measures to manage and mitigate possible risks associated with its operations. The Board is responsible for reviewing and adopting appropriate systems and controls to manage the enterprise risks of the SC. The Audit Committee, on behalf of the Board, provides an independent assessment of the effectiveness of the Enterprise Risk Management (ERM) framework.

The SC continuously reviews and enhances its risk management governance structure and framework. In 2021, the respective operational, conduct, and technology risk frameworks across the organisation were enhanced and implemented. A dedicated Executive Risk Management Committee (ERMC) has been

Figure
1

The SC's Risk Governance Structure



established to look into internal organisation risks. Previously, this role was undertaken by the SC's SROC. The ERMCM will have oversight of risk management strategies and processes within business functions as well as business continuity arrangements.

INTERNAL CONTROLS

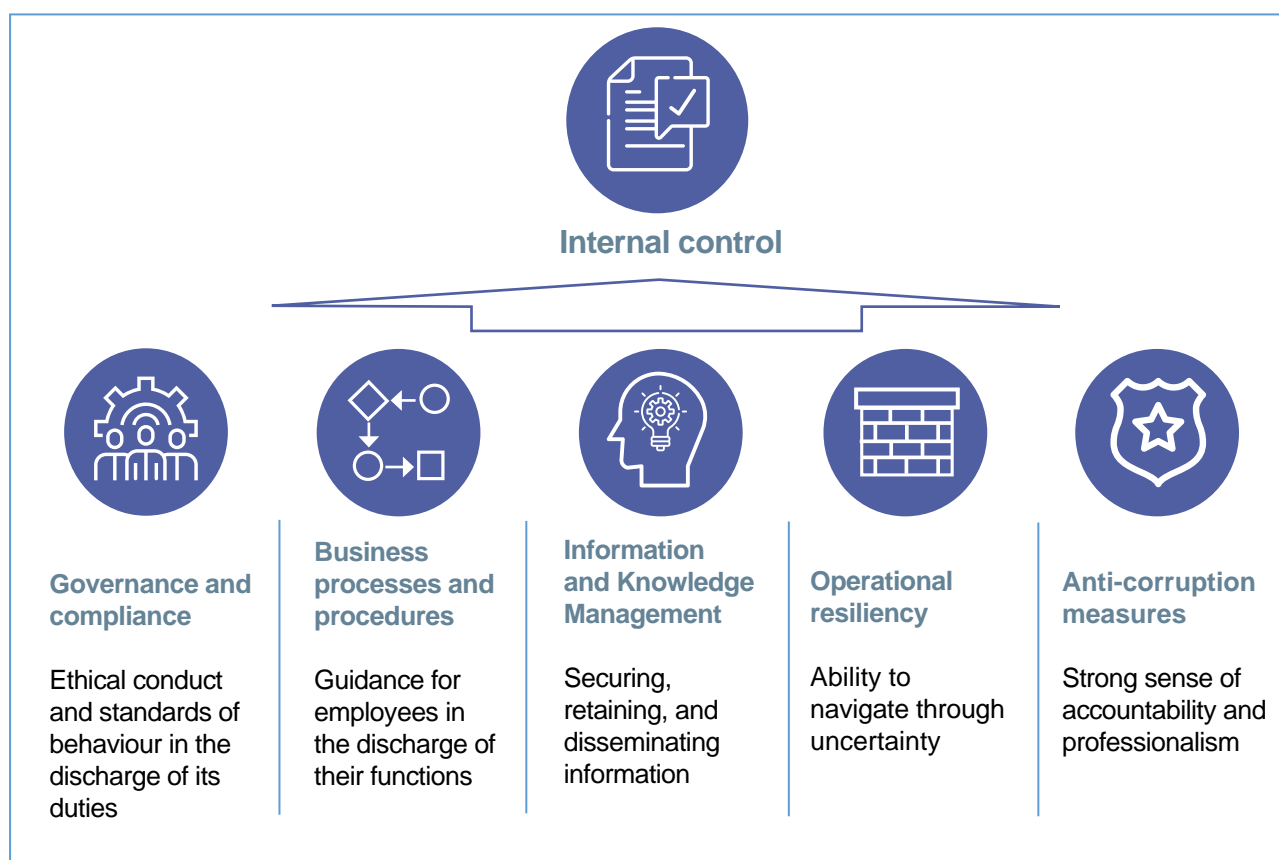
As the SC's structure and functions grow in complexity, the importance of having good internal controls is critical. The SC has set up a suite of internal control measures in the form of policies and procedures covering operational matters including governance, staffing, procurement, operation resiliency, data protection, and risk management to provide assurance on the effectiveness of control environment (Figure 2).

Governance and Compliance

- A *Code of Conduct for Members of the Board* sets out the governance expectations required of Board Members in the discharge of their duties.
- A *Code of Conduct for SC employees* outlines the expectations required of employees during their tenure with the SC including ethical conduct and standards of behaviour.
- The statement of the SC's *Principles and Standards* facilitates efficient and ethical engagement between the SC and its external stakeholders, including suppliers, contractors, vendors, and consultants are governed by ethical principles,

Figure
2

Internal Control Thrusts



transparent, and avoid potential conflict of interest. In this regard, the SC adopts a zero tolerance policy on all forms of corruption, and any allegation of corrupt practice by employees of the SC, and agents of external stakeholders doing work for the SC will be taken seriously.

- The SC has established a feedback channel for employees and agents to raise concerns on employee misconduct, including the Internal Whistleblowing Procedure to expose or report internal wrongdoing or suspected breaches of law within the organisation.
- The Framework for Handling External Complaints Against the SC Employees presents the process for handling complaints made by external parties against any employee of the SC in relation to the discharge of his duties.
- A robust Conflict of Interest Declaration process has been put in place where Board members and employees are required to comply with, when faced with a perceived, potential or real conflict of interest situation.
- The *Compliance Management Guidelines* provide a structured approach to ensure compliance with the laws, regulations, and internal governance standards, which has an impact on the day-to-day operations of the SC.
- The Compliance and Ethics programme, an interactive e-learning tool, aims to help the SC's employees understand the principles of the SC's internal governance standards. These modules reaffirm the importance of maintaining high standards of ethics, values, and behaviour that the SC and its employees must continue to be associated with. In 2021, the biennial mandatory programme was updated to incorporate enhancements made to its internal governance standards (e.g. *Code of Conduct*, *Data Loss Mitigation Guidelines*, etc.) over the last 2 years.

Business Processes and Procedures

- The SC facilitates employees' understanding of its operations by making the Business Process Flows and other relevant business process guidance accessible on the SC's intranet. The business process flows and guidance documents are reviewed annually by the respective business process owners.
- The *Procurement Policy and Guidelines* were established to ensure fair, transparent, and orderly sourcing and acquisition of goods and services by the SC. It includes a procurement strategy outlining proper guidance on the end-to-end procurement process as well as the reinforcement of good procurement governance and control. Controls are also put in place to mitigate and prevent potential corrupt practices.
- The *Asset Management Policy and Guidelines* ensure that the SC's assets provided to employees to enable them to discharge their functions are safeguarded and maintained in good working condition.

Information and Knowledge Management

- 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 the SC's senior management for decision.
- The *Data Loss Mitigation Guidelines* act as a reference point for employees when handling physical and electronic records containing sensitive information. The Guidelines ensure sensitive information is appropriately secured from unauthorised disclosure and protected from alteration, corruption, loss, or misuse. The SC continuously reviews the Guidelines, taking into account changes in the working arrangements at the SC and the industry.

Updates this year include new rules relating to online and social media communication as well as strengthened controls for sharing of documents via emails and messaging platforms with external parties.

- The *Records Management Policy* was established to give clear guidance to employees on the classification of documents in order to maintain confidentiality of the said documents and provide clarity on permissible disclosures.

Operational Resilience

- The SC has a Business Continuity Framework, aligned with the ISO 22301: 2019 Security and Resilience – Business Continuity Management System (BCMS) requirements. Continuous efforts are undertaken to ensure minimal operational disruption caused by COVID-19 including working towards a table-top exercise simulation for departments and return-to-office arrangements for the SC's employees.
- In light of COVID-19 and to ensure operational resiliency, the SC has established a dedicated COVID team to monitor COVID positive incidences, review precautionary measures, and take a proactive approach to anticipate, respond, and manage emerging COVID risks.
- *IT User Policy* is periodically reviewed to monitor and assess technology risks to ensure that the SC's IT system is adequately protected against malware, unauthorised access, insider threats, and other disruptions which may affect its operations.

Anti-Corruption Measures

- The SC established its own Anti-Corruption Committee (JAR – Jawatankuasa Anti-Rasuah) in 2019, demonstrating its commitment in supporting the Government's fight against corruption. Chaired by the SC Chairman, the SC JAR serves as a high-level management platform

focused on addressing organisational issues pertaining to governance and integrity, while overseeing the implementation of all its initiatives under the *National Anti-Corruption Plan* (NACP).

- As a public institution, the SC is fully committed to provide an environment that promotes a strong sense of accountability and professionalism among its employees. In line with the requirements of the NACP, the SC has established its own *Organisational Anti-Corruption Plan* (OACP) with the strategic objective of strengthening the SC's governance, integrity, and anti-corruption measures. The OACP covers key elements such as an explicit anti-corruption commitment from key stakeholders, relevant policies and procedures, controls, training and communication, reporting mechanisms and importantly, regular auditing and monitoring.
- In 2021, the SC has taken steps to ensure alignment of its anti-corruption control measures with the ISO 37001 Anti-Bribery Management System (ABMS) requirements. The SC conducted an ABMS Compliance Self-Assessment to identify improvement opportunities. The SC has also established its ABMS Compliance Framework to facilitate continuous alignment with the requirements of NACP and relevant global standards.

INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the Audit Committee in the discharge of its duties and responsibilities. IAD reports directly to the Audit Committee, which determines the adequacy of scope and function of the department. 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 approved internal audit plan, which is developed using a risk-based methodology.

The main activities of IAD for the year 2021 included performing predominantly risk-based audits for the areas identified in the internal audit plan. The result of the audits and activities performed by the internal audit function was presented to the Audit Committee for its review. Where applicable, internal audit conducted follow-up audits to ensure that the Management's corrective actions were implemented appropriately and provided updates on the status of the key actions to the Audit Committee. In addition, IAD played an advisory role in the course of performing its audit activities.

The review of the Audit Committee Charter and the Internal Audit Charter (Charters) is undertaken every 2 years as required under the Charters, to ensure they remain relevant and are in line with The Institute of Internal Auditors' International Professional Practices Framework.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

Consistent and constant communication with capital market participants is necessary to facilitate the effective discharge of the SC's responsibilities. Regular meetings and discussions with its key stakeholders enable the SC to provide facilitative policies, a robust regulatory framework, and encourage continuous growth and development of the capital market. All media releases, publications, guidelines, annual reports as well as consultation and response papers are posted on the SC's official website – www.sc.com.my.

The SC's Consumer and Investor Office acts as one of the key channels in engaging investors and the public. The office receives and handles public complaints and enquiries relating to the capital market. In addition, it is also responsible for the SC's investor empowerment strategy under the InvestSmart® brand, targeted towards the public and investors of all life stages.

Through InvestSmart®, the SC undertakes various initiatives via different modalities such as exhibitions, seminars, roadshows, digital and social media on the fundamentals of making sound investment decisions.

SIDREC is a body approved by the SC to handle capital market-related monetary disputes by investors against its members. SIDREC's members are licensed intermediaries and registered persons specified under Part 1 of Schedule 4 of the CMSA, carrying out dealings in securities, derivatives, PRS, and fund management in Malaysia. They comprise banks, stockbrokers, derivatives brokers, fund management companies, unit trust management companies, PRS providers and distributors as well as two specified development financial institutions (DFIs).

Effective and affordable access to redress for monetary disputes between investors and market intermediaries provided by an independent and impartial body forms part of international best practice and supports the SC's investor protection and empowerment initiative.

Under SIDREC's Mandatory Scheme for claims not exceeding RM250,000, SIDREC's members are required to participate in SIDREC's dispute resolution process. Services under the Mandatory Scheme are free to investors. Under its Voluntary Scheme, where both parties must agree to use SIDREC's expert services, SIDREC is able to accept claims exceeding RM250,000 for mediation and adjudication as well as court-referred mediation.

Apart from its involvement during the dispute resolution process with both SIDREC's members and investors, SIDREC also interacts with the investing public through its awareness initiatives. In addition, SIDREC concurrently engages its members, the SC, and other stakeholders such as related industry associations and self-regulatory organisations (SROs) to provide positive insights and concerns stemming from its dispute resolution process. This provides valuable feedback to the market, investors, and the regulator.

SECURITIES COMMISSION MALAYSIA

FINANCIAL STATEMENTS

Financial statements
for the financial year ended
31 December 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	146,902	151,677
Right-of-use assets	5	6,659	6,751
Deferred tax asset	6	8,972	-
Other receivables	7	2,971	4,110
Other investments	8	24,675	75,423
		<u>190,179</u>	<u>237,961</u>
CURRENT ASSETS			
Other investments	8	980,124	788,233
Trade and other receivables	9	26,871	50,983
Cash and cash equivalents	10	83,134	90,649
		<u>1,090,129</u>	<u>929,865</u>
TOTAL ASSETS		<u>1,280,308</u>	<u>1,167,826</u>
RESERVES			
Compensation fund reserve	11	100,000	100,000
Accumulated surplus		906,276	848,450
TOTAL RESERVES		<u>1,006,276</u>	<u>948,450</u>
NON-CURRENT LIABILITIES			
Post-employment benefits	12	183,310	140,416
CURRENT LIABILITIES			
Deferred income	13	-	704
Other payables and accruals	14	90,722	78,256
		<u>90,722</u>	<u>78,960</u>
Total liabilities		<u>274,032</u>	<u>219,376</u>
Total reserves and liabilities		<u>1,280,308</u>	<u>1,167,826</u>

The notes on pages 102 to 128 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
REVENUE			
Levies		243,105	285,601
Fees and charges		16,939	13,887
Licence fees		2,908	1,380
Finance income		25,813	28,651
Registration fees		3,060	3,043
Other income		16,683	12,587
	15	<u>308,508</u>	<u>345,149</u>
Less: Expenditure			
Staff costs	16	178,539	164,475
Administrative expenses		26,434	28,972
Depreciation of property, plant and equipment	4	11,602	11,259
Depreciation of right-of-use assets	5	92	92
Rental expense		522	282
		<u>217,189</u>	<u>205,080</u>
NET OPERATING SURPLUS		91,319	140,069
Less: Funds to affiliates	17	<u>(7,600)</u>	<u>(7,500)</u>
Surplus before tax for the year	18	83,719	132,569
Tax benefit	19	<u>8,972</u>	<u>-</u>
Surplus after tax for the year		92,691	132,569
Other comprehensive loss, net of tax items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	20	<u>(34,865)</u>	<u>(51,353)</u>
Surplus and total comprehensive income for the year		<u>57,826</u>	<u>81,216</u>

The notes on pages 102 to 128 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Compensation fund reserve RM'000	Accumulated surplus RM'000	Total RM'000
At 1 January 2020	100,000	767,234	867,234
Surplus for the year	-	132,569	132,569
Remeasurement of defined benefit liability	-	(51,353)	(51,353)
Surplus and total comprehensive income for the year	-	81,216	81,216
At 31 December 2020/1 January 2021	100,000	848,450	948,450
Surplus for the year	-	92,691	92,691
Remeasurement of defined benefit liability	-	(34,865)	(34,865)
Surplus and total comprehensive income for the year	-	57,826	57,826
At 31 December 2021	100,000	906,276	1,006,276
	Note 11		

The notes on pages 102 to 128 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		83,719	132,569
Adjustments for:			
Depreciation of property, plant and equipment	4	11,602	11,259
Depreciation of right-of-use assets	5	92	92
Amortisation of deferred income	13	(704)	(1,887)
Finance income		(25,813)	(28,651)
Gain on disposal of property, plant and equipment		-	(11)
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES		68,896	113,371
Changes in working capital:			
Post-employment benefits		8,029	8,413
Trade and other receivables		24,481	(21,747)
Other payables and accruals		12,466	(4,808)
NET CASH GENERATED FROM OPERATING ACTIVITIES		113,872	95,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturity of investments in Malaysian Government Securities and Government Guaranteed Bonds		55,376	20,672
Movement in restricted deposits placed with licensed banks		(4,599)	(2,236)
Movement in deposits placed with licensed banks		(196,519)	(137,725)
Finance income received		26,583	27,653
Proceeds from disposal of plant and equipment		1	19
Acquisition of property, plant and equipment		(6,828)	(10,429)
NET CASH USED IN INVESTING ACTIVITIES		(125,986)	(102,046)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(12,114)	(6,817)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		37,736	44,553
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		25,622	37,736
Cash and cash equivalents comprise:			
Cash and bank balances	10	25,247	15,853
Deposits placed with licensed banks	10	57,887	74,796
		83,134	90,649
Less: Restricted deposits		(57,512)	(52,913)
		25,622	37,736

The notes on pages 102 to 128 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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*. 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 28 January 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the SC have been prepared in accordance with *Malaysian Financial Reporting Standards* (MFRSs), 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 2021:

- Amendments to MFRS 16 *Covid-19 – Related Rent Concessions*

The adoption of these amendments to published standards did not have any material impact on the current period or any prior period and is not likely to affect future periods.

(ii) Amendments to published standards that have been issued but not yet effective

New amendments to published standards and annual improvements that are effective for financial year beginning after 1 January 2021 are set out below:

- Annual Improvements to MFRS 9 *Fees in the 10% test for derecognition of financial liabilities* (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* and IC Interpretation 21 *Levies* where such liabilities fall within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

- Amendments to MFRS 116 *Proceeds before intended use* (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively

- Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract* (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.
- Amendments to MFRS 101 *Classification of liabilities as current or non-current* (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

These 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 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 MFRSs 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 following:

(i) Post-employment benefits

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 12.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(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 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.

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. The financial assets are not designated as fair value through profit or loss. 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 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(e)(i)) where the effective interest rate is applied to the amortised cost.

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 'other expenses' respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the SC and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative year are as follows:

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

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

(c) 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 has classified leasehold land which in substance was a finance lease as right-of-use assets.

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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(d) 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 their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of restricted deposits.

Included in the restricted deposits are monetary penalty received from administrative sanctions which were imposed by the SC against a person pursuant to breaches of securities laws. This amount of penalty received is recorded as other payables and shall be paid into and form part of the Federal Consolidated Fund upon conclusion of each sanction.

(e) 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 debt securities 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.

(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.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(f) Revenue and other income**(i) 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 revenue 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 a good or service 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.

(ii) Levies

Levies collected by Bursa Malaysia Securities Bhd (Bursa Malaysia) 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.

(iii) Fees and charges

The SC records fees and charges as income over time when the services are performed.

(iv) Registration fees

Registration fees are recognised at a point in time upon submission of registrations by registrants.

(v) Licence fees

Licence fees are recognised as income as the services are performed over time. The SC records the licence fees received in advance as a liability.

(vi) 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 debt securities; and (b) the amortisation of premiums or discounts on purchases of debt securities measured at amortised cost.

(vii) Other income

Included in other income is penalty income which is recognised at a point in time pursuant to Section 31Z of SCMA where the AOB imposes monetary penalty on auditors for failure to comply with the AOB's registration conditions. The penalty amount is restricted and shall be utilised for planning and implementing capacity-building programmes in relation to the accounting and auditing profession.

(g) 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 contributions (SOCSO), Employees Provident Fund (EPF) or Private Retirement Scheme (PRS) are measured on an undiscounted basis and are expensed 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.

(h) 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.

(i) 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.

(j) Contingencies

Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the SC, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the SC or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

(k) 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 and application systems RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost						
At 1 January 2020	232,162	114,208	79,772	1,753	2,778	430,673
Additions	-	1,001	2,160	-	7,268	10,429
Disposals	-	(24)	(312)	-	-	(336)
Transfer (from)/to	-	4,702	2,018	-	(6,720)	-
At 31 December 2020/ 1 January 2021	232,162	119,887	83,638	1,753	3,326	440,766
Additions	-	630	710	-	5,488	6,828
Disposals	-	(6)	(5)	-	-	(11)
Transfer (from)/to	-	-	4,475	-	(4,475)	-
At 31 December 2021	232,162	120,511	88,818	1,753	4,339	447,583
Less: Accumulated depreciation						
At 1 January 2020	95,283	108,198	72,979	1,589	-	278,049
Accumulated depreciation	109	-	-	-	-	109
Accumulated impairment loss	95,392	108,198	72,979	1,589	-	278,158
Depreciation for the year	4,643	2,274	4,264	78	-	11,259
Disposals	-	(16)	(312)	-	-	(328)
At 31 December 2020/ 1 January 2021	99,926	110,456	76,931	1,667	-	288,980
Accumulated depreciation	109	-	-	-	-	109
Accumulated impairment loss	100,035	110,456	76,931	1,667	-	289,089
Depreciation for the year	4,643	2,606	4,309	44	-	11,602
Disposals	-	(5)	(5)	-	-	(10)
At 31 December 2021	104,569	113,057	81,235	1,711	-	300,572
Accumulated depreciation	109	-	-	-	-	109
Accumulated impairment loss	104,678	113,057	81,235	1,711	-	300,681
Carrying amounts						
At 1 January 2020	136,770	6,010	6,793	164	2,778	152,515
At 31 December 2020/ 1 January 2021	132,127	9,431	6,707	86	3,326	151,677
At 31 December 2021	127,484	7,454	7,583	42	4,339	146,902

5. RIGHT-OF-USE ASSETS

	Leasehold land RM'000
At 1 January 2020	6,843
Depreciation	(92)
At 31 December 2020/1 January 2021	6,751
Depreciation	(92)
At 31 December 2021	6,659

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

6. DEFERRED TAX ASSET

Deferred tax asset is offset when there is a legally enforceable right to set off current tax asset against current tax liabilities and when the deferred taxes relate to the same tax authority.

	2021 RM'000	2020 RM'000
Deferred tax asset	8,972	-
At 1 January 2021/ 31 December 2020	-	-
Credited to income statement (Note 19)		
– Property, plant and equipment	6,318	-
– Tax losses	2,654	-
At 31 December 2021	8,972	-

Deferred tax asset has not been recognised in respect of these items because the SC has been exempted from taxation with effect from Year Assessment (YA) 2007 until YA 2021.

The amounts of unutilised tax losses and unutilised capital allowances for which no deferred tax asset is recognised in the statement of financial position are as follow:

	2021 RM'000	2020 RM'000
Unutilised capital allowances	-	26,324
Unutilised tax losses	-	11,060
At 31 December 2021	-	37,384

With effect from YA 2022, the SC will be subjected to tax rate of 24% under the requirements of *Income Tax Act 1967*. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the tax losses and unutilised capital allowance can be utilised.

7. OTHER RECEIVABLES

	2021 RM'000	2020 RM'000
Staff financing	4,441	5,347
Less: Unearned profit		
– Islamic financing on housing and motor vehicles	(155)	(189)
	4,286	5,158
Less: Amount due within 12 months (Note 9)	(1,315)	(1,048)
Amount due after 12 months	2,971	4,110

The rates and tenure of staff financing are as follow:

	Rate charged (per annum)	Maximum repayable period
Islamic financing and conventional housing loans	2%	25 years
Islamic financing and conventional motor vehicle loans	4%	7 years
Study loans	-	5 years
Computer loans	-	4 years

The Islamic and conventional housing and motor vehicle financing are secured over the properties and motor vehicles of the borrowers, respectively.

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

	2021 RM'000	2020 RM'000
Within 1 year	1,315	1,048
More than 1 year and up to 5 years	2,273	2,887
More than 5 years	698	1,223
	4,286	5,158

8. OTHER INVESTMENTS

	Non-current		Current		Total	
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortised costs:						
– Malaysian Government Securities and Government Guaranteed Bonds	5,175	75,423	70,067	55,195	75,242	130,618
– Deposits placed with licensed banks	19,500	-	910,057	733,038	929,557	733,038
	<u>24,675</u>	<u>75,423</u>	<u>980,124</u>	<u>788,233</u>	<u>1,004,799</u>	<u>863,656</u>

Included in deposits placed with licensed banks are amounts restricted for stockbroking industry development of RM14.9 million (2020: RM14.1 million) and amount restricted for planning and implementing capacity- building programmes in relation to the accounting and auditing profession of RM2.1 million (2020: RM1.9 million).

Malaysian Government Securities and Government Guaranteed Bonds will mature in 2022 and 2024, respectively. The weighted average yield to maturity of Malaysian Government Securities and Government Guaranteed Bonds was 3.80% per annum (2020: 3.98% per annum).

Deposits placed with licensed banks have maturity period of 12 months and 15 months (2020: 12 months and 15 months) and earned income at rates ranging from 2.20% to 3.80% per annum (2020: 2.20% to 4.20% per annum).

9. TRADE AND OTHER RECEIVABLES

	2021	2020
	RM'000	RM'000
Levies	13,450	36,372
Finance income receivable	8,792	9,562
Other receivables	526	877
Deposit	145	252
Prepayments	2,643	2,872
Short term staff financing (Note 7)	1,315	1,048
	<u>26,871</u>	<u>50,983</u>

10. CASH AND CASH EQUIVALENTS

	2021	2020
	RM'000	RM'000
Cash and bank balances	25,247	15,853
Deposits placed with licensed banks	57,887	74,796
	<u>83,134</u>	<u>90,649</u>

The deposits placed with licensed banks earned income at rates ranging from 1.50% to 1.70% per annum (2020: 1.50% to 3.05% per annum).

Included in deposits placed with licensed banks are amounts restricted for brokers' security deposits of RM0.2 million (2020: RM1.3 million) and amount held on behalf of government agencies or funds of approximately RM57.3 million (2020: RM51.6 million).

The bank balances are placed with licensed banks.

11. COMPENSATION FUND RESERVE

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

12. POST-EMPLOYMENT BENEFITS

The SC provides post-employment medical coverage to eligible employees engaged prior to 1 January 2003. The defined benefit plan is an unfunded post-employment medical plan, which provides medical benefits for participants and their eligible dependants after retirement age until the death of the participant or spouse, or for child dependants 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 dependants, the incidence and cost of events resulting in claims under the plan, and the inflation of such costs in the future.

Funding

The plan is unfunded. Employer contributions to the plan refer to the medical claim amounts paid directly by the SC. The SC expects to pay approximately RM3.0 million in contributions to its defined benefit plan in 2022.

Movement in net defined benefit liability

	2021 RM'000	2020 RM'000
Net defined benefit liability at 1 January	140,416	80,650
<u>Included in profit or loss</u>		
Current service cost	3,981	3,953
Finance cost	6,824	6,420
	10,805	10,373
<u>Others</u>		
Benefits paid	(2,776)	(1,960)
Remeasurement of defined benefit liability	34,865	51,353
Net defined benefit liability at 31 December	183,310	140,416

Defined benefit obligation
Actuarial assumptions

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

	2021	2020
Discount rate	5.2%	4.9%
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 2021, the weighted-average duration of the defined benefit obligation was 20 years (2020: 20 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	Defined benefit obligation Increase RM'000	Decrease RM'000
2021		
Discount rate (1% movement)	(29,513)	37,945
Medical cost inflation rate (1% movement)	36,112	(28,780)
2020		
Discount rate (1% movement)	(21,343)	26,819
Medical cost inflation rate (1% movement)	26,819	(21,764)

13. DEFERRED INCOME

	2021 RM'000	2020 RM'000
At 1 January 2021/2020	704	2,591
Less: Recognised in profit or loss during the year	(704)	(1,887)
Deferred income	-	704

In 2017, the SC has received approval from the Ministry of Finance to utilise the residual sum disgorged from individuals for breaches of insider trading and market manipulation provisions under the securities laws, amounted to RM8.4 million. This sum is to defray the cost of regulating the market in Malaysia.

14. OTHER PAYABLES AND ACCRUALS

	2021 RM'000	2020 RM'000
Other payables	80,147	69,333
Prepaid		
– Fees and charges	4,723	-
– Licence fees	622	850
– Registration fee	440	432
– Other income	210	115
Accruals	4,266	5,735
Brokers' security deposits	314	1,791
	<u>90,722</u>	<u>78,256</u>

15. REVENUE

	Note	2021 RM'000	2020 RM'000
Revenue	15.1	262,952	300,868
Other income			
– Finance		25,813	28,651
– Others		19,743	15,630
		<u>45,556</u>	<u>44,281</u>
Total revenue		<u>308,508</u>	<u>345,149</u>

15.1 Nature of goods and services

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.
Licence fees	Not applicable	Revenue is derived from Malaysia and recognised over time.

16. STAFF COSTS

	2021 RM'000	2020 RM'000
Remuneration, bonus, staff medical, staff training and overtime	145,360	133,238
Defined contribution plan	19,153	18,103
Other employees benefits	3,221	2,761
Post-employment benefits	10,805	10,373
	<u>178,539</u>	<u>164,475</u>

17. 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.

18. SURPLUS BEFORE TAX

	Note	2021 RM'000	2020 RM'000
Surplus before tax is arrived at after charging/ (crediting):			
Auditors' remuneration		135	100
Executive members' emoluments		5,465	4,942
Non-executive members' allowance		1,026	1,123
Rental expense:			
Property	(a)	288	86
Plant and equipment	(b)	234	196
Depreciation of property, plant and equipment	4	11,602	11,259
Depreciation of right-of-use assets	5	92	92
Gain on disposal of plant and equipment		-	(11)
		<u></u>	<u></u>

Note

- (a) The SC leases an office building on a short-term lease and has elected not to recognise right-of-use assets and lease liabilities for the arrangement.
- (b) The SC leases IT equipment considered as leases of low-value items and short-term leases. The SC has elected not to recognise right-of-use assets and lease liabilities for these arrangements.

19. TAX BENEFIT

	2021 RM'000	2020 RM'000
Deferred tax assets (Note 6)		
– Origination of temporary differences	8,972	-

The explanation and the relationship between tax benefit and surplus before tax is as follows:

	2021 RM'000	2020 RM'000
Surplus before tax	83,719	132,569
Tax calculated at the Malaysian tax rate of 0% (2020: 0%)	-	-
Tax effects of:		
– Recognition of deferred tax assets on unutilised tax losses previously not recognised	2,654	-
– Recognition of deferred tax assets on unutilised capital allowance previously not recognised	6,318	-
Tax benefit	8,972	-

The SC was granted approval from the Minister of Finance to be exempted from taxation with effect from Year Assessment (YA) 2007 until YA 2021. With effect from YA 2022, the SC will be subjected to tax rate of 24% under the requirements of *Income Tax Act 1967*. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the tax losses and unutilised capital allowance can be utilised.

20. OTHER COMPREHENSIVE LOSS

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2021			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	34,865	-	34,865
2020			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	51,353	-	51,353

21. 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 SC has related party relationship with Securities Industry Development Corporation (SIDC), as the Chairman of the SC is also the Chairperson of SIDC.

Lee Hishammuddin Allen & Gledhill (LHAG) was deemed to be a related party of the SC by virtue of a Board Member of the SC was also a partner of LHAG.

Significant related party transactions

The significant related party transactions of the SC are shown below:

	2021 RM'000	2020 RM'000
Related party		
Management fee earned from SIDC	-	129
Fund to SIDC	(3,500)	(3,500)
Legal fees charged by LHAG	-	(34)
	<u> </u>	<u> </u>

22. CAPITAL COMMITMENTS

	2021 RM'000	2020 RM'000
<u>Capital expenditure commitments</u>		
<u>Plant and equipment</u>		
Approved but not contracted for:		
Within one year	37,630	18,170
Within two - three years	-	1,700
	<u> </u>	<u> </u>

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised costs (AC).

	Carrying amount RM'000	AC RM'000
2021		
<u>Financial assets</u>		
Other receivables	2,971	2,971
Other investments	1,004,799	1,004,799
Trade and other receivables*	24,083	24,083
Cash and cash equivalents	83,134	83,134
	<u>1,114,987</u>	<u>1,114,987</u>
<u>Financial liabilities</u>		
Other payables and accruals*	<u>(84,727)</u>	<u>(84,727)</u>
2020		
<u>Financial assets</u>		
Other receivables	4,110	4,110
Other investments	863,656	863,656
Trade and other receivables*	47,859	47,859
Cash and cash equivalents	90,649	90,649
	<u>1,006,274</u>	<u>1,006,274</u>
<u>Financial liabilities</u>		
Other payables and accruals*	<u>(76,859)</u>	<u>(76,859)</u>

* Exclude non-financial instruments

23.2 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

23.3 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 pay within 30 days.

Recognition and measurement of impairment loss

The SC uses an allowance matrix to measure Expected Credit Losses (ECLs) 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 2021 which are grouped together as they are expected to have similar risk nature.

	Gross- carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<u>2021</u>			
Not past due	29,842	-	29,842
<u>2020</u>			
Not past due	54,941	-	54,941
Past due 1 - 30 days	-	-	-
Past due 31 - 90 days	-	-	-
Past due 91 - 180 days	-	-	-
Past due more than 180 days	152	-	152
	55,093	-	55,093

The receivables that are past due have not recognised any loss allowance as the receivables are supported by collateral in the form of residential properties with respective fair value exceeding its outstanding debts.

The fair values of these collateralised properties are determined using the comparison method based on professional valuation.

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.

Investments and other financial assets***Risk management objectives, policies, and processes for managing risk***

The SC's investments are mainly in fixed deposits with approved financial institutions and bonds issued by the Government and other government agencies. The SC can also engage approved financial institution(s) to manage fixed income related securities with ratings A and above.

Exposure to credit risk, credit quality, and collateral

As at the end of the reporting period, the SC has only invested in Malaysian government securities and government guaranteed bonds. As these investments are liquid and with counterparties that have credit ratings that are sovereign or near sovereign, the credit risk is low. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

23.4 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 cash flow RM'000	Under 1 year RM'000
<u>2021</u>			
<u>Financial liabilities</u>			
Other payables and accruals*	84,727	84,727	84,727
<u>2020</u>			
<u>Financial liabilities</u>			
Other payables and accruals*	76,859	76,859	76,859

* Exclude non-financial instruments

23.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the SC's financial position or cash flows.

23.5.1 Interest rate risk

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:

	2021 RM'000	2020 RM'000
<u>Fixed rate instruments</u>		
Financial assets	1,062,686	938,452

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

23.6 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			Total RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<u>2021</u>					
<u>Current</u>					
<u>Financial assets</u>					
Malaysian Government Securities and Government Guaranteed Bonds	71,012	-	-	71,012	70,067
	71,012	-	-	71,012	70,067

	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>Non-current</u>					
<u>Financial assets</u>					
Long term receivables	-	-	2,971	2,971	2,971
Malaysian Government Securities and Government Guaranteed Bonds	-	5,190	-	5,190	5,175
	-	5,190	2,971	8,161	8,146
<u>2020</u>					
<u>Current</u>					
<u>Financial assets</u>					
Malaysian Government Securities and Government Guaranteed Bonds	56,402	-	-	56,402	55,195
	56,402	-	-	56,402	55,195
<u>Non-current</u>					
<u>Financial assets</u>					
Long term receivables	-	-	4,110	4,110	4,110
Malaysian Government Securities and Government Guaranteed Bonds	-	77,444	-	77,444	75,423
	-	77,444	4,110	81,554	79,533

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 (2020: no transfer in either direction).

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.

24. 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.

25. CONTINGENCIES

In 2019, the AOB imposed sanctions against an audit firm and its partners (the Parties) which include a monetary penalty of RM631,000 for breaching the AOB's registration conditions under Section 310(3) of the SCMA. The AOB's sanctions were affirmed by the SC.

The Parties applied to the High Court for judicial review on the AOB's and the SC's decisions. On 10 August 2020, the High Court quashed the sanctions imposed by the AOB and the SC against the audit firm and its partners. Pursuant to the High Court's decision, the Parties also sought for an assessment of damages of approximately RM35.0 million from the SC/AOB. The external counsel advised that the claims against the SC/AOB of RM35.0 million is without basis. Further, pursuant to Section 160 of the SCMA, the SC/AOB were carrying out their functions in accordance with the SCMA and are protected from damages unless it can be proven that they have acted in bad faith.

On 13 August 2020, the SC/AOB filed an appeal to the Court of Appeal to set aside the High Court's decision.

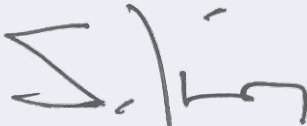
On 10 December 2021, the Court of Appeal decided in favour of the SC/AOB where the High Court decision was set aside. Accordingly the AOB's enforcement actions against the audit firm and its partners remain in effect and their claim for assessment of damages were set aside.

On 20 December 2021, the Parties applied to the Court of Appeal for a stay of its decision, pending disposal of their application for leave to appeal to the Federal Court. Pending finalisation of the judicial proceedings, the monetary penalty of RM631,000 imposed by the SC/AOB against the audit firm and its partners has not been recognised as penalty income.

STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 98 to 128 are drawn up in accordance with the *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 2021 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:



SYED ZAID ALBAR
CHAIRMAN



WEE HOE SOON @ GOOI HOE SOON
MEMBER

Kuala Lumpur
28 January 2022

STATUTORY DECLARATION

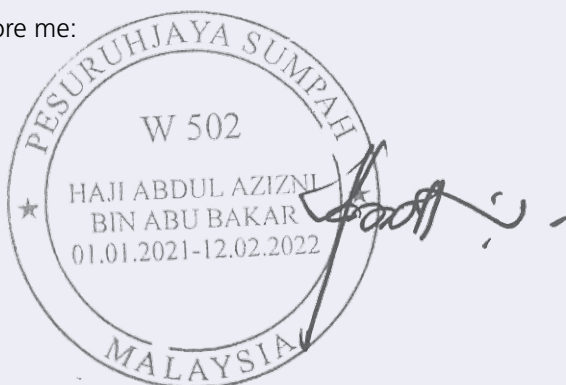
I, **Vignaswaran A/L Kandiah**, the officer primarily responsible for the financial management of the Securities Commission Malaysia, do solemnly and sincerely declare that the financial statements set out on pages 98 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the *Statutory Declarations Act, 1960*.

Subscribed and solemnly declared by the abovenamed **Vignaswaran A/L Kandiah**, NRIC No. 561128-10-6171, at Kuala Lumpur in the Federal Territory on 28 January 2022.



VIGNASWARAN A/L KANDIAH
OFFICER

Before me:



G1-1-2, Ground Floor, Menara 1 Dutamas,
Solaris Dutamas, No. 1, Jalan Dutamas, 1,
50480 KUALA LUMPUR, MALAYSIA.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of the Securities Commission Malaysia (the SC) give a true and fair view of the financial position of the SC as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with the *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards*.

What we have audited

We have audited the financial statements of the SC, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 128.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. 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' *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 the financial statements of the SC that give a true and fair view in accordance with the *Malaysian Financial Reporting Standards* and *International Financial Reporting Standards*. 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- (d) 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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the SC, including the disclosures, and whether the financial statements of the SC represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the Board Members, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
28 January 2022



HERBERT CHUA GUAN HENG
03483/01/2024 J
Chartered Accountant

CORPORATE PROPOSALS

EQUITY

The SC received 17 equity applications in 2021, of which 11 applications were for IPOs, which included a proposed dual primary listing on the Main Board of HKEX and 6 were for transfer of listings to the Main Market.

In 2021, there were 23 equity applications for consideration, of which 13 were considered, 3 were withdrawn, while the remaining 7 will be considered in 2022 (Table 1). Of the 13 equity applications considered, 8 were for IPOs on the Main Market of Bursa Malaysia with a total market capitalisation of RM9.14 billion. The estimated amount of funds raised from these IPOs is RM3.51 billion (Table 2). The remaining applications considered include 4 transfers

of listing from the ACE Market to the Main Market and 1 secondary listing on the Main Market.

In 2021, the SC also considered an application for an IPO on the Main Market which was subsequently withdrawn. The IPO would have raised about RM4.70 billion.

There were 29 new listings in 2021, of which 6 were on the Main Market, 11 were the ACE Market, and the remaining 12 were the LEAP Market with a total market capitalisation of RM7.01 billion. The total amount of funds raised from these new listings was approximately RM2.30 billion.

The SC also registered 54 equity prospectuses in 2021, comprising 14 prospectuses for IPOs and 40 abridged prospectuses (Table 3).

Table
1 Status of equity applications

Applications	2021	2020
Brought forward from the previous year	6	3
Received during the year	17	9
Total for consideration	23	12
Approved during the year	13	5
Not approved during the year	-	-
Returned during the year	-	-
Total considered during the year	(13)	(5)
Withdrawn during the year	(3)	(1)
Carried forward to the next year	7	6

Table 2
Equity applications approved by type of proposals

Type of proposals	2021		2020	
	No. of proposals approved	Estimated amount to be raised (RM million)	No. of proposals approved	Estimated amount to be raised (RM million)
IPO on Main Market: – Domestic companies	8	3,512.42	1	1,506.38
Secondary listing on Main Market	1	-	-	-
Transfer from ACE Market to Main Market	4	-	4	-
TOTAL	13	3,512.42	5	1,506.38

Table 3
Registration of equity prospectuses

	2021	2020
Prospectus	14	11
Abridged Prospectus	40	27
TOTAL	54	38

CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuances of RM114.28 billion in 2021, a 9.28% increase from RM104.58 billion issued in 2020.

In 2021, the SC received 72 lodgements under the Lodge and Launch (LOLA) Framework and approved 4 applications for issuances of corporate bonds and sukuk, as compared to 64 lodgements in the previous year (Table 4). Ringgit-denominated corporate bonds and sukuk issues continued to form the majority of the proposals approved by/lodged with the SC with a total nominal value of RM162.83 billion, of which 88.58% or RM144.23 billion were sukuk (Table 5).

The total number of ringgit-denominated corporate bonds and sukuk approved by/lodged with the SC with tenures of 1 to 7 years and more than 15 years increased by 110% and 9.76% respectively. There was a decrease of 11.11% in the total number of ringgit-denominated corporate bonds and sukuk with tenures ranging from 8 to 15 years (Chart 1).

In 2021, a total of 63 ratings were assigned by credit rating agencies to ringgit-denominated corporate bonds and sukuk issues lodged with the SC. The number of unrated issues has increased by 32% as compared to previous year (Chart 2).

There were 2 foreign currency-denominated sukuk lodged with the SC in 2021.

Table
4

Number of corporate bonds and sukuk lodgements and applications

	2021	2020
Lodgements¹	72	64
Applications		
- Received	6	-
- Approved	4	-
- Withdrawn	2	-

Note:

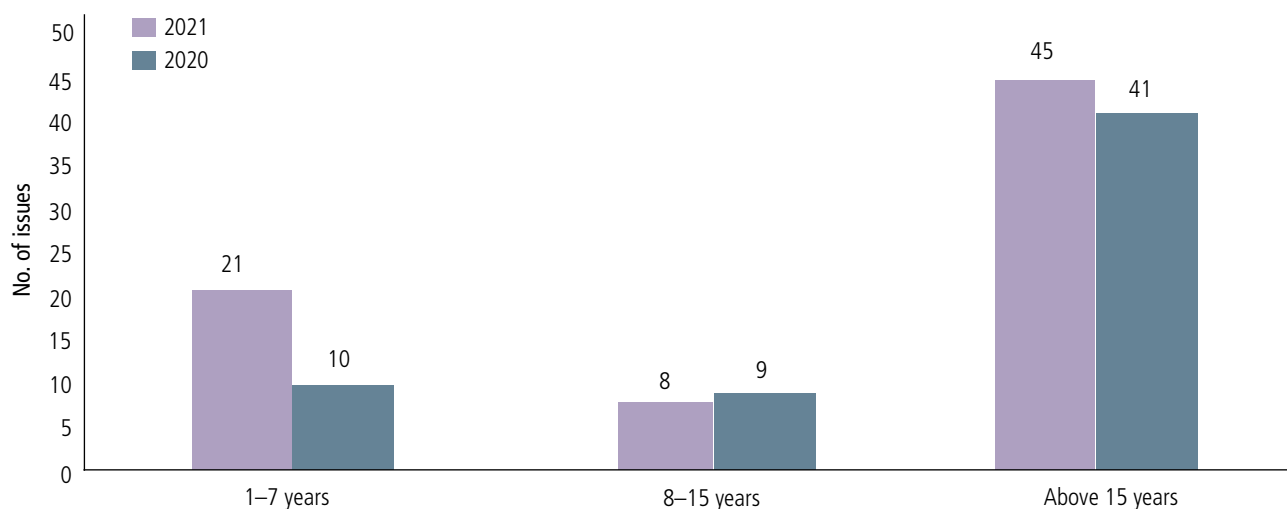
¹ Pursuant to the LOLA Framework.Table
5

Lodged/approved ringgit-denominated corporate bonds and sukuk issues

Type of issues	2021		2020	
	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
Corporate bonds				
- Commercial papers/Medium-term notes	12	13,240.00	13	23,791.00
- Bonds	2	3,200.00	-	-
- Loan stocks	3	164.64	-	-
Subtotal	17	16,604.64	13	23,791.00
Sukuk				
- Islamic commercial papers/Islamic medium-term notes	49	113,196.00	43	95,010.00
- Islamic bonds	2	30,000.00	1	3,000.00
- Islamic loan stocks	2	1,032.06	1	990.00
Subtotal	53	144,228.06	45	99,000.00
Combination of corporate bonds and sukuk				
- Commercial papers/Medium-term notes	4	2,000.00	2	2,000.00
Subtotal	4	2,000.00	2	2,000.00
TOTAL	74	162,832.70	60	124,791.00

Chart
1

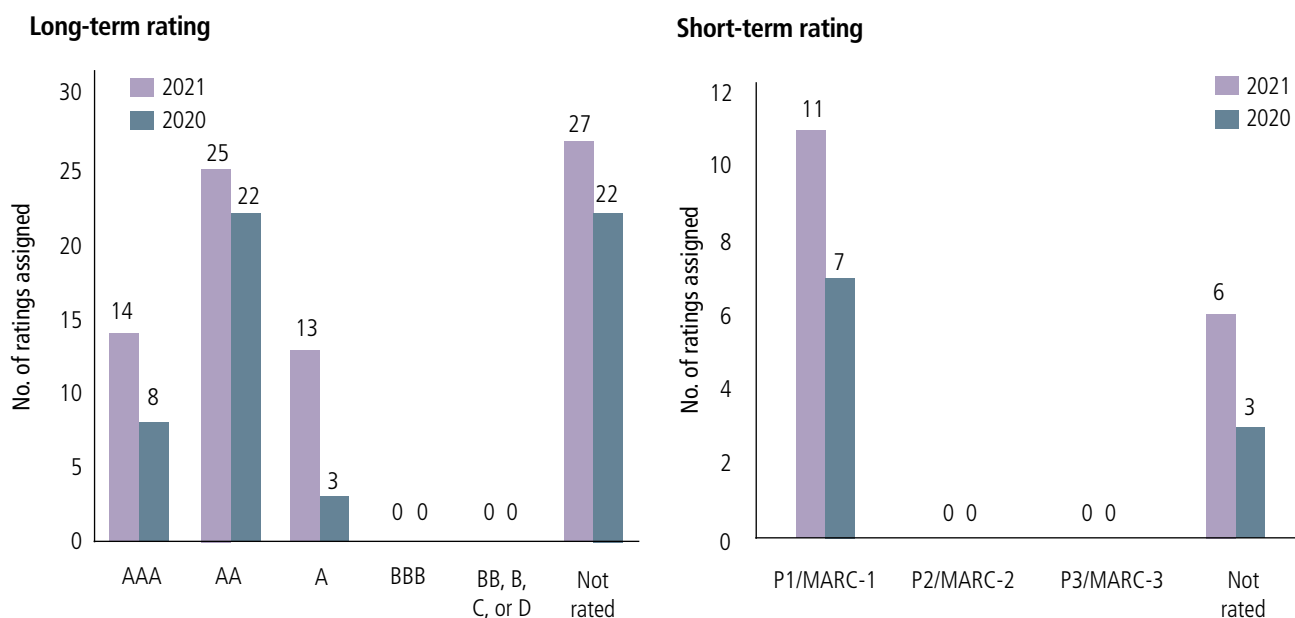
Tenure of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:
Tenure of facility, and not the respective notes or papers under the facility.

Chart
2

Rating summary of lodged/approved ringgit-denominated corporate bonds and sukuk issues



Note:
A corporate bond or sukuk issue may be assigned with more than 1 credit rating (e.g. for commercial papers/medium-term notes programmes, both short-term rating accorded for commercial papers and long-term rating for medium-term notes are taken into account).

TAKE-OVERS AND MERGERS

In Malaysia, take-overs and mergers are regulated under the CMSA, the *Malaysian Code on Take-overs and Mergers 2016* (Code) and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules). The SC supervises take-over and merger activities, including vetting of disclosure documents, to ensure that shareholders in a target company are treated fairly and are given the opportunity to decide on the merits of a take-over, and are afforded fair treatment by an offeror. The SC also reviews the take-over policies to ensure that the requirements provide an orderly framework within which take-overs, mergers and compulsory acquisitions are to be conducted. It is important to note that the take-over regulations are not concerned with the financial or commercial advantages or disadvantages of a take-over, which are matters for the offeree company and its shareholders to decide.

On 28 December 2021, the SC issued the revised Rules which took effect from 29 December 2021. The enhancement of the Rules was part of the post-implementation review following the issuance of the Code and the Rules in 2016. Key enhancements of the revised Rules included providing clarification on the provision for the disapplication of a mandatory offer, introduction of additional requirements relating to whitewash applications, insertion of new provisions to distinguish the requirements for pre-conditions in possible and firm offer announcements as well as clarification on other operational matters. The last revision to the Rules was made in 2017.

In 2021, the SC considered 79 applications under the Rules, compared to 80 applications in 2020. A total of 18 offer documents were cleared in 2021 by the SC, involving a total offer value of RM8.59 billion or an average of RM477.17 million per offer, which represented an increase of RM5.1 billion against the previous year (2020: 25 offers with a total offer value of RM3.49 billion or an average of RM139.57 million per offer). Of these 18 offers, 3 offers were undertaken by way of schemes¹ (2020: 6 schemes). The SC also cleared a cash compensation scheme document to eligible shareholders of Subur Tiasa Holdings Bhd to address an earlier trigger of the mandatory offer obligation, which was implemented concurrently with a take-over offer.

In 2021, the scheme in relation to MMC Corporation Bhd was the largest offer at RM2.94 billion in offer value, representing 34% of the total offer value for 2021. Other notable offers in terms of offer values included FGV Holdings Bhd and IJM Plantations Bhd, both of which were listed in the plantations sector of Bursa Malaysia Securities Bhd (Bursa Securities), with offer values of RM2.35 billion and RM1.20 billion respectively.

Of the 18 offers, there were 7 proposed privatisations (2020: 11 proposed privatisation offers), where 3 companies had been delisted from the stock exchange as at 31 December 2021. One particular offer in relation to IJM Plantations Bhd was not intended to be a privatisation proposal initially, but resulted in the company being delisted when the offeror and its associates held more than 90% in the company and the offeror procured the company to apply for a withdrawal of its listing status, consistent with the disclosures made in the offer document.

All the 18 offers involved target companies listed on the Main Market of Bursa Securities. The plantation sector was the highest in terms of offer value with RM3.54 billion in total offer value, representing 41% of the total offer value. Another sector of significant interest was the transportation and logistics sector with a total offer value of RM3.17 billion, representing 37% of the total offer value.

Additionally, the SC cleared 28 independent advice circulars comprising 20 circulars in relation to take-over offers/schemes and 8 circulars in relation to exemptions from the mandatory offer obligation pursuant to the whitewash procedures.

In 2021, the SC considered 16 applications for exemptions from having to undertake a mandatory take-over offer, of which 1 application was declined as it did not fully meet the factors set out in the Rules. The SC had also approved 16 applications for various matters under the Rules and other rulings, including 1 application by AT Engineering Solution Sdn Bhd (a wholly-owned subsidiary of AT Systematization Bhd) to withdraw the voluntary offer in relation to Asdion Bhd, and 6 applications for extension of time (Table 6).

¹ Scheme means a transaction to acquire control, or consolidate voting rights, or voting power, howsoever effected including by way of a trust scheme, scheme of arrangement, compromise, amalgamation or selective capital reduction and repayment.

Table
6

Applications considered in relation to take-overs, mergers and compulsory acquisitions

Type of applications/documents cleared	2021	2020
Clearance of offer/scheme documents	19*	25
Clearance of independent advice circulars	28	30
Applications for exemption from mandatory offer obligation	16	13
Other applications	16	12
TOTAL	79	80

Note:

* Comprising 18 offers/scheme documents and 1 cash compensation scheme document.

As part of its mandate, the SC also closely monitors misconduct relating to take-over regulations which could jeopardise the interests of the investing public. In 2021, there were non-compliances identified, which included breaches of the mandatory offer obligation, failure by advisers in their responsibility to ensure that their clients comply with the Rules and non-compliances relating to dealings and/or disclosure of dealings in securities during an offer period, for which the SC had directed appropriate remedies where necessary. These were in addition to taking appropriate disciplinary actions ranging from issuances of

infringement notices or reprimands to imposition of penalties.

The SC seeks to pre-empt issues arising during take-overs and other relevant transactions by encouraging early consultation to clarify the application of the Code/ Rules in proposed transactions. In 2021, consultations with the SC involved various aspects of take-over regulations including on concert-party matters, downstream offer implications, actions that tantamount to frustration of offers, disqualifying transactions in whitewash exemptions and other general enquiries.

INVESTMENT MANAGEMENT

FUND MANAGEMENT

The total AUM of licensed FMCs in Malaysia increased by 5.04% to RM951.05 billion in 2021 from RM905.46 billion in 2020. In 2021, the top five FMCs contributed to 54.81% of the total AUM compared to 55.27% in 2020 (Chart 1).

The source of funds under management were largely from unit trust funds, the Employees Provident Fund, corporate bodies, and wholesale funds (WF) (Table 1). The funds were allocated in various asset classes and locations of which investment inside Malaysia by FMCs amounted to RM639.41 billion, representing 67.23% of the total AUM as at end 2021 (Chart 2).

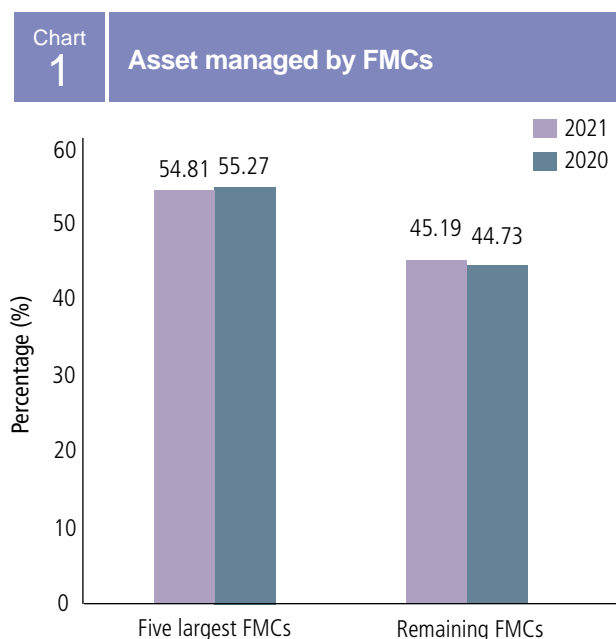
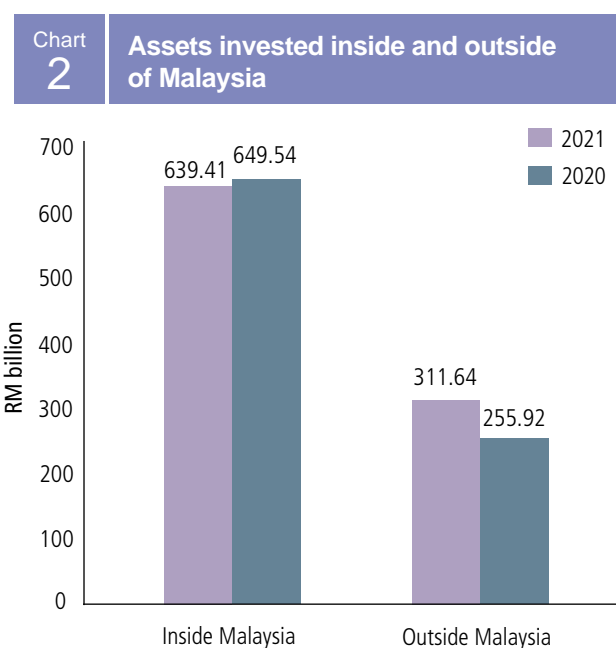
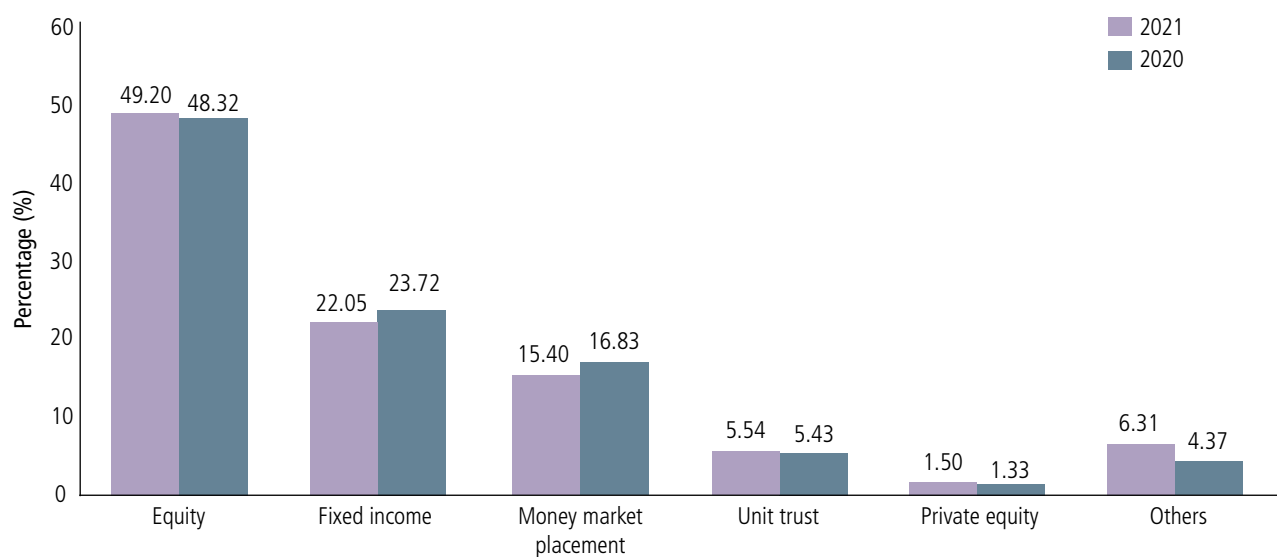
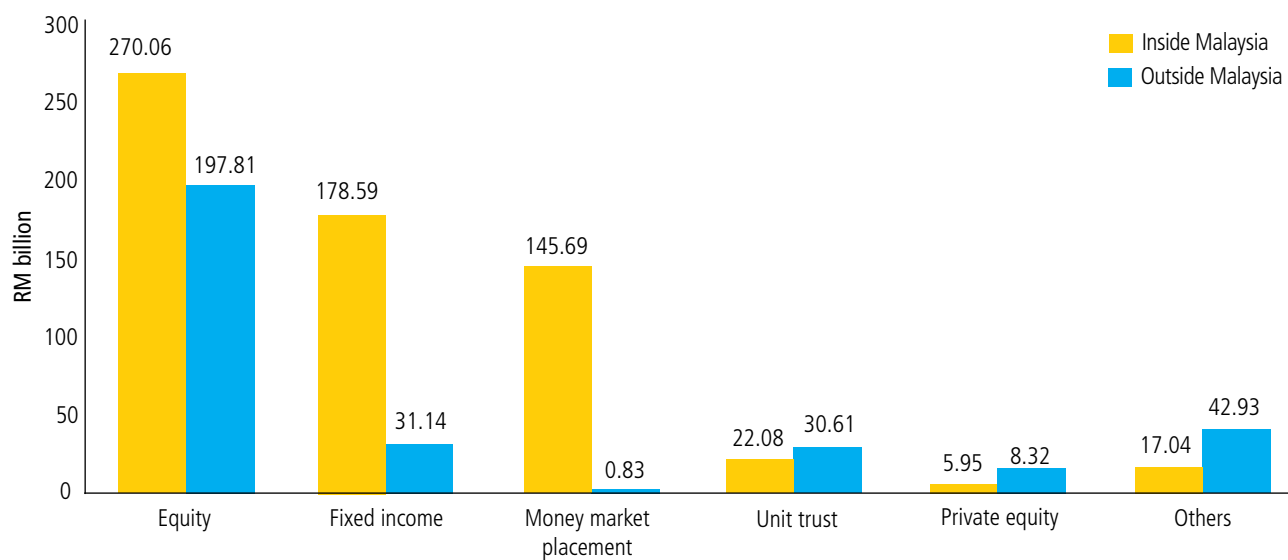


Table 1 Source of clients' funds under management

Source of funds	2021 (RM billion)	2020 (RM billion)
Unit trust funds	526.89	519.53
Employees Provident Fund	163.65	150.77
Corporate bodies	94.22	86.49
Wholesale funds	79.45	67.65
Statutory bodies and government agencies	37.25	35.90
Individuals	22.68	16.74
Others	21.28	23.63
PRS	5.63	4.75
TOTAL	951.05	905.46



The bulk of investment was allocated in equities with 49.20% at the end of 2021, compared to 48.32% in 2020 (Chart 3). A similar trend was observed on asset allocation inside and outside Malaysia (Chart 4).

Chart
3**Asset allocation**Chart
4**Asset allocation inside and outside of Malaysia as at 31 December 2021**

COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

Unit trust funds

Unit trust funds continued to be the largest component of the Malaysian CIS industry with a total NAV of RM526.89 billion recorded as at 31 December 2021, representing an increase of 1.42% from RM519.53 billion as at 31 December 2020. The percentage of the total NAV of the unit trust fund industry against Bursa Malaysia Securities Bhd's (Bursa Malaysia) market capitalisation is 29.45% (2020: 28.59%). In 2021, a total of 63 unit trust funds were launched while 15 funds were terminated and 4 funds matured, which brought the total number of unit trust funds offered by 39 locally-incorporated unit trust management companies to 740 funds as at 31 December 2021 (Table 2).

The unit trust funds industry recorded total gross sales (excluding reinvestment of distribution) of RM404.52 billion (2020: RM353.36 billion), the majority of which were distributed by unit trust management companies with total gross sales of RM240.54 billion (Chart 5).

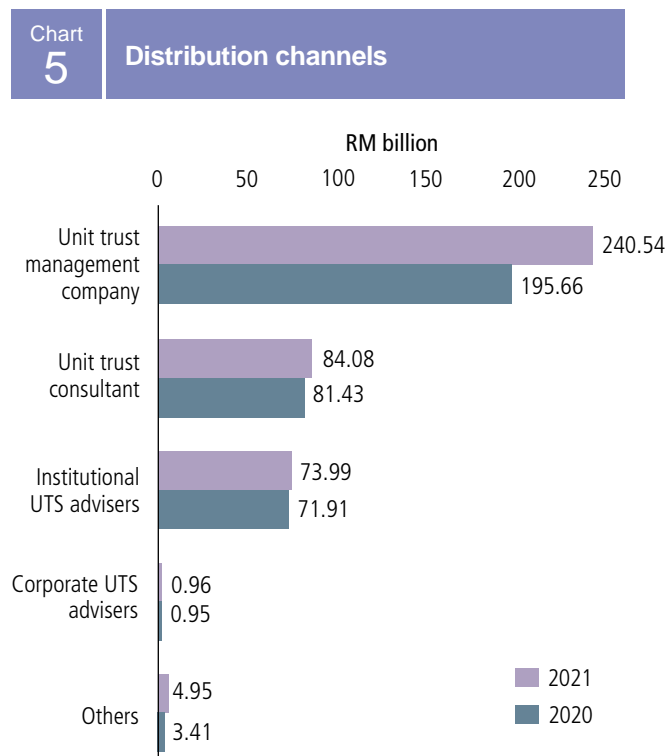


Table
2

Overall status of UTF industry

	31 December 2021	31 December 2020
No. of funds offered	740	696
– Conventional	467	456
– Shariah-compliant	273	240
Units in circulation (billion units)	772.63	745.05
No. of accounts (million)*	24.06	21.34
Total NAV (RM billion)	526.89	519.53
– Conventional (RM billion)	398.56	391.00
– Shariah-compliant (RM billion)	128.33	128.53
% of NAV to Bursa Malaysia market capitalisation [^]	29.45	28.59

Note:

* No. of accounts include number of unitholders accounts with institutional Unit Trust Schemes (UTS) advisers that operate nominee account systems.

[^] The comparison made between the total NAV of the unit trust funds industry and Bursa Malaysia's market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust funds.

Wholesale funds

In the wholesale funds segment, a total NAV of RM79.45 billion was recorded as at 31 December 2021, representing an increase of 17.44% from RM67.65 billion as at 31 December 2020. A total of 75 funds were launched under the LOLA Framework to sophisticated investors while 8 funds were terminated and 10 funds matured in 2021, which brought the total number of wholesale funds offered by 44 fund management companies to 414 funds as at 31 December 2021.

SRI funds

As at 31 December 2021, there were 34 funds offered to investors which have been qualified as SRI funds under the Guidelines on SRI Funds (2020: 7 funds). The 34 funds comprised 22 unit trust funds and 12 wholesale funds with a total NAV as at 31 December 2021 of RM5.07 billion (2020: RM1.46 billion). In 2021, 30 funds obtained SRI qualification (2020: 5 funds).

Real estate investment trusts

With the listing of IGB Commercial Real Estate Investment Trust and the delisting of Amanah Harta Tanah PNB from the official list of Bursa Malaysia in 2021, the total number of real estate investment trusts (REITs) listed on the Main Market of Bursa Malaysia as at 31 December 2021 was 18 with a total market capitalisation (including a stapled group) of RM38.44 billion (2020: RM39.34 billion). The total asset size grew from RM56.36 billion as at 31 December 2020 to RM59.44 billion as at end of 2021. There were 2 unlisted REITs offered to sophisticated investors as of 31 December 2021.

Exchange-traded funds

With the listing of VP-DJ Shariah China A-Shares 100 ETF and the delisting of MyETF Thomson Reuters Asia Pacific ex-Japan Islamic Agribusiness Fund in 2021, the total number of ETFs listed on the Main Market of Bursa Malaysia as at 31 December 2021 was 19 (2020: 19) with a total market capitalisation of RM2.16 billion (2020: RM2.23 billion).

Closed-end fund

As at 31 December 2021, there continued to be only 1 closed-end fund listed on the Main Market of Bursa Malaysia with a market capitalisation of RM314 million (2020: RM298 million).

PRIVATE RETIREMENT SCHEMES

As at 31 December 2021, the number of PRS remained unchanged (from end-2020) with 12 schemes offered by 8 PRS providers. With 2 new private retirement funds launched under these schemes in 2021, the total number of private retirement funds in operation as at 31 December 2021 was 59. The total NAV of RM5.63 billion as at 31 December 2021 represented an increase of 18.53% compared to a total NAV of RM4.75 billion as at 31 December 2020.

Overall, there was a significant decrease in withdrawals from PRS with pre-retirement withdrawals in 2021, dropping to 19% of total withdrawals as compared to 52% of total withdrawals in 2020. This is due to the expiry of the temporary exemption of the 8% tax penalty for withdrawals from sub-account B of up to RM1,500.

As at 31 December 2021, the number of new members increased by 8.37% from last year to 531,000. The following are the key PRS member demographics.

Chart
6

PRS members by age group

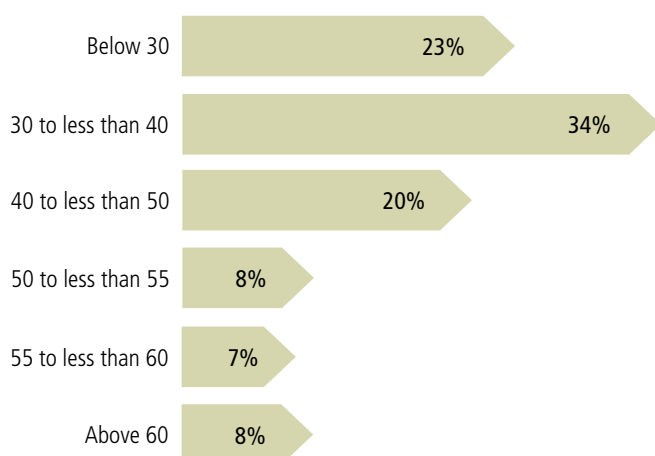


Chart
7

PRS members by gender

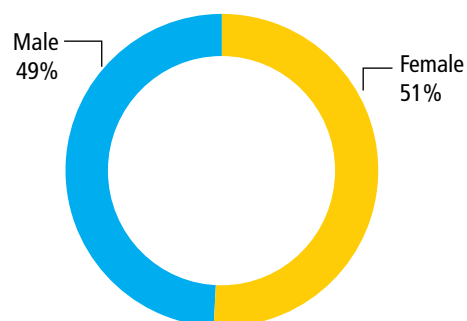
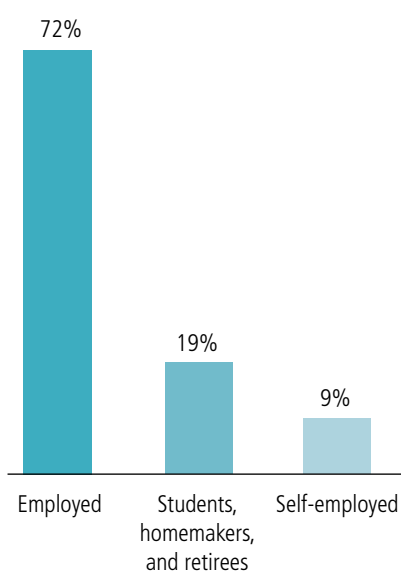
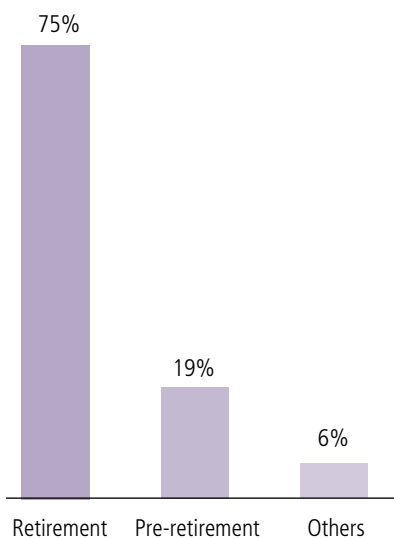


Chart
8

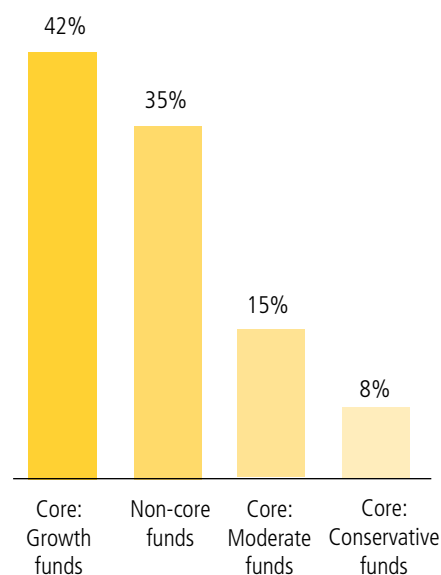
PRS members by type of employment



Withdrawal by PRS members



PRS members fund preference



In 2021, the SC considered 437 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses/disclosure documents, register deeds, and other ancillary matters (Table 3).

<div>Table 3</div> Number of applications and lodgements relating to CIS and PRS				
(i) Lodgement	Lodged		Launched	
	2021	2020	2021	2020
Wholesale funds	74	69	75	65
(ii) Application	Considered		Pending Consideration	
	2021	2020	As at 31 December 2021	As at 31 December 2020
Authorisation of CIS	67	50	6	8
– Unit trust funds	65 ¹	47 ²	5	7
– ETFs	-	3	-	-
– REITs	2	-	1	1
Authorisation of private retirement funds	1	1	3	-
Exemption/variation from guidelines	18	23	-	4
Other applications	38 ³	22 ⁴	8	1
Registration of prospectuses/disclosure documents	188	138	14	12
Registration of deeds	125	136	13	9
TOTAL	437	370	44	34

Note:

¹ Includes 14 funds, which were qualified as SRI fund.

² Includes 4 funds, which were qualified as SRI fund.

³ Includes 16 applications seeking SRI qualification.

⁴ Includes 1 application seeking SRI qualification.

INVESTMENT PRODUCTS

Structured warrants

There were 6 eligible issuers of structured warrants in 2021. The SC received and registered 6 base prospectuses and 13 supplementary prospectuses from these issuers in 2021 (Table 4).

There was an overall increase in the number of term sheets registered in 2021. A total of 1,470 term sheets for the offering of structured warrants were registered in 2021, representing an increase of 19% compared to the 1,235 term sheets registered in 2020.

<div>Table 4</div> Structured warrants considered		
	2021	2020
No. of eligible issuers	6	6
Base prospectuses registered	6	6
Supplementary prospectuses registered	13	11
Term sheets registered	1,470	1,235

The number of structured warrants term sheets with foreign underlying expanded in 2021 with 312 term sheets registered, representing a significant increase of 105.26% (2020: 152 term sheets) (Figure 1). The year 2021 saw the introduction of structured warrants over the Hang Seng Tech Index and the Dow Jones Industrial Average Index providing investors with more portfolio diversity in investments. In 2021, there was a significant increase of 221% in the registration of term sheets of put warrants over shares from 19 in 2020 to 61 in 2021.

Structured products

In 2021, a total of 14 issuers lodged 20 new structured product programmes with the SC under the LOLA Framework for unlisted capital market products. These programmes comprised a variety of underlying references and had an aggregate size of RM100 billion with each programme having a size limit of up to RM5 billion (Table 5).

Figure
1

Overall status of structured warrants industry

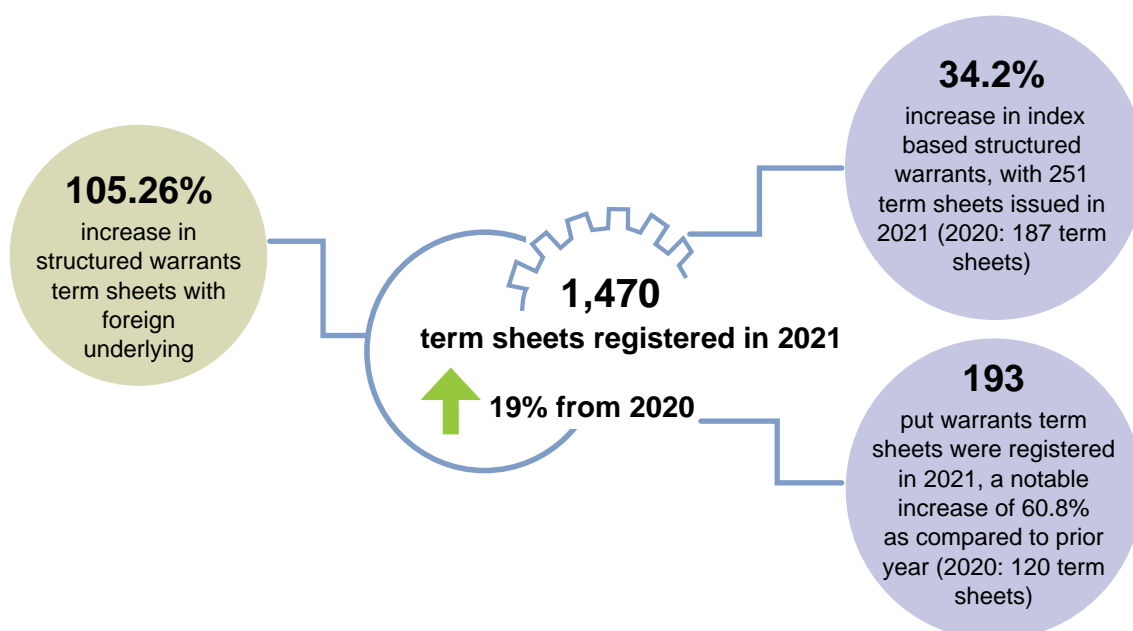


Table
05

Structured product programmes

	2021		2020	
New programmes lodged	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
Principle				
– Conventional	17	85	18	90
– Islamic	3	15	-	-
TOTAL	20	100	18	90

Structured product series

HNWIs continued to form the majority of investors accounting for 83% of investors in structured products in 2021, of which the balance of 17% of investors comprised HNWEs and accredited investors (Chart 9). Conventional structured products accounted for 99% of issuance in 2021 (Chart 10). There was a significant increase in the lodgement of a total of 164 structured product series under the LOLA Framework for the offering to sophisticated investors (2020: 112).

Contracts for difference

To promote and develop the derivatives market, the SC introduced the *Guidelines on Contracts for Difference* (CFD Guidelines) on 6 April 2018. A CFD is a leveraged derivatives product that allows investors to participate in the price movement of an underlying instrument. Given the complexity of CFDs, the framework is implemented on a phased approach starting with sophisticated investors.

In 2021, there were 2 CFD providers offering CFD in Malaysia based on shares and indices.

Chart
9

Breakdown by investor type

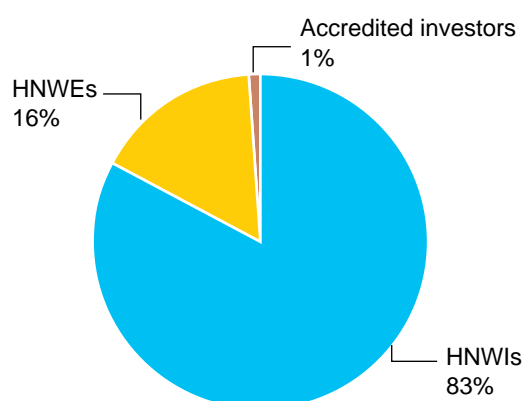
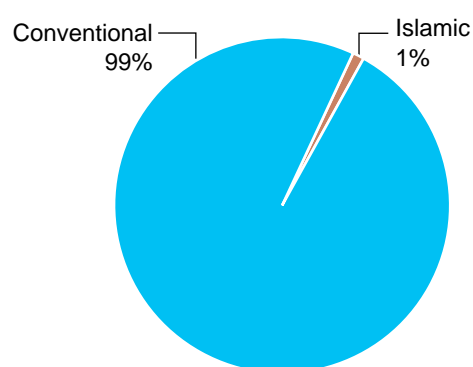


Chart
10

Breakdown by principle



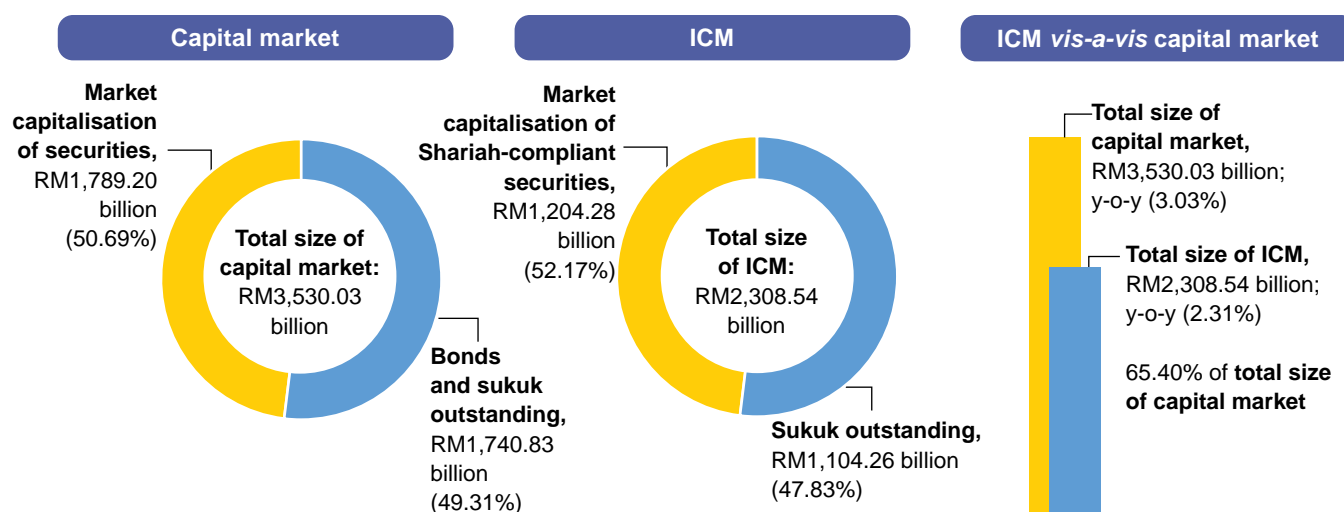
ISLAMIC CAPITAL MARKET

The ICM remains a key component to the Malaysian capital market, contributing 65.40% to its total size. The size of the ICM increased to RM2,308.54 billion as at end 2021 from RM2,256.36 billion as at end

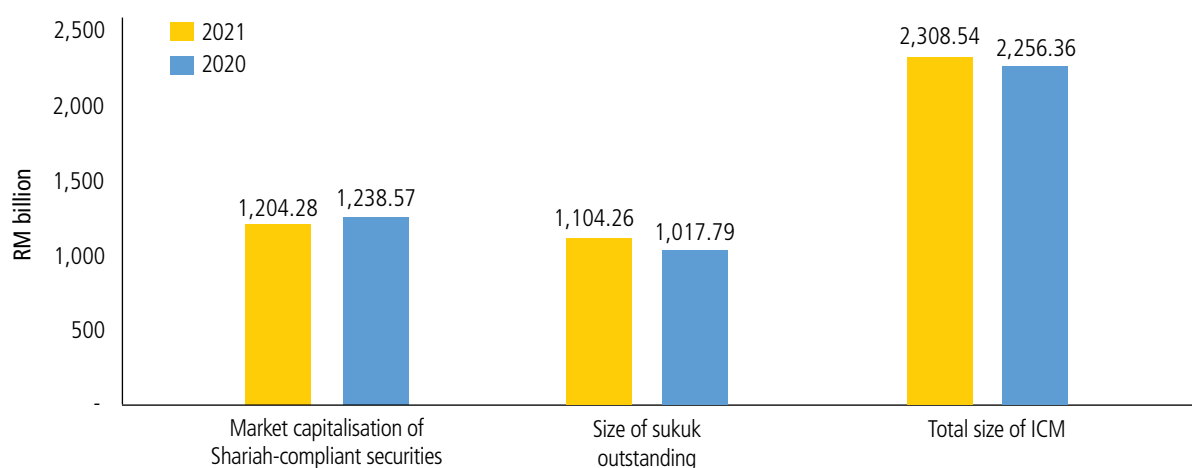
2020. This comprised a total market capitalisation of Shariah-compliant securities of RM1,204.28 billion and total sukuk outstanding amounting to RM1,104.26 billion (Chart 1 and Table 1).

Chart
1

ICM as at December 2021



Size of ICM



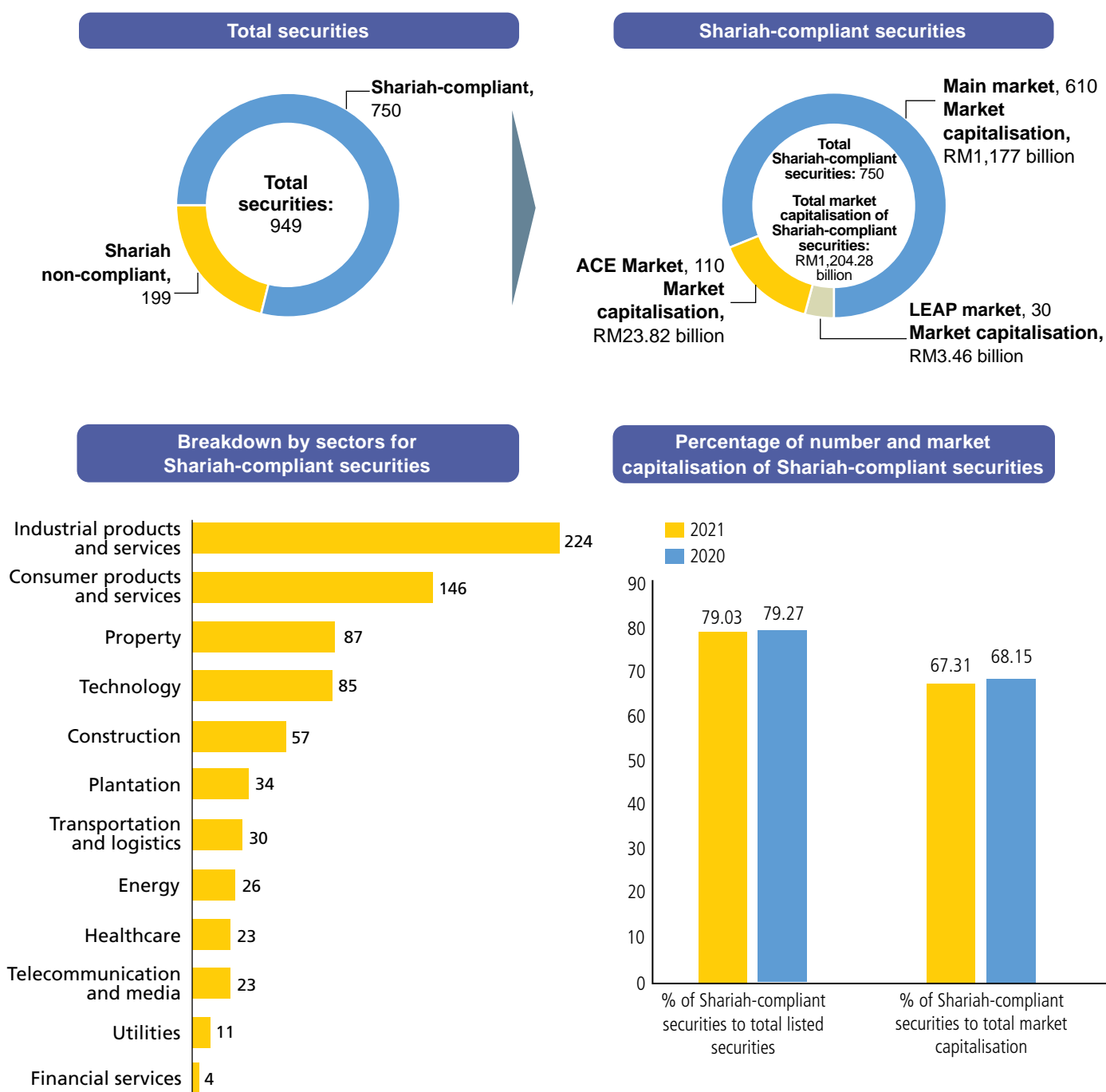
SHARIAH-COMPLIANT SECURITIES

As at December 2021, Shariah-compliant securities increased to 750 from 742 as at end 2020, which constituted 79.03% of the 949 listed securities on

Bursa Malaysia. The market capitalisation of Shariah-compliant securities stood at RM1,204.28 billion or 67.31% of the total market capitalisation, a decrease of 2.77% as compared to end 2020 (Chart 2 and Table 2).

Chart
2

Shariah-compliant securities as at December 2021



SUKUK

Corporate sukuk issuances represented 79.98% (2020: 73.61%) of total corporate bonds and sukuk issuances while corporate sukuk outstanding accounted for 81.42% (2020: 81.03%) of total corporate bonds and sukuk outstanding (Table 3).

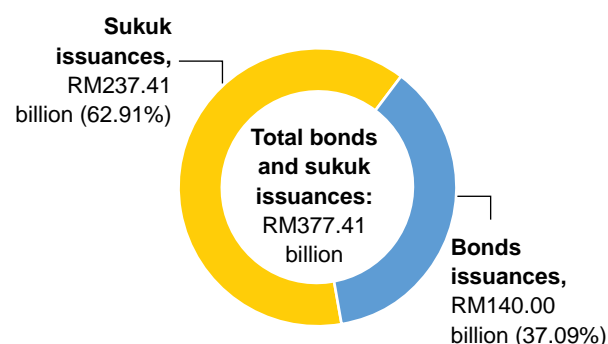
Total sukuk issuances in 2021 represented 62.91% (2020: 61.07%) of total bonds and sukuk issuances whereas total sukuk outstanding represented 63.43% (2020: 63.26%) of total bonds and sukuk outstanding (Chart 3 and Table 4).

Nine issuers issued SRI sukuk in 2021, bringing the total of SRI sukuk issuers to 21 since 2015. Corporate SRI sukuk issuance in 2021 amounted to RM2.81 billion, which was 3.07% of total corporate sukuk issuance, while corporate SRI sukuk outstanding grew to RM8.11 billion as at December 2021 from RM5.40 billion in 2020, constituting 1.29% of total corporate sukuk outstanding.

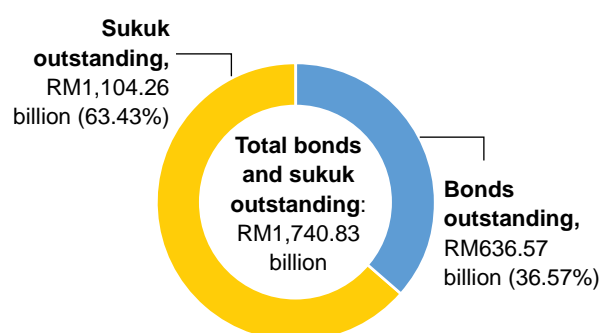
Chart
3

Sukuk as at December 2021

Sukuk issuances



Sukuk outstanding



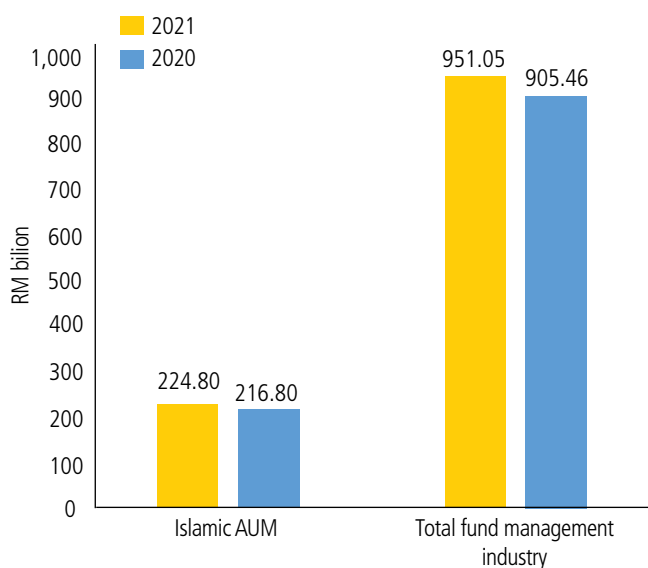
ISLAMIC FUND MANAGEMENT

Islamic AUM as at December 2021 stood at RM224.80 billion, registering a 3.69% increase from RM216.80 billion as at end 2020 (Chart 4). The number of Islamic CIS (UTF, WF, PRS, REIT, and ETF) stood at 386 as at December 2021 including 16 Islamic SRI funds. There were 57 FMCs managing Islamic funds, with 24 full-fledged IFMCs and 33 FMCs offering Islamic windows as at December 2021.

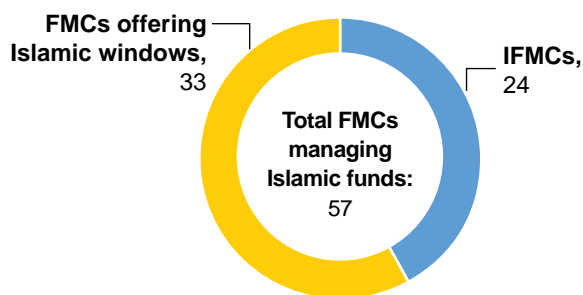
Chart
4

Islamic fund management as at December 2021

Islamic fund management industry



FMCs managing Islamic funds



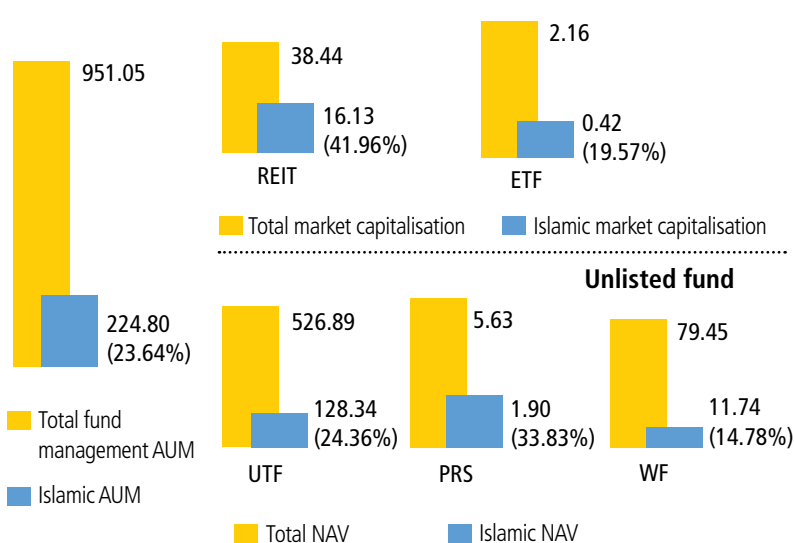
Islamic AUM as at December 2021: RM224.80 billion

Note:
AUM is sourced from CIS and private mandates.

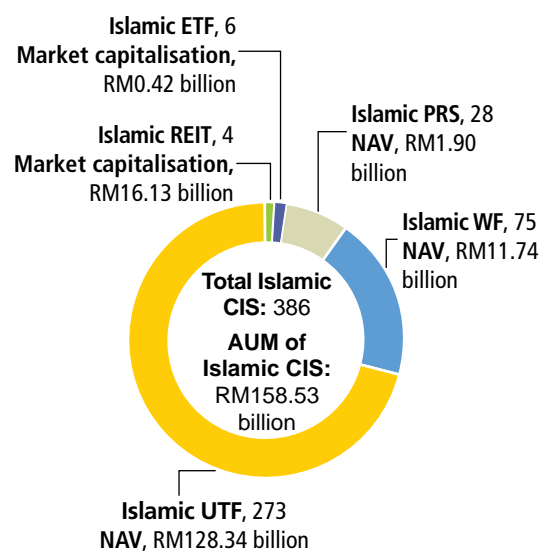
Fund management industry

RM in billion

Listed fund



Islamic CIS



KEY STATISTICS

Table
1

Size of ICM

	2021 RM billion	2020 RM billion
Market capitalisation of Shariah-compliant securities	1,204.28	1,238.57
Size of sukuk outstanding	1,104.26	1,017.79
Total size of ICM	2,308.54	2,256.36
% ICM to total capital market	65.40%	65.86%

Table
2

Shariah-compliant securities

	2021	2020
Number of securities:		
Shariah-compliant securities	750	742
Total listed securities	949	936
% of Shariah-compliant securities to total listed securities	79.03%	79.27%
Market capitalisation (RM billion):		
Shariah-compliant securities	1,204.28	1,238.57
Total market capitalisation	1,789.20	1,817.29
% of Shariah-compliant securities to total market capitalisation	67.31%	68.15%

Table
3

Corporate sukuk

	2021	2020
Total issuance (RM billion)		
Sukuk issuance	91.40	76.98
Total corporate bonds and sukuk issuances	114.28	104.58
% of sukuk to total corporate bonds and sukuk issuances	79.98%	73.61%
Total outstanding (RM billion)		
Sukuk outstanding	629.27	593.43
Total corporate bonds and sukuk outstanding	772.84	732.39
% of sukuk to total corporate bonds and sukuk outstanding	81.42%	81.03%

Table
4

Total sukuk

	2021	2020
Total issuance (RM billion)		
Sukuk issuance	237.41	223.94
Total bonds and sukuk issuance	377.41	366.67
% of sukuk to total bonds and sukuk issuances	62.91%	61.07%
Total outstanding (RM billion)		
Sukuk outstanding	1,104.26	1,017.79
Total bonds and sukuk outstanding	1,740.83	1,609.01
% of sukuk to total bonds and sukuk outstanding	63.43%	63.26%

Table
5

Islamic AUM

	2021	2020
Islamic AUM (RM billion)	224.80	216.80
Total fund management industry (RM billion)	951.05	905.46
% Islamic AUM to total fund management industry	23.64%	23.94%

Table
6

Islamic UTF

	2021	2020
Islamic UTF	273	240
Total industry	740	696
NAV of Islamic UTF (RM billion)	128.34	128.53
NAV of total industry (RM billion)	526.89	519.53
% NAV of Islamic UTF to total industry	24.36%	24.74%

Table
7

Islamic WF

	2021	2020
Islamic WF	75	60
Total industry	414	357
NAV of Islamic WF (RM billion)	11.74	11.55
NAV of total industry (RM billion)	79.45	67.65
% NAV of Islamic WF to total industry	14.78%	17.07%

Table
8

Islamic PRS funds

	2021	2020
Islamic PRS	28	26
Total industry	59	57
NAV of Islamic PRS (RM billion)	1.90	1.53
NAV of total industry (RM billion)	5.63	4.75
% NAV of Islamic PRS to total industry	33.83%	32.21%

Table
9

Islamic REIT

	2021	2020
Islamic REIT	4	4
Total industry	18	18
Market capitalisation of Islamic REIT (RM billion)	16.13	16.99
Market capitalisation of total industry (RM billion)	38.44	39.34
% market capitalisation of Islamic REIT to total industry	41.96%	43.19%

Table
10

Islamic ETF

	2021	2020
Islamic ETF	6	6
Total industry	19	19
Market capitalisation of Islamic ETF (RM billion)	0.42	0.55
Market capitalisation of total industry (RM billion)	2.16	2.23
% market capitalisation of Islamic ETF to total industry	19.57%	24.66%

Table
11

Registered Shariah advisers

	2021	2020
Individual	62	55
Corporation	19	18
Total Shariah advisers	81	73

VENTURE CAPITAL AND PRIVATE EQUITY

The total number of registered corporations stood at 124 as at 31 December 2021 (Table 1). The venture capital segment accounted for 105 registered corporations (venture capital management corporation (VCMC) and venture capital corporation (VCC), while the private equity segment consisted of 19 registered corporations (private equity management corporation (PEMC) and private equity corporation (PEC).

As at end 2021, the number of professionals employed by the industry with at least 4 years experience stood at 344.

Total committed funds in the industry as at the end of 2021 stood at RM9.65 billion and RM5.18 billion for private equity and venture capital respectively (Table 2), with a combined total of RM14.83 billion. For private equity, commitments are sourced largely from corporate investors (28.56%), individuals and family offices (19.12%), and financial institutions (11.89%) (Chart 1).

Table
1

Statistics of industry participants

Source of funds	2021	2020
Number of registered corporations	124	127
Number of registered VCMCs and VCCs	105	106
Number of registered PEMCs and PECs	19	21
Number of VC and PE professionals ¹	344	175

Note:

¹ Professionals with more than 4 years of experience.

Table
2

Industry key statistics (RM millions)

	2021		2020	
	Private equity	Venture capital	Private equity	Venture capital
Total committed funds under management [1]	9,648.42	5,183.50	7,385.73	4,314.34
Total drawn capital [2]	6,884.29	3,870.73	5,874.77	3,187.31
Estimated capital available for investment [3]=[1]-[2]	3,495.88	1,312.77	1,510.96	1,127.03
Total no. of investee companies	41	211	31	311

Note:

The statistics are reported on self-reported figures by registered VC/PE firms. Y-o-y movements may vary.

Chart 1
Sources of funds, private equity
(2021: RM9.65 billion)

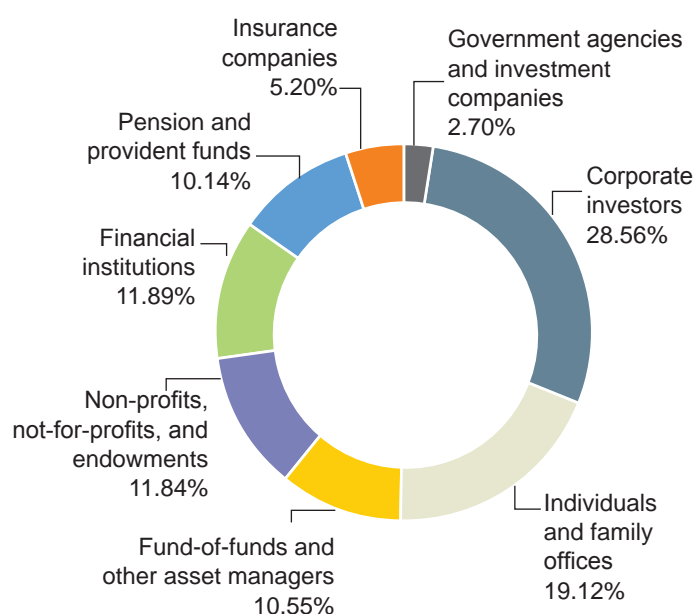
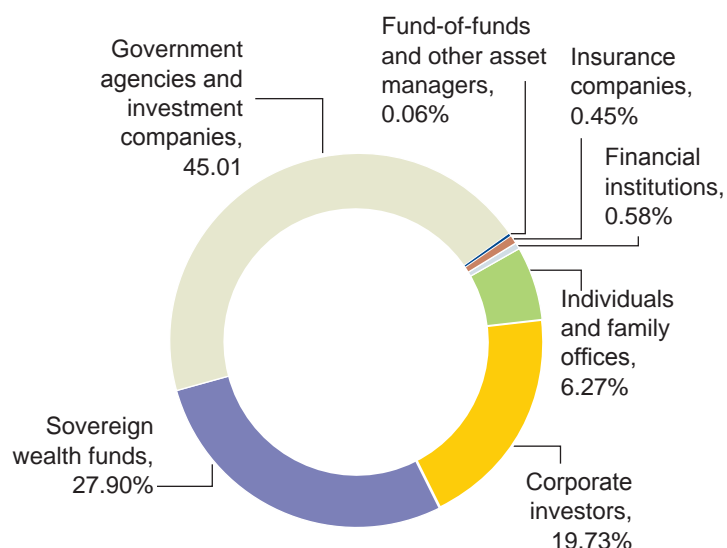


Chart 2
Sources of funds, venture capital
(2021: RM5.18 billion)



Note:

Government agencies and investment companies: Includes ministerial investment companies (e.g. Minister of Finance (Incorporated), government agencies, statutory bodies, and government-linked investment companies established for the purpose of managing investments of public funds (e.g. PNB, Ekuinas).

For venture capital, government agencies and investment companies (45.01%), sovereign wealth funds (27.90%) and corporate investors (19.73%) make up the top 3 sources of funding (Chart 2).

The top 3 registered corporations by amount of investor commitments as at end 2021 were Creador, Xeraya Capital, and MAVCAP.

VC investments in 2021 concentrated on early stage (51.26%), followed by seed (20.46%) and growth (17.88%) opportunities. PE investments were primarily channeled into growth plays (87.14%), with some investments made to early stage opportunities (12.03%). In total, 36 VC and 29 PE deals were recorded in 2021 (Table 3).

Table
3

Investments during 2021

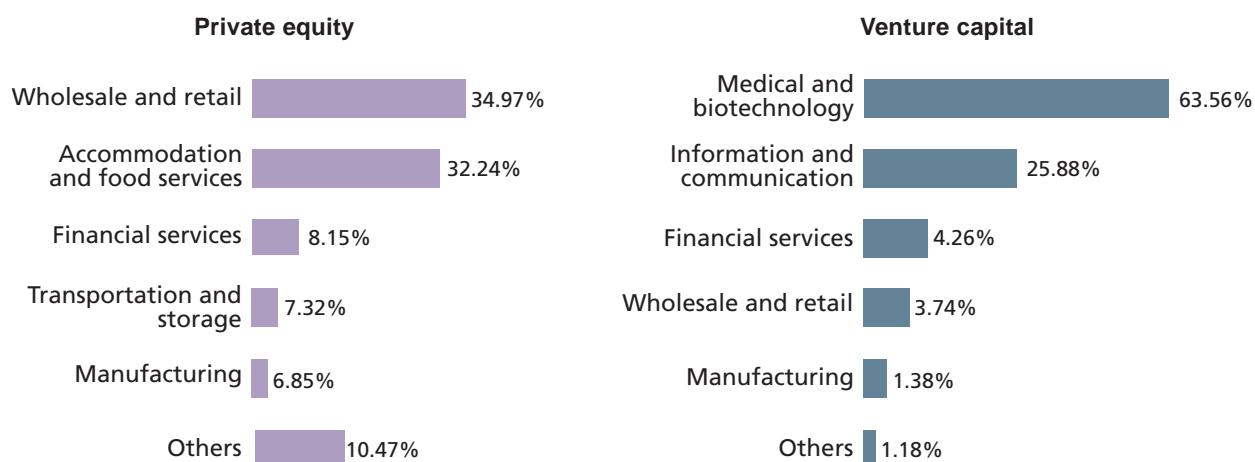
Business stage	New investments (RM '000)	% of segment	No. of companies
Venture capital			
Seed	29,572.37	20.46%	12
Start-up	9,841.18	6.81%	6
Early stage	74,076.41	51.26%	7
Growth	25,845.49	17.88%	10
Bridge/Mezzanine/Pre-IPO	5,181.81	3.59%	1
Private equity			
Early stage	110,476.19	12.03%	4
Growth	799,946.80	87.14%	24
Bridge/Mezzanine/Pre-IPO	7,615.15	0.83%	1
Total	1,062,555.39	100.00%	65
<i>Venture capital</i>	<i>144,517.25</i>	<i>13.60%</i>	<i>36</i>
<i>Private equity</i>	<i>918,038.14</i>	<i>86.40%</i>	<i>29</i>

In terms of target industries, medical and biotechnology (63.56%) saw the highest share of VC investment in 2021, followed by information and communication (25.88%), and financial services (4.26%).

As for PE, investments were largely channeled to wholesale and retail trade (34.97%) in 2021, followed by accommodation and food services (32.24%), and financial services (8.15%) (Chart 3).

Chart
3

Investments during year, top 5 target industries



Divestments in 2021 were mainly exits in the growth stage. Trade sales were a common exit route for VCs while secondary sales to investors or other managers were major liquidity routes for PE (Table 4).

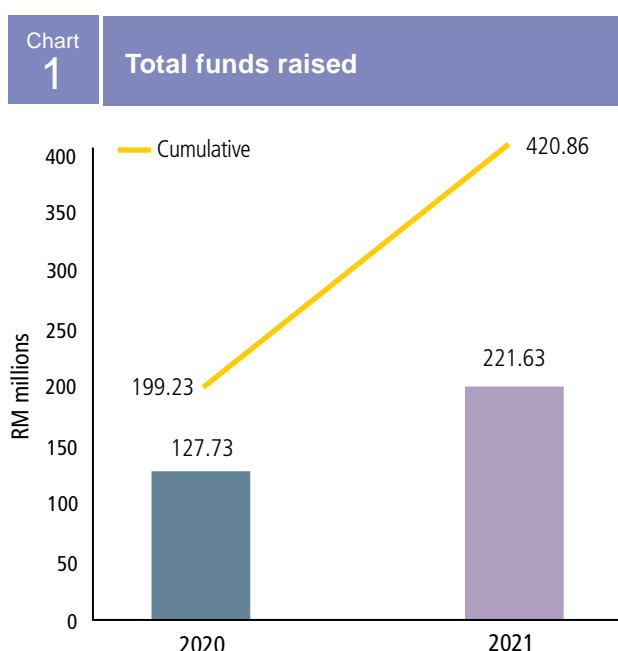
Table 4	Divestments during 2021		
Business stage	Divestments (RM '000)	% of segment	No. of companies
Venture capital			
Seed	28,434.41	11.63%	6
Start-up	24,507.67	10.02%	4
Early stage	6,110.79	2.50%	5
Growth	141,314.89	57.79%	8
Bridge/Mezzanine/Pre-IPO	43,599.93	17.83%	1
Turnaround/Restructuring	554.28	0.23%	2
Private equity			
Early stage	27,742.50	3.53%	1
Growth	755,924.43	96.22%	22
Bridge/Mezzanine/Pre-IPO	1,960.42	0.25%	1
Total	1,030,149.32	100.00%	50
<i>Venture capital</i>	244,521.96	23.74%	26
<i>Private equity</i>	785,627.35	76.26%	24

Note:
Figures measured at cost.

EQUITY CROWDFUNDING

EQUITY CROWDFUNDING¹

Since its inception, the total funds raised via ECF stood at RM420.86 million. In 2021, the total funds raised increased to RM221.63 million from RM127.73 million in 2020.

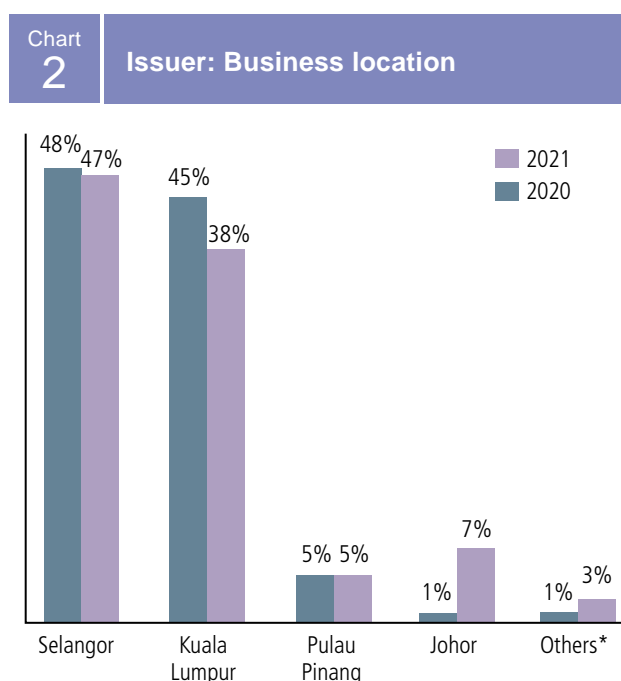


[View and download the complete data](#)

104 issuers have successfully fundraised via 104 campaigns in 2021. The total number of issuers increased by 33% in 2021 from 2020.

Table 1	Issuers and campaigns	
	2021	2020
Number of issuers	104	78
Number of campaigns	104	80

The majority of issuers in 2021 were based in Selangor and Kuala Lumpur.



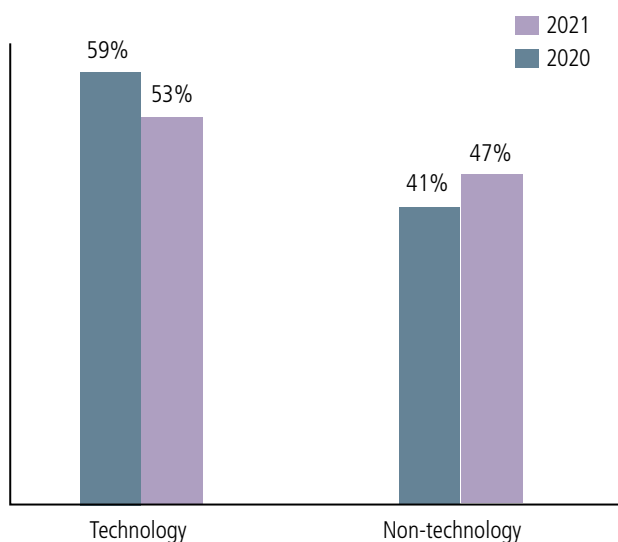
* Others include Pahang, Perak, and Negeri Sembilan.

¹ Previously reported statistics have been adjusted according to the RMOs' latest reported numbers.

53% of issuers in 2021 were technology-focused companies.

Chart
3

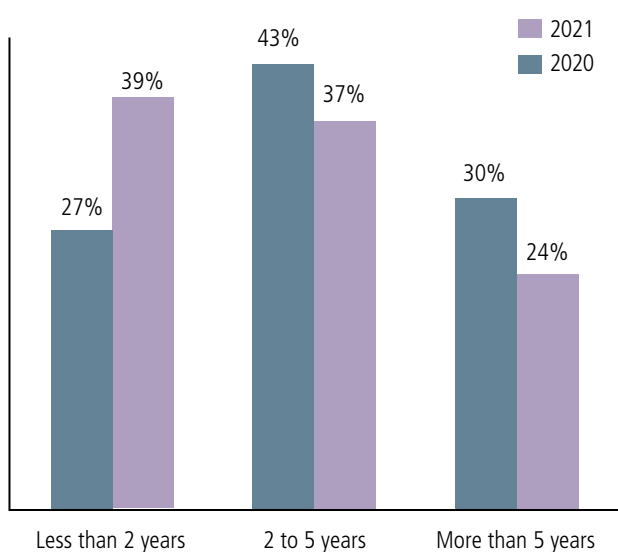
Technology-focused issuers



The majority of issuers in 2021 have established their businesses for 5 years or less, with more issuers in 2021 having business operations of less than 2 years compared to 2020.

Chart
4

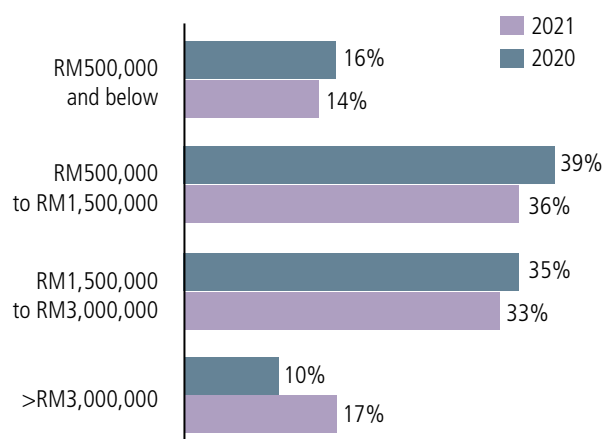
Issuer: Years in business



Campaign sizes in 2021 continued to be of larger fundraising amounts, with 86% of the campaigns raising beyond the RM500,000 mark. The highest amount of funds raised in 2021 by a single campaign stood at RM18.89 million.

Chart
5

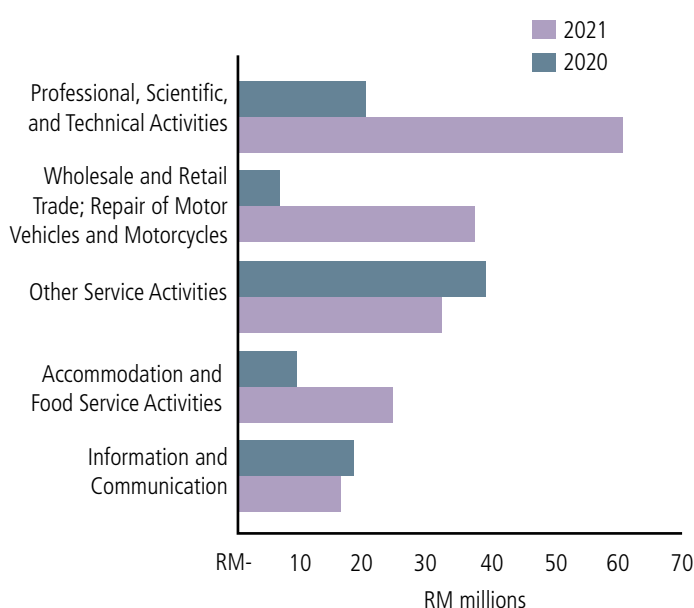
Campaign sizes



The 'Professional, Scientific, and Technical Activities' sector received the most funds in 2021 with RM60.25 million.

Chart
6

Top 5 economic activities by total funds raised

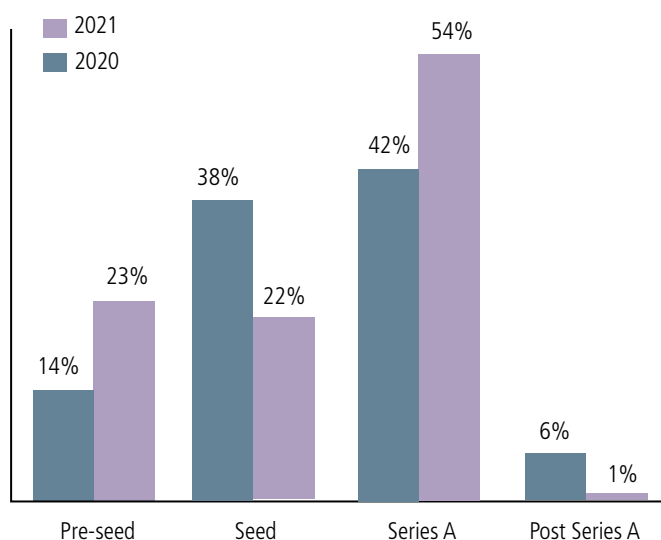


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54% of campaigns in 2021 fundraised for Series A.

Chart
7

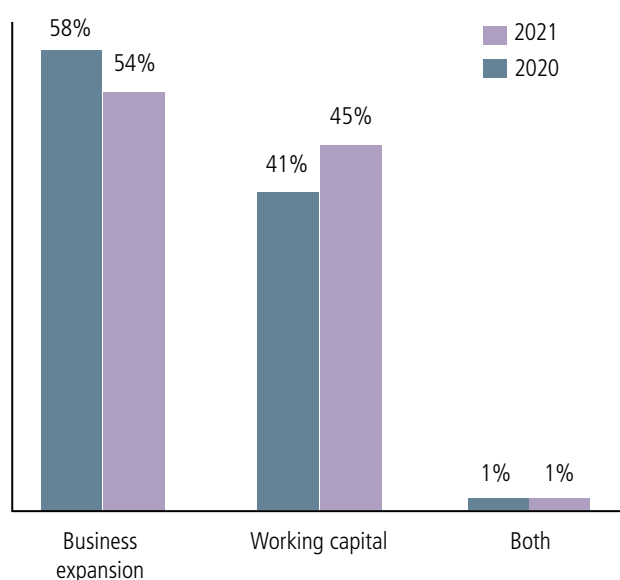
Fundraising stages



The main purpose for fundraising in 2021 was for business expansion.

Chart
8

Fundraising purposes



Since ECF was first introduced, the total number of participating investors surpassed the 11,000 mark. For a year-on-year comparison, investor participation increased from more than 3,000 in 2020 to more than 5,000 in 2021.

Chart
9

Investor participation

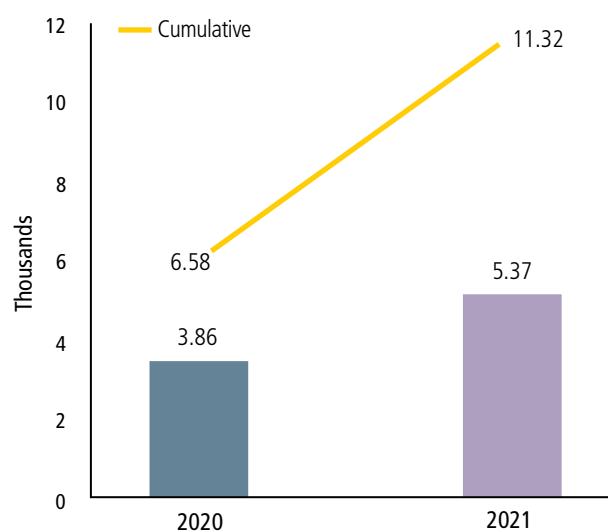


Table
2

Investor demographics

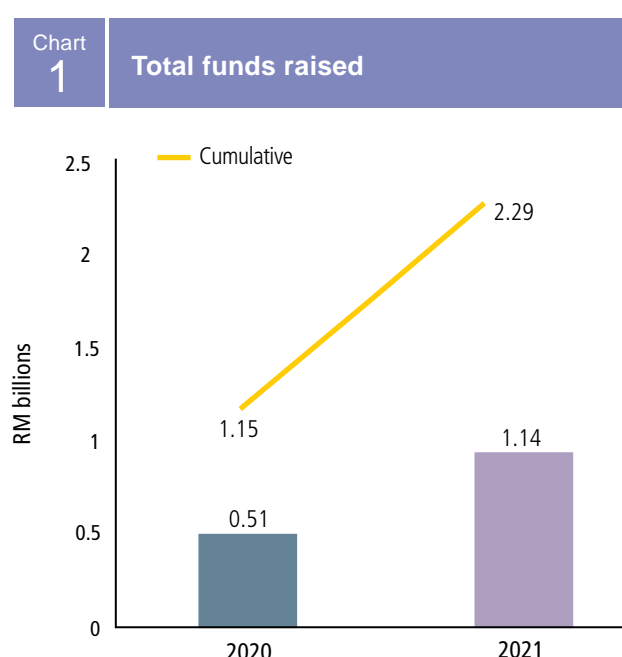
		2021	2020
Nationality	Malaysian	96%	95%
	Foreign	4%	5%
Gender	Female	38%	33%
	Male	62%	67%
Age	Below 35	47%	44%
	35 to 45	33%	33%
	>45 to 55	13%	15%
	Above 55	7%	8%
Type	Retail	57%	65%
	Angel	24%	24%
	Sophisticated – HNWI	17%	8%
	Sophisticated – HNWE and Accredited	2%	3%


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PEER-TO-PEER FINANCING

PEER-TO-PEER FINANCING¹

Since its inception, the total funds raised via P2P financing stood at RM2.29 billion. In 2021, the total funds raised reached RM1.14 billion, more than twice the amount of funds raised in 2020.



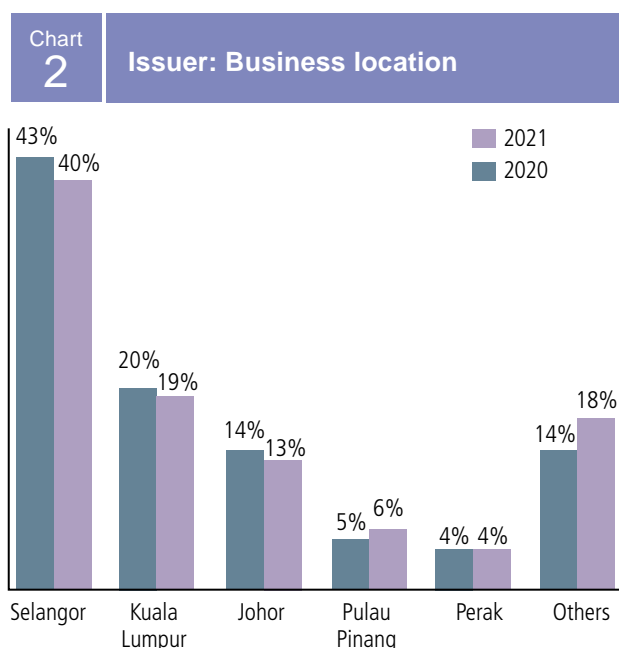
[View and download the complete data](#)

A total of 1,988 issuers fundraised in 2021 - an increase by 49% from 2020. The fundraising was successfully carried out via 14,301 campaigns.

Table 1 Issuers and campaigns

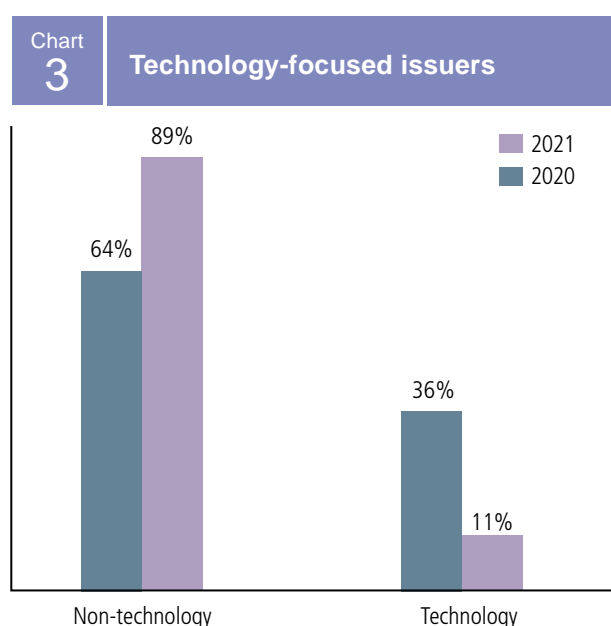
	2021	2020
Number of issuers	1,988	1,338
Number of campaigns	14,301	7,932

The majority of issuers in 2021 were based in Selangor and Kuala Lumpur.



[View and download the complete data](#)

Technology-focused issuers decreased to 11% in 2021 from 36% in 2020.

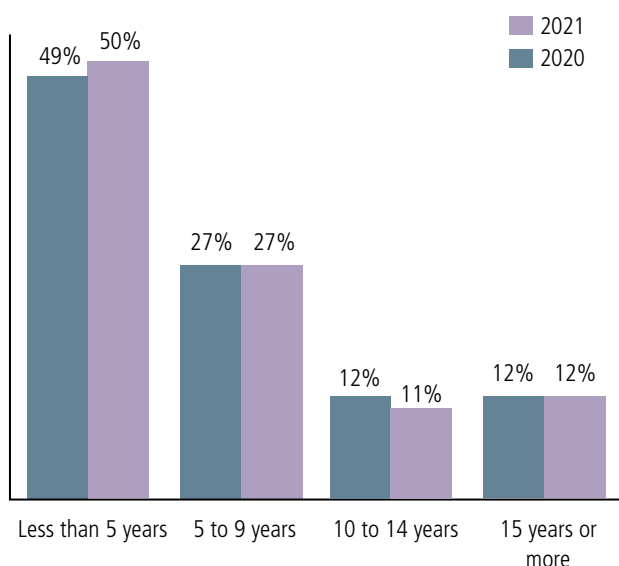


¹ Previously reported statistics have been adjusted according to the RMOs' latest reported numbers.

Half of total issuers in 2021 have been in operation for less than 5 years.

Chart
4

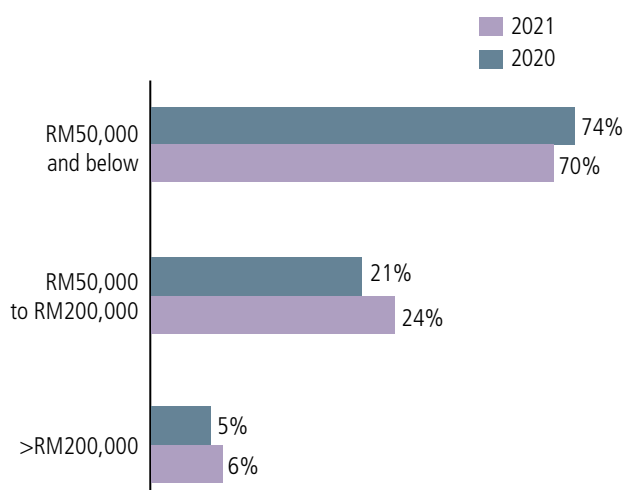
Issuer: Years in business



Campaign sizes in 2021 continued to be of smaller fundraising amounts, with 70% of campaigns raising RM50,000 and below.

Chart
5

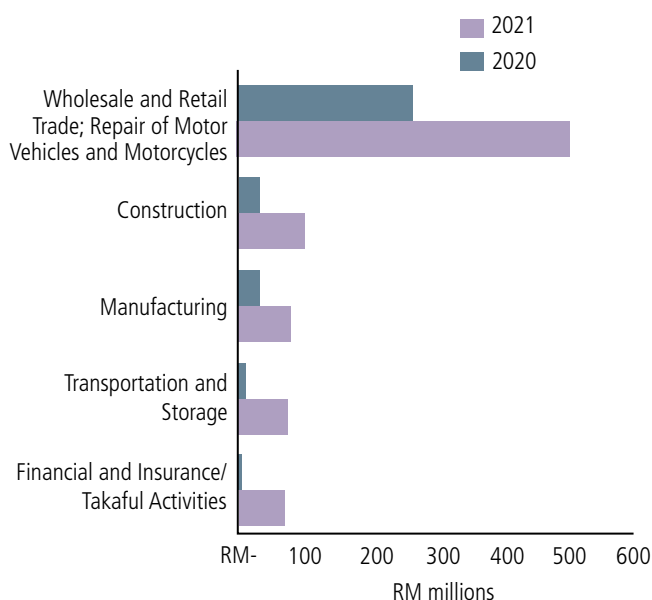
Campaign sizes



The 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles' sector remained the largest sector served in 2021 with RM514.41 million.

Chart
6

Top 5 economic activities by total funds raised

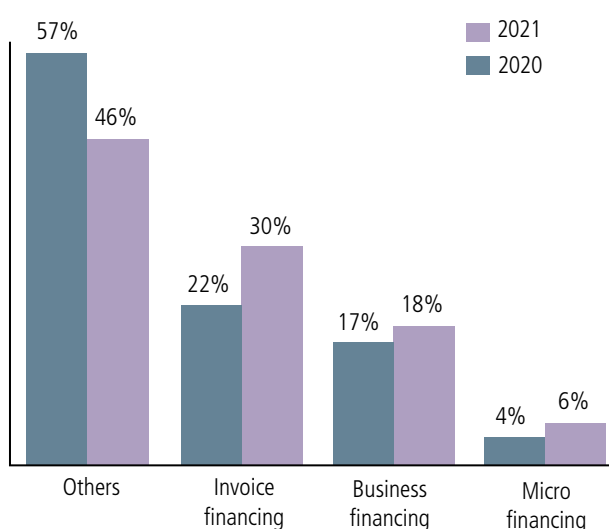


[View and download the complete data](#)

A total of 54% of investment notes in 2021 were issued for invoice, business, and micro financing. Other types of financing included distinct product offerings from various RMOs².

Chart
7

Financing types

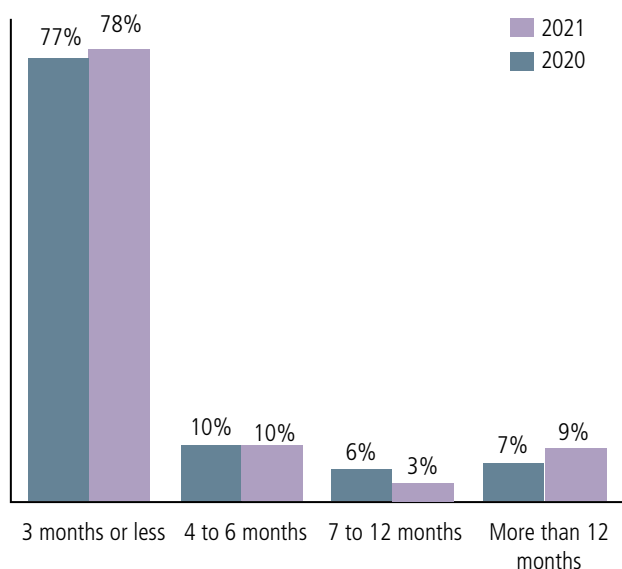


² Other financing types include: AP Financing, Auto Dealer Program-MUV, Business Credit Line, Dealer Financing, E-commerce, Guaranteed Settlement Financing, Insurance Premium Financing, Short-Term Financing-NAS, Short-Term Financing-UA, and Working Capital Financing.

The majority of the campaigns continued to trend towards shorter-term financing in 2021, with tenures of 3 months or less.

Chart 8

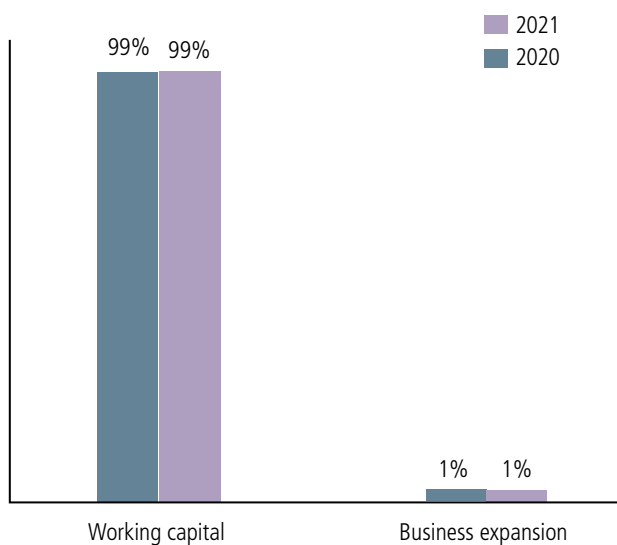
Tenure types



The purpose of fundraising in 2021 continued to be predominantly for working capital.

Chart 9

Fundraising purposes



Since P2P financing was first introduced, the total number of participating investors surpassed 28,000. For a year-on-year comparison, investor participation decreased from more than 16,000 in 2020 to more than 15,000 in 2021.

Chart 10

Investor participation

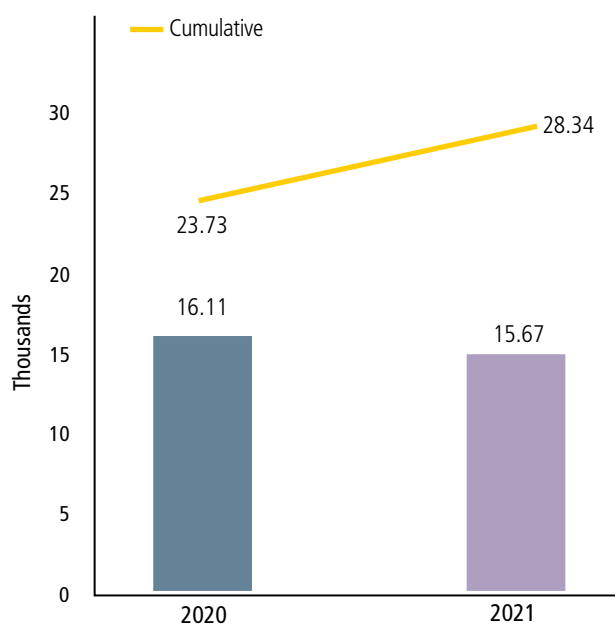


Table 2		Investor demographics	
		2021	2020
Nationality	Malaysian	98%	98%
	Foreign	2%	2%
Gender	Female	28%	28%
	Male	72%	72%
Age	Below 35	54%	61%
	35 to 45	28%	25%
	>45 to 55	12%	9%
	Above 55	6%	5%
Type	Retail	90%	87%
	Angel	5%	12%
	Sophisticated – HNWI	4%	1%
	Sophisticated – HNWE and Accredited	1%	<1%



[View and download the complete data](#)

AUTHORISATION AND LICENSING

LICENSING AND REGISTRATION

The total number of Capital Markets Services Licence (CMSL) holders, including individual licensees for financial planning or investment advice, was 241 compared to 238 in 2020. There were 7 new licences issued and 4 cessations, which resulted in a net increase of 3 CMSLs in 2021.

The 7 new licences issued were for the following regulated activities:

- Fund management (4 companies);
- Advising on corporate finance (1 company);
- Investment advice (1 company); and
- Financial planning (1 company).

There had been continued interest in the fund management and advisory space especially in the boutique fund management segment.

There were 4 cessations in 2021 mainly due to shift of business focus, enhancement to shareholding structure,

business realignment, and resource planning. In 2021, a total of 3 CMSL holders had applied to vary their licences to include at least 1 regulated activity to their existing CMSL.

As of 31 December 2021, the number of Capital Markets Services Representative's Licence (CMSRL) holders totalled 10,273, a marginal increase of 5% from the previous year (2020: 9,734). In 2021, the SC approved 1,214 new CMSRLs to undertake various regulated activities.

There was a significant increase of registered marketing representatives¹ from 464 as at December 2020 to 1,438 as at December 2021. The number of registered trading representatives² increased to 122 from 107 in 2020. The number of employees of registered persons³ increased marginally to 5,489 from 5,068 in 2020.

In 2021, the SC also approved 4 new registrations for the venture capital industry, comprising 1 VCC and 3 VCMCs.

¹ Marketing representative means a person who acts as an introducer for a principal, undertakes marketing of the services, provides client support services, and is registered with the principal under the *Guidelines for Marketing Representative*.

² Trading representative means a person who executes securities trades for a participating organisation, and is registered with the SC under section 76 of the CMSA.

³ Registered person means a person registered under Part 1 of Schedule 4 pursuant to section 76(1)(a) of the CMSA..

Table
1 Number of CMSL holders

As at 31 December 2021, there were 241 CMSL holders carrying out various regulated activities as defined under Schedule 2 of the CMSA. The entities involved are as follows:

By core activity	2021	2020
Dealing in securities ¹	37	36
Dealing in derivatives	7	7
Fund management	103	100
Advising on corporate finance	40	41
Investment advice	17	16
Investment advice (individual)	1	1
Financial planning	34	35
Financial planning (individual)	2	2
TOTAL	241	238

Note:

¹ Includes 5 CMSLs for dealing in securities restricted to unit trusts and 1 CMSL for dealing in securities restricted to listed securities.

By regulated activity	2021	2020
Dealing in securities		
Investment banks	10	10
Universal brokers	1	1
1+1 stockbroking companies	12	12
Special scheme foreign stockbroking companies	7	7
Others	1	-
	31	30
Dealing in derivatives		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	7	7
	17	17

By regulated activity	2021	2020
Clearing		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	6	6
	16	16
Fund management		
<i>Portfolio management</i>		
Investment banks	2	1
Unit trust management companies	24	24
Special scheme foreign fund managers	5	5
Islamic fund managers	24	23
Boutique fund managers	8	5
Digital investment managers ²	8	7
Others	20	20
<i>Asset management</i>		
Real estate investment trusts	18	18
	106³	101³
Advising on corporate finance		
Investment banks	10	10
1+1 stockbroking companies	7	7
Special scheme foreign stockbroking companies	5	5
Others/standalone/boutique corporate finance companies	41	42
	63	64

Notes:

² Includes 3 CMSL holders that fall under other categories, namely Kenanga Investment Bank Bhd (under investment banks), UOB Asset Management (Malaysia) Bhd (under unit trust management companies), and Wahed Technologies Sdn Bhd (under Islamic fund managers).

³ Unique count excluding duplicates. CMSL holders under multiple categories are counted once.

By regulated activity	2021	2020
Investment advice		
Investment banks	9	9
1+1 stockbroking companies	8	8
Special scheme foreign stockbroking companies	7	7
Unit trust management companies	3	3
Others/standalone/boutique investment advice companies	25	23
	52	50
Financial planning		
1+1 stockbroking companies	1	1
Unit trust management companies	5	5
Corporate unit trust advisers	19	18
Others/standalone/boutique financial planning companies	19	20
	44	44
Dealing in securities restricted to unit trusts		
Unit trust management companies	29	29
Islamic fund managers	10	10
Special scheme foreign fund managers	1	1
Corporate unit trust advisers	19	18
Others	1	1
	60	59
Dealing in securities restricted to listed securities		
Others	1	1
	1	1
Dealing in securities restricted to OTC bonds		
Others	-	1
	-	1
Dealing in PRS		
Investment banks	1	1
1+1 stockbroking companies	1	1
Unit trust management companies	9	9
Corporate PRS advisers	18	18
Others	3	2
	32	31
GRAND TOTAL	422	414

Table
2 Number of CMSRL holders

By core activity	2021	2020
Dealing in securities	6,667	6,320
Dealing in derivatives	448	450
Fund management	822	807
Advising on corporate finance	719	756
Investment advice	292	285
Financial planning	1,325	1,116
Grand total	10,273	9,734

Table
3 Application for new company licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Issued	-	-	-	-	4	5	1	1	1	1	1	3

Table
4 Application for new representative's licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Issued	626	275	42	36	100	64	105	59	50	31	291	214
Withdrawn*	32	16	3	-	9	10	6	2	3	2	25	45
Returned*	322	202	31	19	158	117	77	33	38	15	243	214

* By regulated activity.

Table
5

Cessation of company/individual licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning		Financial planning (Individual)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Ceased	-	-	-	-	-	2	2	2	-	-	2	1	-	-
Revoked	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table
6

Cessation of representative's licences

Regulated activity	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Ceased*	365	338	52	69	84	76	138	68	45	49	76	66
Revoked	-	-	-	-	-	-	-	-	-	-	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-

* By regulated activity.

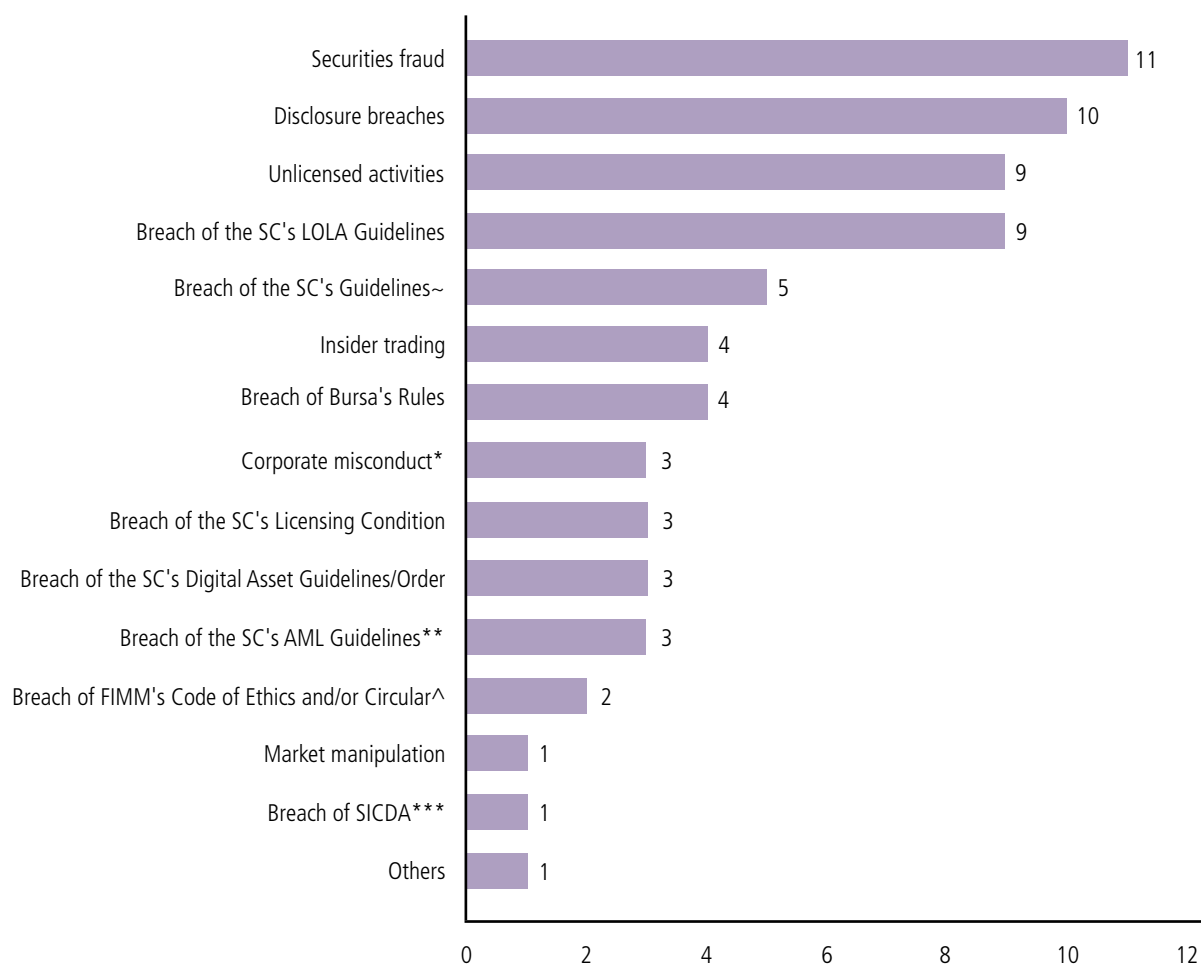
ENFORCEMENT

In 2021, the SC reviewed various securities law breaches for the purpose of enforcement action arising from its active surveillance, supervision, and complaints received.

More than 40% of the cases reviewed for enforcement action relates to securities fraud, disclosure breaches, and unlicensed activities, in line with the SC's enforcement priorities (Chart 1).

Chart
1

Total referral by nature of offence



Note:

~ Other than the SC's Guidelines specified in Chart 1.

^ Federation of Investment Managers Malaysia.

* Section 317A CMSA-causing wrongful loss to a listed corporation.

** *Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries.*

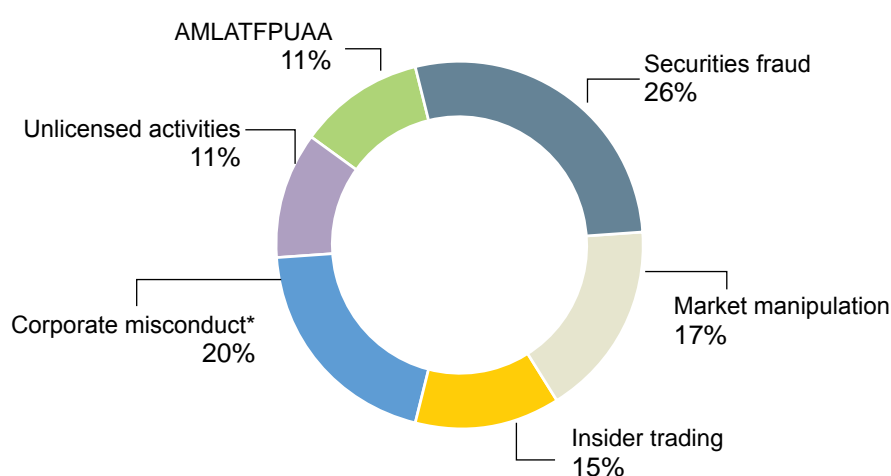
*** *Securities Industry (Central Depositories) Act 1991.*

The total number of active investigations as at 31 December 2021 were 46. While the SC continued to dedicate substantial resources to conduct investigations relating to securities fraud and market manipulation offences, investigations on corporate misconduct has emerged as the second highest percentage of active investigations carried out in 2021 (Chart 2).

In 2021, the SC concluded 22 investigations. Consistent with the SC's enforcement priorities, more than 55% of completed investigations in 2021 relate to unlicensed activity and securities fraud. Corporate misconduct, which constitutes 14% of the total completed investigations, includes disclosure breaches relating to securities laws which is one of the SC's enforcement priorities in 2021 (Chart 3).

Chart
2

Active investigations by nature of offences

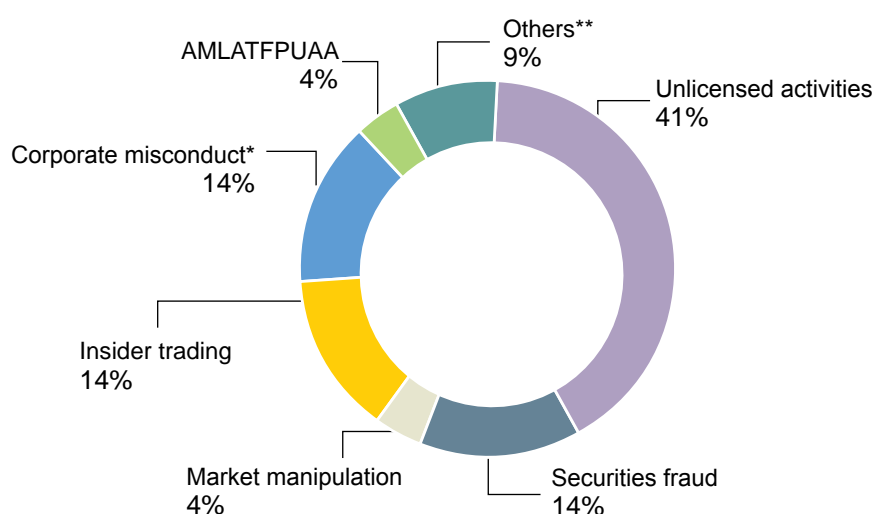


Note:

* Includes disclosure breaches relating to securities laws.

Chart
3

Completed investigations by nature of offences



Note:

* Includes disclosure breaches relating to securities laws.

** Relates to other breaches of securities laws.

Paramount to the investigation process is the gathering of documentary and oral evidence. The SC's Investigating Officers are equipped with investigation powers under the SCMA to facilitate the gathering of such admissible evidence.

In 2021, the SC had analysed 109 boxes of documents and digital devices to gather relevant information. Separately, the SC's digital forensics team had reviewed and extracted digital evidences from a total of 72 digital devices and 138 online sources.

In 2021, witness statements from a total of 142 individuals were recorded by the SC's Investigating Officer. 65% of these statements were recorded from investors/securities accountholders, PLC employees, and PLC directors/senior management (Chart 4).



In addition to gathering documentary and oral evidence locally, the SC sought assistance from foreign supervisory authorities under the IOSCO Multilateral Memorandum of Understanding (MMoU) on Consultation and Co-operation and Exchange of Information to obtain evidence, particularly documents relating to banking and securities transactions from foreign entities and the search for persons sought and wanted by the SC.

In 2021, the SC made 36 requests for investigative assistance to 15 foreign supervisory authorities (Table 1). Additionally, the SC rendered assistance to 3 foreign supervisory authorities in relation to 4 requests for investigative assistance.

Table 1	Request for investigative assistance
Jurisdictions	No. of requests
Singapore	7
UAE	5
Hong Kong	4
United Kingdom	3
Qatar	3
India	3
British Virgin Island	2
Sri Lanka	2
China	1
Indonesia	1
New Zealand	1
United States	1
Luxembourg	1
Saudi Arabia	1
Bahrain	1
Total	36

ADMINISTRATIVE ACTIONS

In 2021, a total of 136 administrative sanctions were imposed by the SC for various misconducts and breaches of securities laws including submitting to the SC a prospectus that contained financial statements that were false or misleading, breach of AML Guidelines, knowingly causing the furnishing of false or misleading information to Bursa, operating a recognised market (DAX) without registering with the

SC, breach of take-over and merger provisions, and late submission of documents under the LOLA Framework.

Sanctions imposed on the parties in breach comprised reprimands, issuances of public statements, imposition of penalties and directives, requirement to make restitution, and refusal to accept or consider any submission to the SC under Part VI of the CMSA (See Table 2).

Table
2

Administrative actions taken in 2021 by types of sanction and parties in breach

Parties in breach	Types of sanction					
	Reprimand	Public Statement	Penalty	Directive	Restitution	Refusal to accept or consider any submission to the SC under Part VI of the CMSA
Licensed persons	1	-	4	-	-	-
PLCs or company applying for listing	5	-	-	-	-	-
Directors/senior management of PLC or company applying for listing	17	2	-	-	-	-
Registered person	4	-	4	3	-	-
Principal adviser	-	-	-	2	-	1
Persons acting in concert	33	-	6	1	-	-
Unlicensed DAX/CEO	6	-	-	5	-	-
Other entities/individuals ¹	34	-	7	-	1	-
TOTAL	100	2	21	11	1	1

Note:

¹ 1 individual found to be the beneficial owner of deposited securities in the Central Depository System (CDS) account of another individual, 1 individual who engaged in an act, practice, or course of business which operated as a fraud in connection with transactions involving dealing in derivatives, 5 UTCs who executed unauthorised transactions on the unit trust account of a local bank's clients and knowingly provided statements to the local bank's clients which contained false or misleading information, and 1 entity who held itself as a holder of CMSL for the regulated activities of financial planning and investment advice.

In 2021, a total of RM2.865 million in penalties were imposed on the following parties:

- 2 registered persons for their delay in submitting the monthly post-issuance report for their structured product programme;
- 3 licensed intermediaries for their delay in submitting the monthly investment report of their WFs;
- 2 registered persons for their delay in submitting the post-issuance notices to the SC on behalf of the corporate bonds/sukuk issuers;
- 3 UTCs for executing unauthorised transactions on the unit trust account of a local bank's clients and knowingly providing statements to the local bank's clients which contained false or misleading information;
- 2 UTCs for executing unauthorised transactions on the unit trust account of a local bank's clients, committing forgeries of a client's signature on documents submitted to the local bank and an ex-employee of the local bank, and knowingly providing statements to the local bank's clients which contained false or misleading information;
- 1 individual found to be the beneficial owner of deposited securities in the CDS account of another individual;
- 1 individual for engaging in an act, practice, or course of business which operated as a fraud in connection with transactions involving dealing in derivatives by inducing the victim to transfer monies purportedly for margin deposits to the individual's account and engaged in and held interest in another business without seeking prior approval from his employer;
- 1 licensed intermediary for failure to conduct due diligence and scrutiny on its customers throughout the course of the business relationship and failure to reclassify its

customer(s) as higher risk and lodge a suspicious transaction report to the relevant authority;

- 1 individual and 2 groups of persons acting in concert for triggering the mandatory offer obligation in 3 separate companies; and
- 3 individuals who were persons acting in concert with an offeror, who had disposed shares held in the offeree company during the offer period without the prior consent of the SC.

INFRINGEMENT NOTICES

Apart from administrative actions under its statutory powers, the SC also utilises other forms of non-statutory enforcement tools in the exercise of its monitoring, gate-keeping, and supervisory functions.

Infringement notices are issued where breaches of securities laws or guidelines detected do not warrant the initiation of a formal enforcement action or the imposition of an administrative action.

Infringement notices issued by the SC included the following:

- **Supervisory letters involving infringement** – issued pursuant to the exercise of a supervisory function or the conduct of an examination under section 126 of the SCMA.
- **Warning letters** – issued pursuant to the discharge of the SC's gate-keeping function such as the issuance of licences, approval of corporate proposals, and review of prospectuses. Warning letters may be issued to licensed, registered persons, or other professionals or experts.
- **Non-compliance letters** – issued pursuant to the discharge of the SC's gate-keeping function for minor breaches.
- **Cease and desist letters** – issued to stop or prevent violation of securities laws. Cease and desist letters may be issued to a person who is

committing or about to commit an infringing act. Failure to comply with the cease and desist order may attract formal enforcement action by the SC.

In 2021, a total of 133 infringement notices were issued by the SC as detailed in Table 3.

Table 3	Type of infringement notices
Type of infringement notices	Total
Supervisory letters involving infringement	41
Warning letters	22
Non-compliance letters	42
Cease and desist letters	28
TOTAL	133

ONGOING COURT CASES FOR 2021

In 2021, there were 31 ongoing cases at various levels of courts from the Sessions Court up to the Court of Appeal involving 52 individuals (Table 4).

Table 4	Ongoing cases in court	
Court	No. of cases	No. of individuals
Sessions Court (Criminal)	10	20
High Court (Criminal)	5	7
Court of Appeal (Criminal)	4	6
High Court (Civil)	9	16
Court of Appeal (Civil)	3	3
TOTAL	31	52

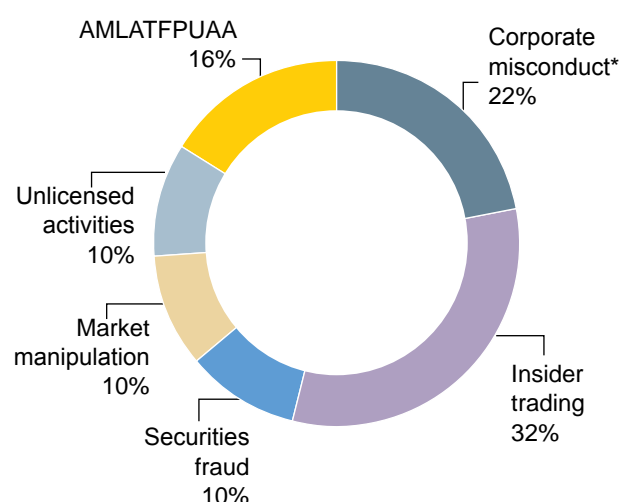
The nature of cases ranged from corporate misconduct (22%), insider trading (32%), securities fraud (10%), market manipulation (10%), unlicensed activities (10%), and AMLATFPUAA (16%) (Table 5 and Chart 5).

Table 5	Breakdown of nature of cases by number of cases and individuals	
Type of offence	No. of cases	No. of individuals
Corporate misconduct*	7	17
Insider trading	10	13
Securities fraud	3	5
Market manipulation	3	6
Unlicensed activities	3	4
AMLATFPUAA	5	7
TOTAL	31	52

Note:

* Includes disclosure and falsification breaches under securities laws.

Chart 5	Breakdown of nature of cases by percentage
------------	--



Note:

* Includes disclosure and falsification breaches under securities laws.

CIVIL ENFORCEMENT ACTIONS 2021

In 2021, the SC initiated civil enforcement actions against 10 individuals. A total of RM4,962,565.81 was disgorged from 10 individuals who entered into regulatory settlements and a further RM2,690,741.42 was disgorged through consent judgments from 8 individuals. Additionally, the SC was successful in a civil suit filed in 2013 whereby the Kuala Lumpur High Court ordered 6 defendants to pay RM13,352,250.00 in restitution for their role in the Euro Deposit Investment (EDI) scheme and that the defendants' assets be traced and paid to the SC to compensate the EDI scheme investors. A total payment of RM2.5 million in civil penalties was also obtained by the SC for the year 2021.

As of 31 December 2021, a total of RM2,741,864.85 was restituted to 721 investors. A further RM1,601,388.79 was earmarked for further restitution involving 501 investors. Through the SC's civil enforcement actions, 5 individuals were restrained from trading in the stock exchange while 7 individuals were barred from becoming directors of PLCs.



 [Read more on the SC's civil enforcement actions](#)

CRIMINAL ENFORCEMENT ACTIONS 2021

In 2021, the SC charged 6 individuals and 1 PLC with 10 criminal charges relating to various offences such as unlicensed activities, false financial disclosures and falsification of records. In addition, the SC, together with the Attorney-General's Chambers, filed asset forfeiture applications under the AMLATFPUAA against a private company and 1 individual to forfeit seized property worth millions in connection with several schemes to defraud Bright Packaging Industry Bhd (BPI) which included the sale of securities via BPI's rights issue, private placement, and ESOS exercises.

Also in 2021, the SC managed to secure convictions against 3 individuals involved in various breaches of securities laws such as insider trading, misleading financial disclosures, and failure to appear before an Investigating Officer of the SC in connection with an investigation under the AMLATFPUAA.

The sentence imposed by the courts upon these convictions were imprisonment terms of 1 day jail and total fines of RM7,575,000.



 [Read more on the SC's criminal enforcement actions](#)

INVESTOR EMPOWERMENT INITIATIVES

In 2021, the SC retained its focus on online or virtual sessions, digital media, and television as the means to continue reaching out to the public with its investor education initiatives.

VIRTUAL INVESTSMART® FEST 2021



In October 2021, InvestSmart® organised its eighth instalment of the InvestSmart® Fest which was held virtually for the second time in a row. Virtual InvestSmart® Fest 2021 (Virtual ISF2021) with the theme, '#JagaDiri #JagaPelaburan', was also held in conjunction with the IOSCO's World Investor Week 2021 and in support of the Financial Education Network's (FEN) Financial Literacy Month (FLM) 2021.



Virtual ISF2021 attracted 4,625 participants and brought together more than 50 virtual exhibitors comprising capital market institutions, associations, industry players, and relevant agencies. These exhibitors showcased capital market products and services including stocks, bonds, unit trusts, PRS, ETF, ECF, P2P financing, DIM, and DAX.

As in previous years, over 450 free one-on-one financial planning sessions with licensed financial planners were offered to the public at the Virtual #FinPlan4U financial planning service desk held from 4 to 10 October 2021.

Leading up to Virtual ISF2021, InvestSmart® also organised the InvestSmart® Youth Public Speaking Competition for individuals between the age of 15 to 30 years old. The competition covered topics on financial literacy, investment, financial planning as well as anti-scam awareness. The final round of the competition took place during Virtual ISF2021.



Anti-Scam Initiatives

Virtual Scambuster Treasure Hunt 2021

The ScamBuster initiative to promote and reinforce the SC's anti-scam messages was held virtually for the first time since the COVID-19 pandemic in conjunction with the Virtual ISF2021. The event was held on 10 October 2021 and attracted 219 participants. All proceeds raised from this event went to the SC HEART, which is the SC's social responsibility and charity initiative.



Facebook Malaysia #taknakscam Campaign

The SC participated in Facebook Malaysia's *#taknakscam* campaign, launched on 16 July 2021 and ran for 3 months. The campaign called for the public to remember 3 simple steps 'Spot, Check, Report' or '*Kenal Pasti, Semak, Laporkan*' to stay vigilant in identifying, verifying, and reporting financial scams. With that, various infographics and videos were created by Facebook Malaysia and posted on InvestSmart® social media platforms. The other partners in this campaign were the Ministry of Domestic Trade and Consumer Affairs, PDRM, Bursa Malaysia, MCMC, Cybersecurity Malaysia, The Association of Banks in Malaysia, the Federation of Malaysian Consumers Associations, and the Education and Research Association for Consumers, Malaysia.



Anti-scam awareness postings on InvestSmart® social media platforms



InvestSmart® continues to leverage its social media platforms i.e. Facebook, Instagram, and Twitter to promote public anti-scam awareness. These included alerting the public on new inclusions and updates to the SC's *Investor Alert List*.

Public service announcements on all TV channels



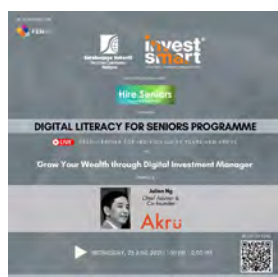
The SC continues its collaboration with the Ministry of Multimedia and Communication Malaysia to promote investment literacy and anti-scam awareness messaging nationwide.

The InvestSmart® 'Silap Labur Duit Lebur' 3-part anti-scam awareness videos were televised on all local TV stations for 3 months from 1 January 2021 to 31 March 2021.

InvestSmart® Education

Digital Literacy for Seniors Programme

The Digital Literacy for Seniors Programme was first rolled-out in December 2020 to create awareness and achieve digital financial inclusion through free monthly webinar sessions for the 'silver-hair' population, aged 55 years and above. In this regard, 12 webinars were conducted throughout 2021, attended by 880 participants. These webinars were recorded and uploaded on the InvestSmart® YouTube channel for wider reach.



InvestSmart® Online Series Webinars

Starting from January 2021, free monthly webinars were organised for the public to gain knowledge on the basics of capital market products and services. These webinars not only provided knowledge on products and services but also guided investors on how and where to invest, including online. A total of 1,281 participants attended 12 webinars conducted throughout 2021. These webinars were recorded and uploaded on the InvestSmart® YouTube channel for wider reach.



OECD/INFE Global Money Week 2021

The Global Money Week 2021, organised by the Organisation for Economic Co-operation and Development/International Network on Financial Education (OECD/INFE), was held from 22 to 28 March 2021, with the theme 'Take care of yourself, take care of your money'. In conjunction with this event, InvestSmart® organised a webinar on 23 March 2021 to educate the public on the importance of savings and to begin investing earlier in life. The target audience for this webinar were students of higher learning institutions. The SC collaborated with the Ministry of Higher Education (MOHE) to garner student participation from public and private universities, polytechnics, and community colleges. The webinar featured a speaker from Raiz Malaysia Sdn Bhd, a DIM entity licensed with the SC. The webinar was attended by 117 participants.



Additionally, specific social media postings in line with the theme were also made on InvestSmart®'s Facebook, Instagram, and Twitter throughout the week from 22 to 28 March 2021.



InvestSmart® @ 8TV Money Matters

InvestSmart® was invited for an interview on 8TV's Money Matters, a popular Mandarin investor education TV programme, to talk about unlicensed investment advisers. The programme was aired on 5 March 2021. During the session, InvestSmart® reminded investors not to engage unlicensed investment entities or individuals including unlicensed investment advisers and the pitfalls of dealing with unlicensed parties.

InvestSmart®'s social media postings on Facebook, Instagram, and Twitter

InvestSmart® continues to make full use of its social media platforms to reach out to the public with bite-sized information to further expose them to capital market products and services. Numerous social media postings were made in multiple languages on InvestSmart®'s Facebook, Instagram, and Twitter, which have more than 70,000 followers.



COLLABORATIVE EVENTS

The SC and InvestSmart® also participated in collaborative events organised by other agencies/institutions. These events were:

IOSCO World Investor Week 2021 (4 – 10 October 2021)

The SC participated as a speaker in the pre-recorded regional webinar created in conjunction with IOSCO's World Investor Week 2021 held from 4 to 10 October 2021.

The regional webinar included speakers from the Investor and Financial Education Council of Hong Kong, the Securities and Exchange Board of India, and the Monetary Authority of Singapore. The speakers discussed observations on investment scams and financial education initiatives. Also discussed were other measures undertaken to address some of the challenges faced and areas of focus for investor education and protection in relation to fraud and scam prevention.



InvestSmart® @ Arus Academy's Demo Kelas – Celik Kewangan

InvestSmart® participated in a *Demo Kelas – 'Celik Kewangan'* in conjunction with the Global Money Week 2021. A 30-minute video was showcased as a teaching tool for teachers, featuring 5 guest speakers deliberating on various topics based on 'Celik Kewangan' modules for school children. InvestSmart® did a 6-minute pre-recorded session in Bahasa Malaysia and answered 3 questions on the assigned topic of savings and investment. The session was attended by 566 participants.

InvestSmart® @ RinggitPlus' Personal Finance Masterclass

InvestSmart® was invited to speak on investment scams at the RinggitPlus' virtual Personal Finance Masterclass (PFM) titled 'Helping Malaysians to be Money Smart' on 26 March 2021 in conjunction with the Global Money Week 2021, and another PFM session held on 1 April 2021, titled '*Membantu Rakyat Malaysia Menjadi Bijak Wang Memahami Penipuan Pelaburan Di Dunia Siber*'. A total of 196 participants attended both sessions.

InvestSmart® @ Malaysia Financial Planning Council – My Money and Me Programme

SC once again participated in Malaysia Financial Planning Council's (MFPC) online My Money and Me Programme for 2021. MFPC organised 6 online workshops starting from 27 March 2021, targeting participants nationwide. The workshop aimed to promote the importance of financial planning and cultivate good saving habits and smart investment culture among the youth. InvestSmart® presented a topic on '*Perkara-Perkara Asas Dalam Pelaburan and Bagaimana Mengelakkan Skim Penipuan Pelaburan*'. The 6 workshops attracted 3,626 participants.



InvestSmart® @ Sembang-sembang Amanah Saham Nasional Bhd

Amanah Saham Nasional Bhd (ASNB) has been conducting the '*Sembang-Sembang ASNB*' webinar series for the public since early 2020. InvestSmart® was invited to speak at the following 2 sessions attended by 248 participants:

- 16 April 2021 – '*Skandal Penipuan Terbaru dalam Dunia Pelaburan (Anti Penipuan)*'; and
- 27 August 2021 – '*Apakah Clone Scam dan Bagaimana Langkah Pencegahan?*'.

InvestSmart® @ Pusat Wanita Berdaya Selangor DUN Bukit Gasing

On 17 June 2021, InvestSmart® was invited to give a talk titled 'Avoid Investment Scams: Learn How'. YB Rajiv Rishyakaran, the State Assemblyman for Bukit Gasing gave the welcoming remarks. The online session was attended by 15 participants and also live-streamed on Facebook.

InvestSmart® @ Malaysia Digital Economy Corporation #SayaDigital

InvestSmart® was invited to speak at 2 webinars by Malaysia Digital Economy Corporation (MDEC) under its '*#SayaDigital*' campaign. A total of 270 participants attended the 2 webinars on the followings dates and topics presented were:

- 21 August 2021 – '*7 Langkah Elak Jadi Mangsa Skim Penipuan Pelaburan*'; and
- 26 November 2021 – '*Skim Penipuan Pelaburan Di Alam Siber*'.



InvestSmart® @ Arus Academy – ‘Guru Celik Kewangan Masterclass’

InvestSmart® was invited by Arus Academy again on 4 September 2021 to speak at its Masterclass session on the topic titled ‘*Silap Labur Duit Lebur*’. This session, which was attended by 25 teachers, is part of a financial literacy certification programme for teachers.

InvestSmart® @ BNM's Virtual Sarawak Financial Awareness 2021

Virtual Sarawak Financial Awareness (ViSFA) 2021 was held to promote greater awareness on current issues in relation to financial services and financial consumer well-being as a whole. On 5 October 2021, InvestSmart® was invited to be a speaker on the topic of ‘Illegal Investment Schemes – Jurisdictions and Challenges’. The session was attended by 468 participants.

InvestSmart® @ BNM's Siri Webinar Penipuan Kewangan

A webinar series organised by BNM's *Amaran Scam* team from October to November 2021. The SC was invited to be a panellist on the topic of ‘*Skim Cepat Kaya: Dijanjikan Keuntungan Berganda, Biarlah Berpada*’. The session, held on 13 October 2021, was attended by 579 participants via *Amaran Scam*'s Facebook live.

Siri Webinar Penipuan Kewangan
Soal. Sekat. Sebar

Skim Cepat Kaya: Dijanjikan Keuntungan Berganda, Biarlah Berpada
Ikuti sesi webinar ini untuk kenal, faham dan mendapat tip-tip melindungi diri daripada menjadi mangsa penipuan kewangan

Panelis:
Abhi Panel: Kamarul Rozman Nordin, Penolong Pengurus Besar Suruhanjaya Sekuriti
Abhi Panel: Haslun Hashim, Timbalan Pengarah Bank Negara Malaysia
Abhi Panel: Dr. Ahmad Rizal bin Mazlan, Dekan Penyelidikan dan Jaminan Industri UIAM, Kuala Lumpur

Moderator: Fiza Sabahan

Rabu, 13 Okt. 2021
8:30 m.m. - 9:30 m.m.
FB LIVE Amaran Scam
RSVP : <https://fb.me/e/1Mfa05TES>

Hadiah menarik menanti anda

FEN **BANK NEGARA MALAYSIA** **AMARAN SCAM**

InvestSmart® @ the Federation of Investment Managers Malaysia Annual Conference 2021

The Federation of Investment Managers Malaysia (FIMM) Annual Convention is FIMM's flagship event where unit trust UTS and PRS consultants, members of the investment management industry, and the public come together to share, learn, and discuss impactful topics across the fund management industry. InvestSmart® was invited to give a talk on the topic ‘Know your rights as an investor’. The online session was attended by 650 participants.

InvestSmart® @ Amazing Seniors by Hire Seniors

Amazing Seniors is a platform that eases connectivity and communication between individuals aged 50 and above, providing all the relevant and necessary services to cater to their needs and interests. The platform was launched by Hire Seniors, a social enterprise focusing on connecting mature and experienced professionals, senior citizens, and retirees to suitable employment with companies in need of talent and experience. The launch was carried out with a 3-day event themed ‘Life begins at 50’ and InvestSmart® was invited to give a talk on ‘Avoid Investment Scam: Learn How’ on 12 November 2021. The session was attended by 190 participants.

AMAZING SENIORS

LIFE BEGINS AT 50
zoom 2pm-5pm | 12.11.2021

How to protect your sight while getting wiser
Dr. Wilson Wong, Ulu Kasean (Ophthalmologist) (HOBAS)
2.00PM

Positive Aging Through Healthy Joints
Dr. Suhail Suresh, Sunway Medical Centre
3.00PM

Avoid Investment Scams: Learn How
Jeanette George, Securities Commission Malaysia
4.00PM

Common eyelid problems in elderly & Age-related macula degeneration
Dr. Tai Lai Yung / Dr. Wong Hon Seng, Ocular Eye Specialist
5.00PM

Lucky Draw
WORTH UP TO
RM 10,000

REGISTER NOW
<https://amazingseniors.my/events/1>

AMARAN SCAM

Financial Education Network

FEN Webinar for School Principals and Headmasters

The SC led the FEN Secretariat to organise a series of financial literacy webinars for school principals and headmasters in Malaysia. The webinar series was organised in collaboration with the Ministry of Education and Institut Aminuddin Baki (IAB), the training institute for school principals and headmasters.

The SC kick-started the webinar series on 7 September 2021 with the topic '*Skim Penipuan Pelaburan Terkini dan Langkah untuk Menjadi Pelabur Bijak*'. The SC subsequently organised another 2 webinars on 27 October 2021 and 25 November 2021 with speakers from BNM and AKPK respectively. During these 2 webinars, the SC took the opportunity to share anti-scam awareness messages with the attendees. The 3 webinars were attended by 1,688 school principals and headmasters via Zoom and YouTube live.



Financial Literacy Month 2021

This year's FLM 2021 was once again held throughout the month of October 2021 with the theme '*Navigate Your Finances: Stay Safe, Act Wisely/Tentukan Hala Tuju Kewangan Anda: Jaga Diri dan Bertindak dengan Bijak*'. On 7 October 2021, the SC as Co-Chair of FEN appeared on 'TV3's Malaysia Hari Ini' to create awareness on FLM 2021 and share insights on planned initiatives during the month. FLM 2021 was launched by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Finance.



The SC also participated in the FLM 2021 FINALE which was anchored by BNM. FLM 2021 FINALE was a 3-day virtual event held from 29 to 31 October 2021 which garnered 8,202 registrations. Various initiatives on financial education topics ranging from financial management and planning, protection, and financial scams were covered during this event. There were over 40 exhibitors and advisory services with various agencies. The SC took up a virtual booth and engaged with 1,281 visitors.

COMPLAINTS AND ENQUIRIES

In 2021, the SC received:

1,857
Complaints

3,464
Enquiries

Table
1

Complaints and enquiries

Type	2021	2020	2019
Complaints	1,857	1,482	821
Enquiries	3,464	2,193	1,336

Chart
1

Classification of complaints

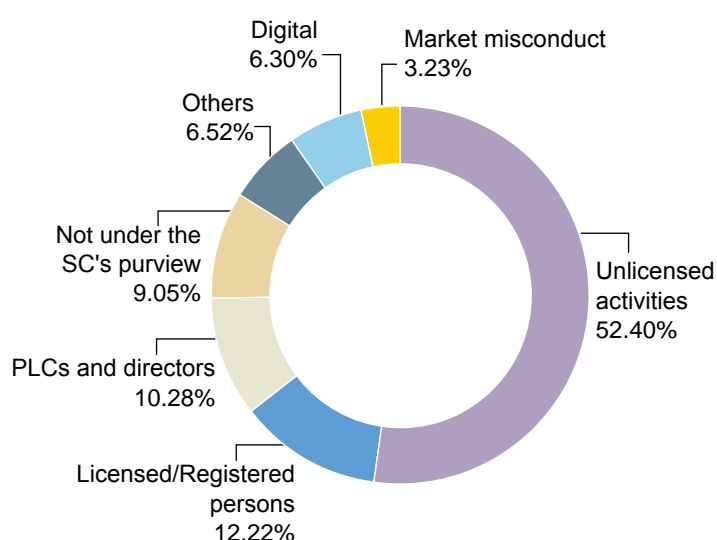
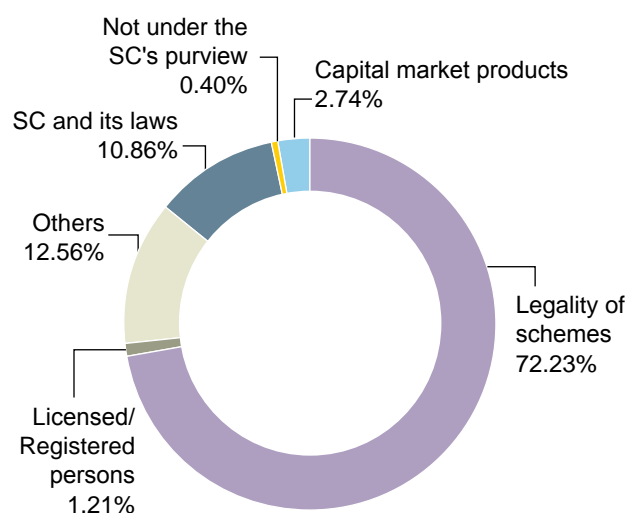


Chart
2

Classification of enquiries



PEOPLE

In the second year of navigating the new normal, the SC was better prepared to efficiently respond to the various evolving changes in 2021. While it proved to be a challenging year with the extended remote working arrangement, the SC continued to lead various initiatives to assist and support employees. The bar for people practices was raised and put to the test. These reaffirmed the SC's strategies, aligned to the core purpose of serving, developing, and retaining its people. Agility was one of the capabilities required to be able to quickly adapt to the changes in the marketplace.

One of the biggest effects of the pandemic has been reduced human (face-to-face) interaction due to the adoption of the hybrid-working model. To assure assimilation and reintegration among employees, the SC developed and implemented a wide range of modified policies, programmes, and procedures. This included instituting remote work arrangements to keep employees safe. At the same time, automated HR work transactions were further enhanced to manage critical HR transactions via online workflow systems. The SC also digitised some of the work processes and systems to enable operational continuity across the board. Virtual learning interventions were conducted to enhance professional skills and to further hone the skillsets of a model regulator.

RECRUITMENT AND TALENT MANAGEMENT

Recruitment and onboarding sessions were conducted virtually and web-based assessment tools were used widely. This initiative ensured continuity of people resources and resulted in the recruitment of 104 candidates, of whom 86 were experienced hires and 18 Graduate Management Executives (including 6 returning scholars). In addition, the SC awarded career

progression opportunities to strong performing employees, testifying to the SC's recognition and reward efforts.

The SC also continued to provide opportunities for young graduates to gain knowledge and work experience in a regulatory environment. A total of 30 undergraduate students completed their internships in 2021.

In continuing the SC's talent management efforts, 8 employees were assigned for secondment or attachment programmes to gain greater learning, broaden work experience, and inculcate knowledge sharing. The SC also hosted 1 personnel from an enforcement agency under the regulatory attachment programme.

Adapting to the new norms of online learning and development, 99% of the SC's employees attended various programmes ranging from workshops to seminars and conferences, which demonstrated that employees are adapting well in continuously equipping themselves with the relevant digital skills and knowledge to face the evolving working landscape. Given the gravitating need towards digital technology, the SC introduced a Digital Curriculum whereby employees were required to complete 7 modules – 6 for executives and above, and 1 for non-executives. The components of the curriculum covered areas such as data analytics, digital assets, fintech, RegTech, SupTech, and the SC's digital initiatives.

Having deferred the SC Scholarship Awards for 2 years, the selection process was reinitiated with a targeted approach, focusing on specific skill requirements to build a pipeline of future-ready regulators. For the year 2021 batch, a total of 10 high-potential students will be awarded scholarships by the first quarter of 2022.

GENDER & DIVERSITY

HEADCOUNT

788

(As at 31 December 2021)

GENDER



MALE

46.1%



FEMALE

53.9%

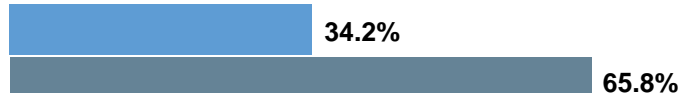
EMPLOYEE CATEGORY

Male Female

1.7% Top Management



32.9% Middle Management



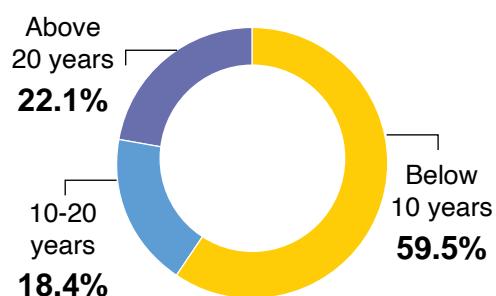
43.7% Executive



21.7% Support



YEARS OF SERVICE



EMPLOYEE AGE GROUP

