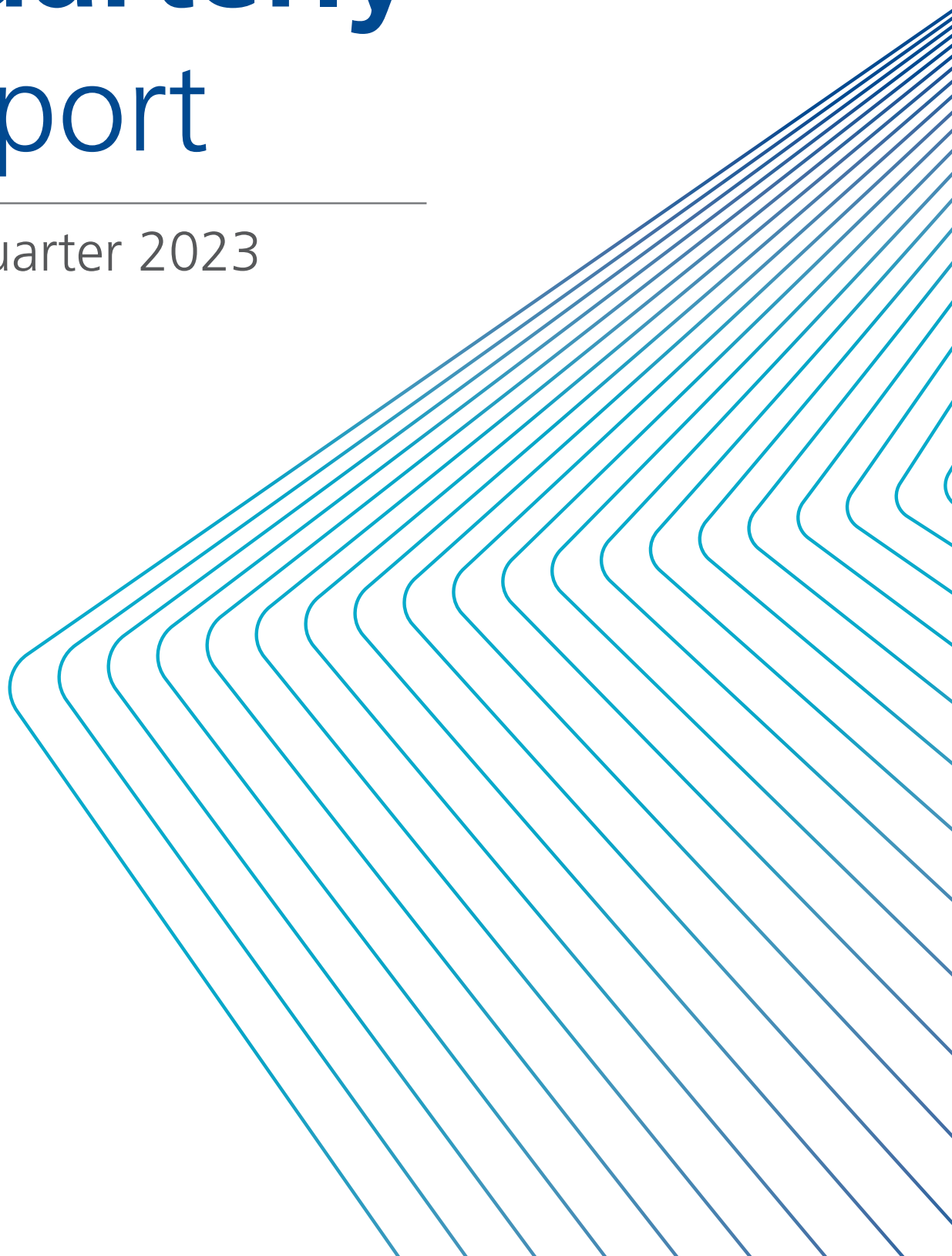




Suruhanjaya Sekuriti
Securities Commission
Malaysia

Quarterly Report

3rd Quarter 2023



Securities Commission Malaysia

3rd Quarter 2023

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KEY HIGHLIGHTS

SIZE OF CAPITAL MARKET AND FUNDRAISING

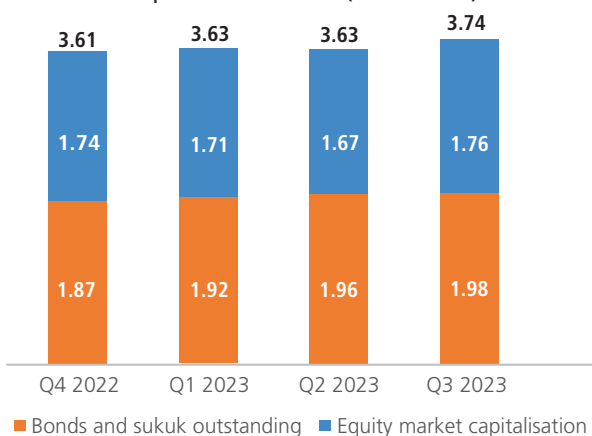
+3.12%
Q3

The size of the capital market expanded in Q3 2023, with the increase in the equity market capitalisation and growth in bonds and sukuk outstanding.

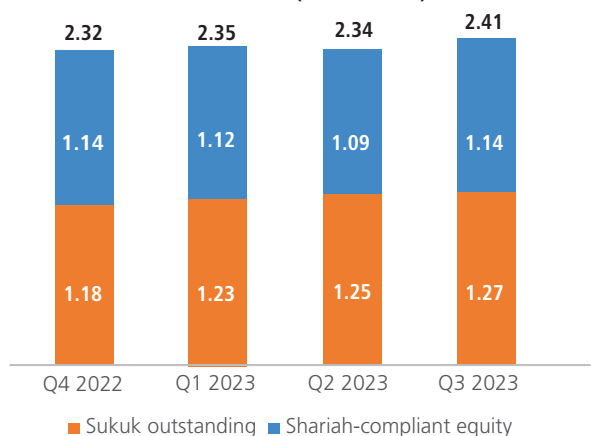
+2.81%
Q3

The size of the Islamic capital market (ICM) saw growth in Q3 2023, following an increase in the Shariah-compliant equity market capitalisation and a rise in outstanding sukuk.

Capital market size (RM trillion)



Size of ICM (RM trillion)*



Q4 2022	Q1 2023	Q2 2023	Q3 2023
+4.27%	+0.52%	+0.03%	+3.12%

Q4 2022	Q1 2023	Q2 2023	Q3 2023
+5.55%	+1.13%	-0.39%	+2.81%

Quarterly growth

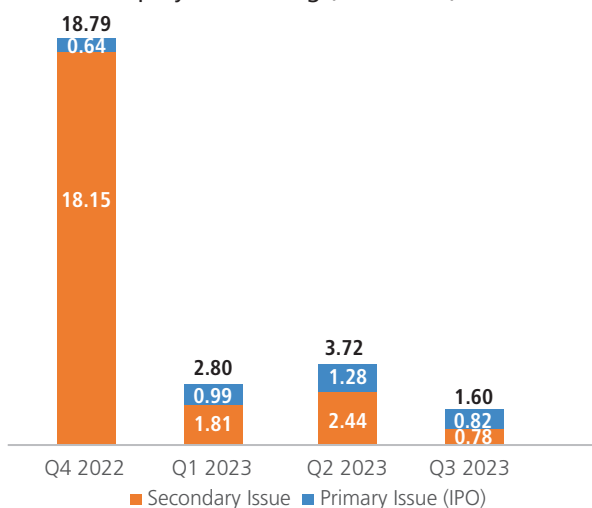
-56.99%
Q3

Total equity fundraising experienced a decline in Q3 2023, primarily due to a large drop in secondary issuances.

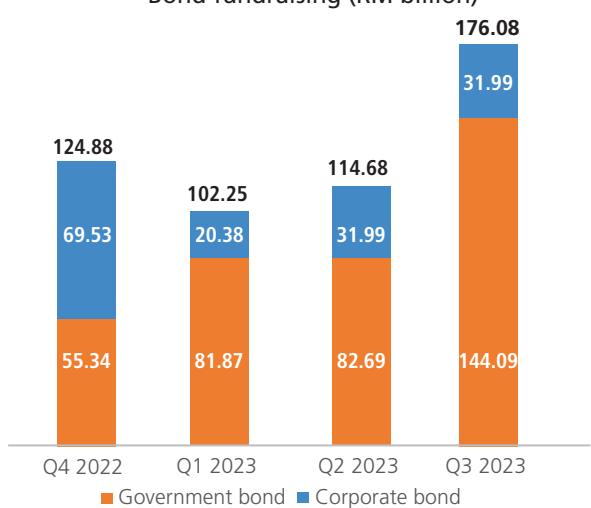
+53.55%
Q3

Overall bond fundraising increased in Q3 2023 due to higher government bond issuances.

Equity fundraising (RM billion)*



Bond fundraising (RM billion)*



Q4 2022	Q1 2023	Q2 2023	Q3 2023
+1,190.72%#	-85.08%	+32.73%	-56.99%

Q4 2022	Q1 2023	Q2 2023	Q3 2023
+5.55%	-18.12%	+12.15%	+53.55%

Quarterly growth

Note:

* Due to the rounding, numbers presented throughout this document may not add up precisely to the total provided and percentages may not precisely reflect the absolute figures.

The significant quarter-on-quarter (q-o-q) growth is due to the completion of the merger between Celcom Axiata Bhd and Digi.com Bhd in Q4 2022 (*special issue of RM16.06 billion).

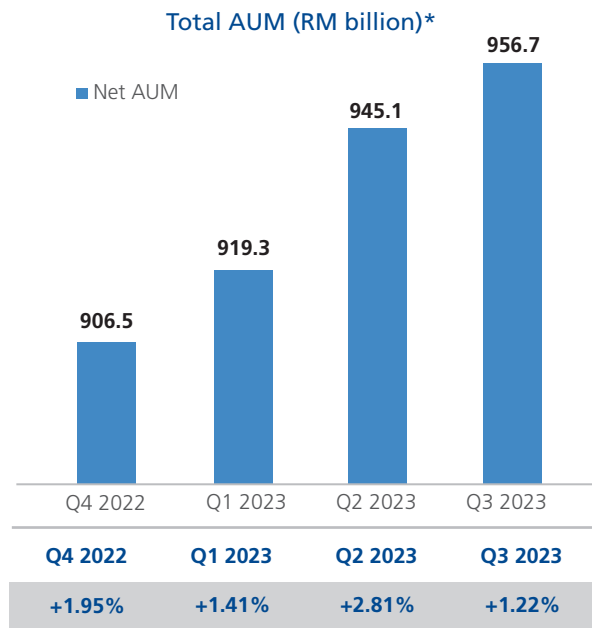
KEY HIGHLIGHTS

ASSET UNDER MANAGEMENT

Key Highlights

Assets under management (AUM) saw growth in Q3 2023, driven by higher valuation from various asset classes, namely foreign equities.

+1.22%
Q3



Quarterly growth

Note:

* Due to the rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

ENHANCE BREADTH AND DEPTH OF THE CAPITAL MARKET

Enabling greater fundraising avenues and enhanced market vibrancy



Enabled offering of **fractional share trading** to increase affordability and flexibility for investors in the public market



Signed a **Memorandum of Understanding (MOU) with SME Corp** to create 200 capital-market ready SMEs, and strengthen 300 SMEs' familiarisation with sustainability and governance



Introduced **Foreign Exempt Scheme Framework** to provide high-net-worth entities and institutional investors greater onshore access to foreign investment funds



Engaged fund management companies to identify potential opportunities and issues in the fund management industry

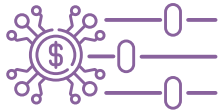


Facilitated amendments to Bursa Rules and Listing Requirements to ensure equal opportunities for market participants via the **harmonisation of the framework for proprietary day traders and salaried dealer's representatives**

KEY HIGHLIGHTS

ENHANCE BREADTH AND DEPTH OF THE CAPITAL MARKET

Expanding the ICM ecosystem



Commenced **FIKRA ACE Accelerator Programme** featuring 21 local and global fintech companies to foster innovative solutions towards advancing Islamic finance.



Organised the **Waqf and Islamic Capital Market Conference and Roundtable** in collaboration with USM, DRB-HICOM University, and FELDA, gathering over 200 stakeholders towards enhancing the role of Islamic social finance in tackling societal challenges.



Organised the **14th SC-OCIS Roundtable** themed 'Investing towards the Common Good: Impact Stewardship and Ethical Considerations' to promote and drive thought-leadership in advancing global development of the ICM.



Facilitated talent development in ICM through the **Islamic Capital Market Talent Development Programme** concluding in 2023, where over 1,000 graduates were produced since 2009 where more than 84% have found employment after graduation.

FACILITATE THE NATIONAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE AGENDA

Enhancing the multi-stakeholder ecosystem for environmental, social and governance and sustainable and responsible investment



Established a **consultative group comprising cross-segment of stakeholders** to solicit feedback on key issues and considerations to develop Malaysia's National Sustainability Reporting Framework.



Held the **11th Joint Committee on Climate Change (JC3)** meeting towards reviewing the progress and action plans of JC3 and held discussions on the SME Focus Group's role in enhancing awareness, certification, and SME disclosures, as well as the financial sector's role in facilitating the National Energy Transition Roadmap's initiatives towards a sustainable and inclusive energy system.



Commenced the **Mandatory Accreditation Programme Part II: Leading for Impact Programme** with 940 directors registered for sessions in 2023.

KEY HIGHLIGHTS

STRENGTHEN INVESTOR EMPOWERMENT AND LITERACY

Enhancing financial literacy



Continued to promote investment literacy and raise awareness on scams and unlicensed activities through **13 InvestSmart programmes**, including the *Agen Bijak Labor Desa (ABJAD)* program, which reached out to 12,500 participants in rural areas.



Leveraged digital media platforms to **raise awareness on capital market products and services, scams and unlicensed activities**, reaching out to more than **8 million users online year to date (YTD)**

Increasing investor options



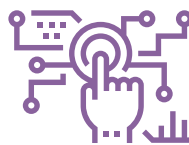
Introduced flexibility for **wholesale fund managers to invest in alternative investment products** beyond the current conventional assets such as securities, derivatives, money market instruments and deposits



Increased investment options by allowing **secondary listing of non-plain vanilla foreign exchange-traded funds (ETFs)**

ENHANCE MARKET EFFICIENCY

Managing Technology Risk



Issued the **Guidelines of Technology Risk Management (GTRM)** to promote robust and sound technology risk management practices among capital market entities

MARKET REVIEW AND OVERVIEW

GLOBAL OVERVIEW

The performance of the global capital market was weaker in Q3 2023, amid the ongoing effects of tighter global monetary policy, persistent underlying inflationary pressure, ongoing geopolitical tensions, and sustained weakness in the Chinese economy. Global bond yields ended mostly higher, as major central banks signalled strong commitments to continue raising interest rates or keep them at elevated levels for a prolonged period, to restore price stability.

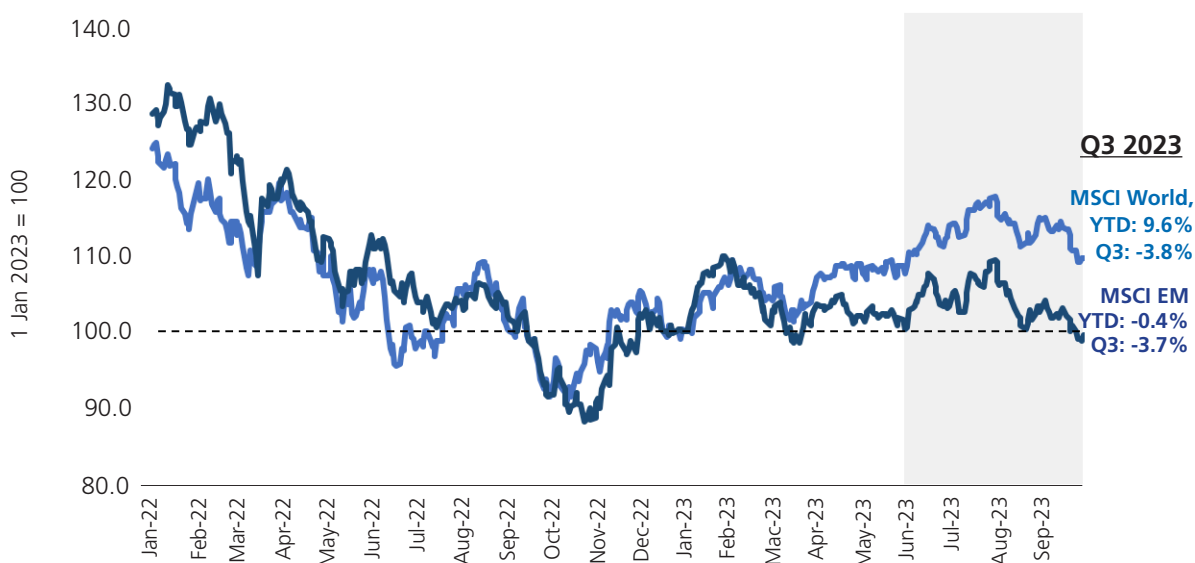
In global equities, the MSCI World index ended lower by -3.83% quarter-on-quarter (q-o-q) in Q3 2023 (Q2 2023: 6.28%), marking the first quarterly decline since Q3 2022. The S&P 500 and Euro Stoxx 50 fell by -3.65% q-o-q and -5.10% q-o-q respectively (Q2 2023: 8.30% and 1.95%), as investor sentiment was weighed down by the shift in expectations towards a prolonged period of higher global interest rates and increasingly challenging global economic conditions. The VIX Index, a gauge of US equity market volatility, jumped to 26.9 on 26 September, the highest level since June 2023, signalling heightened risk in the equity market. The MSCI Emerging Markets index ended Q3 2023 lower by -3.71% q-o-q (Q2 2023: -0.08%) amid concern over China's economic weakness, especially in the real estate sector. Concurrently, Chinese local corporate bond defaults reached their highest levels since the beginning of the year, prompting calls for government measures to stabilise the economy. The Nikkei 225 meanwhile reversed some of its earlier gains and declined by -4.01% but remained significantly higher by 22.09% in the year-to-date (Q2 2023: 18.36%).

Meanwhile, global sovereign bond yields broadly increased in Q3 2023 as persistent underlying inflationary pressure prompted major central banks to strengthen their commitments to keep interest rates at elevated levels, despite slowing down their pace of monetary policy tightening. The US Federal Reserve (Fed) raised the federal funds rate by 25 basis points (bps) to 5.50% at its Federal Open Market Committee (FOMC) meeting in July 2023, but kept it unchanged at the subsequent FOMC meeting in September 2023. Similarly, the Bank of England (BOE) increased its policy rate by 25-bps to 5.25% in August 2023 and held it unchanged in September 2023. Meanwhile, the European Central Bank (ECB) raised its benchmark refinancing rate by a cumulative 50-bps to 4.5% during Q3.

The UST 10-year yields rose by 76.40-bps q-o-q to 4.57% (Q2 2023: 3.81%), while the German Bund and UK Gilt 10-year yields increased by 44.40-bps q-o-q and 5.50-bps q-o-q to 2.84% and 4.44% respectively in Q3 2023 (Q2 2023: 2.39% and 4.39%). In Asia Pacific, the Japanese 10-year government bond yields rose by 36.70-bps q-o-q to 0.76% (Q2 2023: 0.40%). Meanwhile, EM sovereign bond yields ended similarly higher during Q3 2023, mirroring the performance of the global bond market.

Chart 1

MSCI World vs. MSCI EM performances



Source: Refinitiv Datastream.

Table 1

Performance of global equities by selected major markets

Selected major equity markets (% change from preceding period)	2022	Q1 2023	Q2 2023	Q3 2023	YTD
MSCI World	-19.46	7.25	6.28	-3.83	9.63
MSCI Emerging Markets	-22.37	3.55	-0.08	-3.71	-0.38
S&P 500	-19.44	7.03	8.30	-3.65	11.68
Euro Stoxx 50	-11.74	13.74	1.95	-5.10	10.04
UK FTSE	0.91	2.42	-1.31	1.02	2.10
Nikkei 225	-9.37	7.46	18.36	-4.01	22.09

Source: Refinitiv Datastream.

Table 2

Performance of global bonds by selected major markets

Selected major bond markets (bps change from preceding period)	2022	Q1 2023	Q2 2023	Q3 2023	YTD
US Treasury 10-year	233.30	-35.00	32.80	76.40	74.20
German Bund 10-year	274.10	-25.20	8.40	44.40	27.60
UK Gilt 10-year	269.70	-18.00	89.80	5.50	77.30
Japanese Government Bond 10-year	34.80	-6.40	4.30	36.70	34.60

Source: Refinitiv Datastream.

DOMESTIC REVIEW

The performance of the domestic capital market was mixed in Q3 2023, with the local bourse being supported by improved investor sentiment amid recent policy announcements by the government that signalled a commitment towards improving medium-term growth prospects. However, further gains in the local bourse were capped, especially towards the end of the review period, by indications of challenging macroeconomic conditions, including the announcement of weaker-than-expected Malaysian real gross domestic product (GDP) growth of 2.9% year-on-year (y-o-y) in Q2 2023 and concerns of spillover effects from China's economic weakness. Meanwhile, the local bond market was influenced by a reassessment of the global interest rate environment given still-elevated underlying global price pressures.

The FBMKLCI rebounded by 3.45% q-o-q to 1,424.17 points in Q3 2023 (Q2 2023: -3.23%; YTD: -4.77%), while the broader FBMEMAS index rose by 4.35% q-o-q to 10,582.27 points (Q2 2023: -2.67%; YTD: -1.11%). In terms of market capitalisation, the size of the local bourse expanded by 5.47% q-o-q to RM1.76 trillion in Q3 2023 (Q2 2023: RM1.67 trillion). Meanwhile, domestic bond yields ended higher, even as Bank Negara Malaysia (BNM) maintained the overnight policy rate (OPR) at 3.00% at its Monetary Policy Committee (MPC) meetings in July and September 2023. The overall Malaysian Government Securities (MGS) yield curve shifted upwards during Q3 2023, with yields increasing between 6.5 and 17.4 bps across the 1-year to 20-year notes.

In terms of capital flows, foreign investors turned net buyers of Malaysian equities in Q3 2023 amounting to RM2.23 billion (Q2 2023: -RM2.33 billion). Correspondingly, local institutions and retail investors were net sellers to the tune of -RM1.15 billion (Q2 2023: RM1.95 billion) and -RM1.08 billion (Q2 2023: RM372.23 million), respectively. Meanwhile, the local retail participation rate averaged 27.27% in terms of value traded in Q3 2023 (Q2 2023: 27.85%). The local bond market, meanwhile, witnessed lower foreign net inflows, amounting to RM1.82 billion in Q3 2023 (Q2 2023: RM9.77 billion). On the currency front, the ringgit depreciated against the US dollar by -0.59% q-o-q to RM4.70 during Q3 2023 (Q2 2023: RM4.67).

Table 3

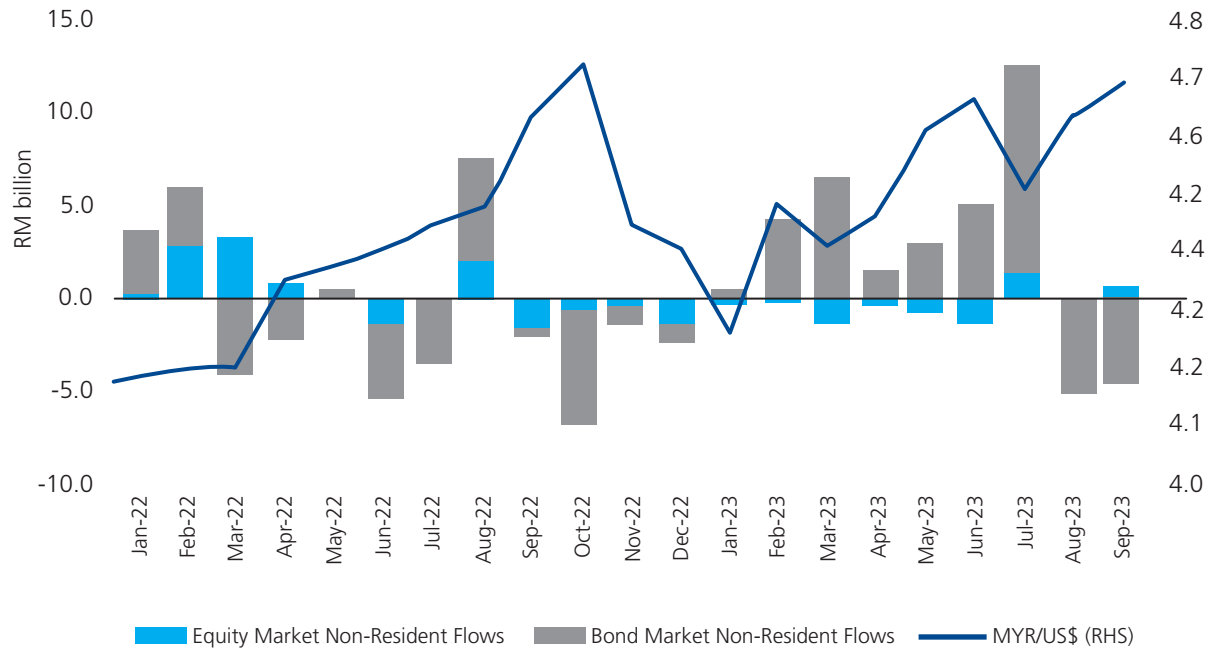
Domestic and regional market performance

Regional indices (% change from preceding period)	2022	Q1 2023	Q2 2023	Q3 2023	YTD
Malaysia FBMKLCI	-4.60	-4.87	-3.23	3.45	-4.77
Singapore STI	4.09	0.23	-1.63	0.36	-1.04
Thailand SET	0.67	-3.57	-6.59	-2.11	-11.82
Philippines PCOMP	-7.81	-1.02	-0.49	-2.27	-3.73
Indonesia JCI	4.09	-0.66	-2.11	4.17	1.30

Source: Refinitiv Datastream.

Chart 2

Non-residents' portfolio flows and ringgit exchange rate



Source: BNM, Bursa Malaysia Bhd.

KEY DEVELOPMENTS

HIGHLIGHTS

- As at end Q3 2023, the size of the Malaysian bond and sukuk market stood at RM1,979.13 billion, representing an increase of 7% from Q3 2022.
- On 15 September 2023, the SC entered a Memorandum of Understanding (MOU) with the SME Corporation Malaysia (SME Corp) to catalyse micro, small, and medium enterprises (MSMEs) access to capital market financing.
- On 29 August 2023, the SC introduced the Foreign Exempt Scheme (FES) framework to provide high-net-worth entities (HNWEs) and institutional investors greater onshore access to foreign investment funds.
- On 5 September 2023, FIKRA ACE – the Accelerator programme commenced with participants from 21 local and global fintech companies.

CORPORATE BOND AND SUKUK ISSUANCES

At the end of Q3 2023, the size of the Malaysian bond and sukuk market stood at RM1,979.13 billion, representing a 7% increase from Q3 2022. Government bonds accounted for RM1,142.16 billion or 58% of total bonds outstanding while corporate bonds constituted the remaining amount of RM836.97 billion or 42%. Total outstanding sukuk stood at RM1,261.44 billion or 64% of the total bond market (Q3 2022: RM1,176.73 billion).

The issuance of corporate bonds amounted to RM31.93 billion in Q3 2023. Of this total, RM26.59 billion or 83% comprised sukuk issues while conventional bonds constituted the remaining RM5.34 billion or 17%. Total issuance in Q3 2022 amounted to RM31.31 billion.

As at end September 2023, foreign investment in the bond market amounted to RM269.74 billion which represented a 6% increase from Q3 2022. Total foreign investment is presently equivalent to 14% of total outstanding bonds.

MARKET REGULATIONS

AN SC-SME CORPORATION MALAYSIA COLLABORATION AND MEMORANDUM OF UNDERSTANDING

The SC entered into an MOU with the SME Corp to catalyse MSMEs access to capital market financing. SME Corp is the central co-ordinating agency under the Ministry of Entrepreneur and Cooperatives Development that co-ordinates the implementation of development programmes for MSMEs across all related ministries and agencies. On 15 September 2023, a signing ceremony was held at the SC, where the MOU was inked by the SC Chairman, Dato' Seri Dr. Awang Adek Hussin and SME Corp Chief Executive Officer (CEO), Rizal Nainy.

The MOU, which builds upon the common priorities of the SC and SME Corp, aligns with the SC's vision to foster a vibrant and resilient capital market that is inclusive and able to cater to the different financing needs of MSMEs. It also signifies the commitment of the SC and SME Corp in supporting the expansion and resilience of MSMEs, a key engine of growth.

This 3-year collaboration between the SC and SME Corp aims to create about 200 capital market-ready MSMEs by 2026 and to strengthen the familiarity of 300 MSMEs with sustainability disclosures and corporate governance best practices.

LAW REFORM AND SECURITIES REGULATION

Issuance of Guidelines on Technology Risk Management

On 1 August 2023, the SC issued the *Guidelines on Technology Risk Management* (GTRM) that aims to promote robust and sound technology risk management practices among capital market entities. The GTRM will be applicable to all capital market entities licensed, registered, approved, recognised or authorised by the SC.

The GTRM sets out requirements on the following key areas:

- (a) Establishment and implementation of an effective technology risk framework;
- (b) Technology project management;
- (c) Technology service provider management; and
- (d) Cyber security management.

To allow sufficient time for capital market entities to familiarise and make the necessary preparation for compliance with the requirements, the GTRM is expected to come into effect in Q3 2024.

Amendments to Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives

On 7 September 2023, the SC issued the revised *Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives* (SBC Guidelines) to enable the offering of fractional share trading service by a stockbroking company for shares listed on Bursa Malaysia Securities Bhd. The provision of such service is expected to increase affordability and flexibility for investors to enter the capital market.

The amendments to the SBC Guidelines were made to provide the framework and requirements on the offering of fractional share trading service which include, among others, the following:

- (a) Implementation of adequate systems, policies, and procedures by a stockbroking company to ensure fair treatment of customers' orders, price transparency, and proper supervision of the fractional share trading service; and
- (b) Provision of notification to the SC prior to offering of the fractional share trading service as well as an obligation to furnish a monthly report to the SC for continued monitoring of the fractional share trading.

The revised SBC Guidelines took effect on 7 September 2023.

Amendments to the Guidelines for the Offering, Marketing and Distribution of Foreign Funds and Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework

On 29 August 2023, the SC issued the revised *Guidelines for the Offering, Marketing and Distribution of Foreign Funds* (OMD Guidelines) and *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* (UCMP Guidelines). The revisions were made to, among others–

- (a) introduce the FES framework which allows the offering, marketing and distribution of pre-determined foreign funds to high net-worth entities and non-individual accredited investors of Part 1, Schedules 6 and 7 of the CMSA 2007. The offering will be made under the LOLA framework where the issuer is required to lodge the offering documents with the SC prior to the offering and also submit the statistical data and information relating to the FES annually;
- (b) allow for secondary listing of foreign ETFs on Bursa Malaysia Securities Bhd;
- (c) set out additional obligations relating to the roles and responsibilities of parties involved in a submission of foreign funds to the SC;
- (d) accommodate changes to the ASEAN CIS framework including the admission of the Securities and Exchange Commission (SEC) Philippines as a new signatory and the issuance of the ASEAN Sustainable and Responsible Fund Standards developed by the ASEAN Capital Markets Forum in Malaysia; and
- (e) allow for wholesale funds to invest into a wider range of assets including digital assets and investment accounts offered by Islamic banks regulated by BNM.

The revised OMD Guidelines and UCMP Guidelines took effect on 29 August 2023.

The SC's Approval for Amendments to Bursa Rules and Listing Requirements

Amendments to the *Rules and Directives of Bursa Malaysia Securities Bhd*, *Directives of Bursa Malaysia Derivatives Bhd*, *Participating Organisations' Trading Manual*, *Clearing and Settlement Operational Procedures*, and *CDS Procedures Manual for Authorised Depository Agent*, (collectively, 'Proposed Amendments') in relation to the harmonisation of the framework for proprietary day traders and salaried dealer's representatives trading for investment account and other amendments have been approved by the SC on 22 August 2023.

The Proposed Amendments entail the following:

- (a) The harmonisation of the framework for proprietary day traders (PDT) and salaried dealer's representatives trading for investment account (IVT Traders) (PDT Framework Amendments);
- (b) The threshold for suspension of further short selling of ETF units by an ETF market maker under the Permitted Short Selling (PSS) framework (ETF Amendments); and
- (c) Other amendments for clarification and consistency.

The implementation of the PDT Framework Amendments aims to, among others, facilitate a level playing field for all day trading market participants and to allow equal opportunities for both PDT and IVT Traders, as both market participants are currently subject to different requirements, trading flexibility, profit sharing arrangements and incentive schemes.

Additionally, the ETF Amendments are made to provide further clarifications on the threshold for suspension of PSS of ETF units by an ETF market maker, following the automatic inclusion of all ETF (except for Inverse ETF) admitted on the official list as approved securities for regulated short selling framework.

The SC's Approval for Amendments to the Federation of Investment Managers Malaysia's Rules

Amendments to the Federation of Investment Managers Malaysia Consolidated Rules, Code of Ethics and Circulars

On 5 September 2023, the SC approved the revisions to the Federation of Investment Managers Malaysia's (FIMM's) *Consolidated Rules (FCR)*, *Code of Ethics (COE)* and related circulars. The revisions arose from the changes and developments that have taken place in the unit trust and private retirement scheme industry and to address gaps found in the existing requirements based on feedback received from various regulatory activities and industry events carried out by FIMM during the past years.

The key amendments for the FCR include, among others–

- (a) to allow institutional unit trust advisers (IUTA) and institutional private retirement scheme advisers (IPRA) to form multi-tiered agency structure of up to 3 tiers (i.e. agency manager, agency supervisor and agent) subject to certain controls such as–
 - (i) develop and allocate sufficient resources to mitigate risks in handling transactions, including transactions under the nominee system and managing the agency force;
 - (ii) develop internal system, policies and procedures, controls and proper records in administering and monitoring consultant's accountability including identifying clear roles and functions for consultants at respective tiers, ensure sufficient training among junior level consultants, determine tier position and downlines, perform evaluation at the respective tier; and
 - (iii) eligible IUTA or IPRA is required to attest to additional questions in their annual compliance review.
- (b) to enable FIMM to take enforcement action against distributors or consultants who have contravened FIMM's rules without according the full due process for less serious breach where there is an admission of misconduct; and
- (c) to require potential consultants to ensure that information provided for purpose of registration with FIMM are true, current and accurate; and
- (d) to clarify one of the obligations imposed on distributors to ensure that potential consultants fulfil the eligibility requirements and information provided are current and accurate prior to submission to FIMM.

For the COE, the key amendments include–

- (a) to clarify that financial institutions specified as ‘registered persons’ in Part 1, Schedule 4 of the CMSA 2007 be allowed to accept cash or cash deposits from investors subject to additional controls, among others, as follows:
 - (i) Only counter tellers are permitted to conduct cash transactions;
 - (ii) Consultants of the financial institutions are not allowed to accept cash or cash deposits at the premise or branches; and
 - (iii) Proper internal controls must be in place; and
- (b) to require the distributor to inform investors that the distributor had exercised all available free switching options under the unit trust scheme or private retirement scheme before imposing any switching fees or charges on the investor.

MARKET DEVELOPMENT

CORPORATE GOVERNANCE

3rd Advisory Committee on Sustainability Reporting Meeting

On 28 July 2023, the 3rd Advisory Committee on Sustainability Reporting (ACSR)¹ meeting was held at the SC. At the meeting, the ACSR agreed to establish a Consultative Group to facilitate soliciting the ACSR’s feedback on key issues and considerations, relevant to the development of Malaysia’s National Sustainability Reporting Framework (NSRF).

The Consultative Group was formed on 11 September 2023 with members comprising a cross-segment of stakeholders including listed companies, assurance providers and the relevant professional bodies and industry associations.

Commencement of the Mandatory Accreditation Programme Part II: Leading for Impact Programme

On 11 and 12 July 2023, the Institute of Corporate Directors Malaysia (ICDM), conducted a two-day virtual pilot run for the Leading for Impact programme (LIP) with the board/senior management of the SC, Bursa Malaysia, ICDM and the Chairman of selected listed companies.

The first session of LIP was conducted from 7 to 10 August 2023, with 14 sessions scheduled to be conducted within 2023. Based on the ICDM’s Registration Report as of 28 August 2023, 940 directors have registered for the sessions in 2023.

¹ The ACSR is a national level inter-agency committee established by the SC with the endorsement from the Ministry of Finance in April 2023, to support the implementation of the IFRS Sustainability Disclosure Standards in Malaysia. Chaired by the SC, the ACSR comprises representatives from Bank Negara Malaysia (BNM), Bursa Malaysia Bhd, the Companies Commission of Malaysia (SSM), the Audit Oversight Board (AOB), and the Financial Reporting Foundation.

Digital Innovation Fund

Recognising the role of capital market players in pushing new frontiers via digitalisation, the Digital Innovation Fund (DIGID) was set up by the SC to co-fund new-to-market, scalable and sustainable innovative solutions. In line with the SC's MSME agenda, a total of RM30 million fund is aimed to support smaller capital market players to develop projects that leverage technology. Additionally, this initiative aims to foster new growth opportunities and competitive propositions within the Malaysian capital market.

In the first half of 2023, DIGID received promising proposals from capital market players of various segments seeking to adopt technologies including artificial intelligence (AI), data analytics and distributed ledger technology (DLT).

In Q3 2023, 5 projects totalling RM2.264 million were selected for the DIGID Award, with solutions as follows:

- (a) Algo-driven Financial Coaching;
- (b) Enriched Credit Scoring with Alternative Data;
- (c) Data-driven Advisory;
- (d) DLT-based Fund Administration Solution; and
- (e) AI-driven Smart Financing.

DIGID continues to encourage more technology-enabled solutions and to explore how they can drive further impact to the capital market.

SCxSC GROW Roadshows

The SCxSC GROW Roadshow is part of the SC's continuous efforts to collaborate with key ecosystem players to harness the potential of ECF and P2P financing to meet the needs of MSMEs in the agriculture sector. The GROW Roadshow aims to bring ECF and P2P financing to the forefront of funding options for MSMEs to support the nation's food security agenda.

- **1st Nationwide SC x SC GROW Workshop with KPKM**

More than 60 officers under the Ministry of Agriculture and Food Security of Malaysia (KPKM) including *Lembaga Pertubuhan Peladang (LPP)*, *Pertubuhan Peladang Negeri Johor*, *Lembaga Perindustrian Nanas*, *Jabatan Perikanan Malaysia*, Federal Agricultural Marketing Authority (FAMA), *Bahagian Pembangunan Industri Tanaman (BPIT)*, *Jabatan Perkhidmatam Veterinar* and *Permodalan Negeri Selangor Bhd* participated in the GROW Roadshow on 24 August 2023. The meeting discussed and explored collaborative initiatives that can widen financing options and boost innovation in the agriculture sector.

- **1st SCxSC GROW and Bioeconomy Corp. Joint Workshop**

Joint workshop to raise awareness on the alternative financing (VC/PE, ECF and P2P financing) among the bioeconomy and agriculture stakeholders. Deeper dive in ECF/P2P financing with agri related companies, agencies and showcasing agriculture ventures for funding opportunities via ECF.

INVESTMENT MANAGEMENT DEVELOPMENT

SC Widens Access, Offers More Choices in Fund Management

On 29 August 2023, the SC introduced the FES framework to provide high-net-worth entities and institutional investors greater onshore access to foreign investment funds. Additionally, the SC also introduced flexibility for wholesale fund managers seeking to invest in alternative investment products beyond the current conventional assets. Amendments were also made to allow for secondary listing of non-plain vanilla foreign ETFs and to provide clarity on expectations regarding the responsibilities of submitting parties for foreign funds.

These measures demonstrate the SC's commitment to enhance the depth and breadth of the capital market. Additionally, these efforts also aim to ensure an effective regulatory regime that facilitates product innovation while fostering an inclusive investment environment for investors with various risk appetites and needs.

These efforts are facilitated through amendments in the *Guidelines for the Offering, Marketing and Distribution of Foreign Funds* and UCMP Guidelines.

Catalysing Growth of the Fund Management Industry

Recognising the need to catalyse growth in the fund management industry, the SC sought to understand areas of opportunity for development through a survey. The survey was developed in consultation with industry experts and disseminated to all SC-licensed fund managers. Responses were received from 68 fund management CEOs across different license types and covered a wide range of areas across the fund management value chain from strategic priorities to client preferences and digitalisation.

Insights from the survey were presented to representatives from the Malaysian Association of Asset Managers (MAAM) and FIMM and recommendation areas were discussed at the Securities Commission Industry Dialogue (SCID) 2023. Following this, the SC will be developing policy recommendations further to catalyse the fund management industry, which will be operationalised through SC-industry working groups.

Dana Penjana Selangor Launch

On 17 July 2023, the SC in collaboration with Penjana Kapital, Permodalan Negeri Selangor Bhd (PNSB) and Selangor Information Technology & Digital Economy Corporation (SIDEK) organised the signing of a MOU to establish Dana Penjana Selangor (DPS) between Penjana Kapital, PNSB and SIDEK. The MOU signing ceremony was held in SC and is a testament of the SC's support for public-private collaboration in the venture capital (VC) and private equity (PE) ecosystem, as well as being aligned with the SC's goal of crowding in capital from various sources into the private markets. In addition, the MOU signing ceremony was held in conjunction with the second Corporate Venture Capital (CVC) programme organised by CMM and Bursa Malaysia on the same day in the SC.

The MOU signing ceremony was attended by 80 representatives from various agencies, startups, and VC/PE firms, and was graced by Deputy Finance Minister II, YB Tuan Steven Sim Chee Keong, and the SC Chairman, Dato' Seri Dr. Awang Adek Hussin. Key takeaways include recognising the effectiveness of strategic partnerships and initiatives such as fund-of-fund (FOF) programmes as an optimal fiscal approach in catalysing investments

by derisking private investors deploying capital into risky startup investments, as evident in the success of Penjana Kapital's VC FoF programme at the Federal level. This model can be replicated at the state level to unlock investments at a more local level, contributing to economic development and enhancing Malaysia's prominence as a startup hub in the region.

Lao Securities Commission Office and Industry Study Visit on VC and PE Development

The SC hosted delegates from the Lao Securities Commission Office (LSCO) on 21-23 August 2023 comprising representatives from LSCO and those within the LSCO industry, to learn about the development of the PE and VC ecosystems in Malaysia. The three-day visit covered Malaysia's VC and PE development journey, relevant SC regulations applicable to VC and PE managers, supervisory approach by the SC and capacity building programmes for professionals in the ecosystem.

Presenters from the Malaysian VC and PE Association (MVCA), Malaysian Business Angels Network (MBAN) and Penjana Kapital also shared insights from practitioners' perspectives on VC and PE operations, angel investor community in Malaysia and government interventions to catalyse the VC ecosystem in Malaysia respectively.

SECURITIES AND DERIVATIVES DEVELOPMENT

Fractional Share Trading

On 7 September 2023, the SC facilitated the offering of fractional trading on shares listed on Bursa Securities by stockbroking companies through amendments to the SBC Guidelines.

The introduction of fractional share trading would allow investors to diversify their portfolio with multiple securities products including stocks. Furthermore, fractional share trading offers greater accessibility to retail investors, particularly the younger generation, to invest in the more expensive blue-chip stocks, at a fraction of the standard board lot value.

To support the orderly development of the capital market, stockbroking companies are required to put in place the necessary controls and systems to safeguard the interests of investors. As required in the SBC Guidelines, stockbroking companies are required to implement adequate systems, policies, and procedures. This is to ensure fair treatment of customers' orders, price transparency, and proper supervision of the fractional share trading service.

Introduction of Bursa Malaysia Derivatives Dalian Commodity Exchange Soybean Oil Futures Contract

On 13 September 2023, the SC granted approval-in-principle for the introduction of soybean oil futures (FSOY) on Bursa Malaysia Derivatives (BMD). The contract is based on a licensing agreement with Dalian Commodity Exchange (DCE).

The proposed introduction of FSOY taps into BMD's current expertise with edible oils, as the exchange provides the global pricing benchmark for crude palm oil through the Crude Palm Oil Futures (FCPO) contract. Having both crude palm oil and soybean oil futures on a single exchange would also result in cross margin savings. Further, to attract participants seeking exposure to Dalian's soybean oil pricing – the contract will be denominated in US\$, which is an international pricing unit.

SUSTAINABLE AND RESPONSIBLE INVESTMENT

Joint Committee on Climate Change

The 11th meeting of the Joint Committee on Climate Change (JC3) was held on 20 September 2023 where the JC3 members were updated on the JC3 sub-committees' deliverables for 2023 and plans moving forward. Members also discussed the proposed deliverables and action plans of the newly established SME Focus Group within JC3, focusing on enhancing awareness, facilitating the relevant certification, and facilitating better disclosures by SMEs.

The JC3 continued to engage with the relevant Ministries. The Ministry of Economy (MOE) provided the meeting with updates on the *National Energy Transition Roadmap* (NETR). At this meeting, members discussed how the financial sector can assist in the implementation of projects outlined in the NETR as well as other Government initiatives.

JC3 Co-Chairs Interagency Meeting with Ministries

On 11 August 2023, the Co-Chairs of JC3 had an interagency meeting with various Ministries, including the Ministry of Finance (MOF), Ministry of Natural Resources, Environment and Climate Change (NRECC), MOE and Ministry of Investment, Trade and Industry (MITI). The meeting discussed developments on sustainability-related policies and initiatives, such as areas of co-operation in the implementation of Government policies and initiatives, the ASEAN initiatives, JC3 pilot projects, and other matters.

Participation in Government Related Committees and Workshops

The SC continues to support various government initiatives by leveraging its expertise in sustainable finance through participation in related workshops as well as memberships of various committees.

The SC Closed-Door SRI Sharing Session with Government Ministries and Agencies

On 4 July 2023, the SC organised a closed-door sharing session on enhancing the understanding and awareness of key Ministries on the SRI initiatives in the Malaysian capital market. The session was also meant to promote knowledge sharing and collaboration on sustainability-related initiatives between the SC and the Government. The session was attended by working-level representatives from key Ministries and Government Agencies, including MOF, NRECC, MOE, MITI, Inland Revenue Board, Malaysian Green Technology and Climate Change Corporation, Sustainable Energy Development Authority, and Energy Commission.

NRECC Climate Change Advisory Panel on the 28th United Nations Conference of the Parties to the United Nations Framework Convention on Climate Change

The SC attended the Climate Change Advisory Panel (CCAP) meeting held on 6 July 2023, which was chaired by YB Tuan Nik Nazmi Nik Ahmad, Minister of NRECC. During the meeting, discussions centered around the CCAP's workplan and Malaysia's preparations for 28th United Nations Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28). Additionally, NRECC conducted a ceremony to formally appoint the members of the CCAP, of which the SC was also appointed as a member.

SRI awareness and capacity-building initiatives

The SC organised and conducted various awareness and capacity-building initiatives, as well as participated as panel speakers for several external engagements to further develop the knowledge and enhance the profiling of SRI. These initiatives are crucial to further accelerate the growth and development of a facilitative SRI ecosystem in Malaysia.

SC – BNM Visit to Penang and Kedah

On 22 and 24 July 2023, the SC and BNM participated in a study visit up north to Penang and Kedah to understand the progress and challenges faced by businesses including SMEs to adopt sustainable practices into their respective businesses. The organisations that were visited are involved in manufacturing, climate mitigation, climate adaptation and urban rejuvenation. The delegates learned about the financing needs and the financing source of the companies visited. Participants also observed real-life applications of nature-based and technology-based solutions that were offered by the respective organisations.

CMM – UN Global Compact Network Malaysia and Brunei – JC3 Sub-committee 3 CFO and Banker Roundtable

On 7 August 2023, a roundtable, jointly organised by CMM, UN Global Compact Network Malaysia and Brunei (UNGCMNB) and JC3 Sub-Committee 3: Products and Innovation, brought together bankers and CFOs from public-listed companies (PLCs) to gain understanding on the sustainable finance and action plan of PLCs. This is to enable bankers and CFOs to collectively identify opportunities in driving the sustainable finance agenda in Malaysia and explore the use of sustainable finance products such as the SRI-linked sukuk and sustainability linked loans.

SC – World Wide Fund for Nature – Ajman University Centre for Excellence in Islamic Finance Dialogue on the Global Islamic Finance Program for Climate, Nature, and Development

On 7 August 2023, the SC together with World Wide Fund for Nature (WWF) and Ajman University Centre for Excellence in Islamic Finance (AU-CEIF) organised a dialogue session on the Global Islamic Finance Program for Climate, Nature, and Development (GIFP (for CND)). This session aimed to facilitate a constructive dialogue between the SC, WWF, AU-CEIF and key stakeholders, including Ministries, GLICs, financial institutions, and other relevant parties on the GIFP (for CND).

The dialogue served as a platform for WWF and AU-CEIF, to seek input from stakeholders in Malaysia on the establishment and success of the GIFP (for CND). The session also discussed how Malaysia can participate in the GIFP (for CND), in accelerating Shariah-compliant sustainable and responsible investment and realising Malaysia's climate objectives.

RHB Fixed Income Seminar

On 8 August 2023, RHB Group Treasury and Global Markets organised a seminar on fixed income. The SC participated as panellist, in a panel session on 'The ESG Bond and Sukuk Market in Malaysia: Where are we?'. The session discussed the issues and challenges in the ESG Fixed Income market as well as how to broaden and deepen the ESG debt securities market. The session also discussed the role of climate finance in achieving a just transition. The SC's regulatory and developmental initiatives and frameworks such as the SC's SRI Sukuk Framework were also shared at the seminar.

Participants of the seminar include prominent Institutional Fixed Income investors from Asset Management, Insurance, Pension and Provident Funds, and selected Financial Institutions. This seminar was also streamed live to overseas investors to showcase Malaysia's progressive debt capital market.

AmBank International ESG Conference – Shaping Today for Tomorrow – 'Advocating the ESG Agenda and Helping SMEs and Businesses to Adapt and Adopt'

On 8 August 2023, the SC delivered a keynote address themed 'Advocating the ESG Agenda and Helping SMEs and Businesses to Adapt and Adopt' at the International ESG Conference organised by AmBank. The SC's initiatives were highlighted to accelerate the ESG agenda as well as in helping SME's and businesses to adapt and adopt sustainability including the SRI and SRI-Linked Sukuk Framework, SRI funds segment in Malaysia, SC's capacity building initiatives and alternative financing including ECF and peer-to-peer financing (P2P financing).

InvestSmart® Online Series Webinar with Multimedia University on Sustainable and Responsible Investing

On 21 September 2023, the SC organised and participated in the InvestSmart® Online Series Webinar with Multimedia University on Sustainable and Responsible Investing, aimed to offer valuable insights on sustainable investing, with a focus on SC's SRI initiatives. As the world progresses towards sustainable development and addressing climate change, this session highlighted the importance and implications of sustainable investment practices and available investing options for retail investors.

Sarawak Energy's Sustainability and Renewable Energy Forum

The SC participated in Sarawak Energy's Sustainability and Renewable Energy Forum (SAREF 3.0) that was held on 6 - 7 September 2023. The SC participated in a panel session titled 'Looking beyond the Hype: is ESG Financing Really Viable?' where the SC spoke alongside key stakeholders from the financial community.

AUDIT OVERSIGHT BOARD ACTIVITIES

Registration, Recognition, and Inspection of Auditors

As of 30 September 2023, a total of 368 individual auditors and 37 audit firms were registered with the AOB. Additionally, the AOB also recognised 12 foreign individual auditors from 4 foreign audit firms. During Q3 2023, the AOB completed inspections on 4 audit firms.

AOB Reprimands Auditor for Violation of Auditing Standards

The AOB publicly reprimanded Yean Wai Nye, a partner of T. H. Kuan & Co for an audit of a public-interest entity (PIE). Yean, as the engagement partner of the PIE failed to comply with the relevant International Standards on Auditing (ISA), particularly regarding the valuation of goodwill. Yean failed to challenge the key assumptions used for the financial projections and assess the appropriateness of using the expert’s work as audit evidence in auditing management’s impairment assessment of goodwill.

The AOB’S Conversation with Audit Firms

The AOB held its annual dialogue with the leadership and senior partners of the AOB-registered audit firms over two separate sessions on 17 August 2023 and 23 August 2023. A total of 74 senior partners attended the sessions.

These sessions allow for mutual discussions on the challenges faced by the profession and updates on efforts to improve audit quality. The AOB also shared its recent observations, concerns, and emerging risks for 2023.

DEVELOPMENT OF ISLAMIC CAPITAL MARKET

FIKRA ACE

The SC has taken various initiatives to deepen and broaden the ICM ecosystem, one of which being the inaugural SC’s Islamic fintech accelerator programme – ‘FIKRA’ launched in 2021. As a continuation, FIKRA ACE was recently launched through a media release on 27 June 2023 and builds upon the success of FIKRA with an expanded scope comprising 3 key components: Accelerator, Circle and Excel. Each component is designed to facilitate and spur the growth of Islamic fintech and nurture collaborations within the industry.

FIKRA ACE – The Accelerator programme commenced on 5 September 2023, with 21 local and global fintech companies as participants. The programme will run for 8 weeks and conclude with a pitching session (Demo Day) to a panel of judges and potential investors scheduled to be held in November 2023.

Pursuant to the conclusion of the Accelerator programme, the SC will be launching the second component of the initiatives, namely FIKRA Excel which involves collaborations with higher learning institutions.

THOUGHT LEADERSHIP

Waqf and Islamic Capital Market Conference and Roundtable

The Waqf and Islamic Capital Market Conference (Conference), organised by the SC in collaboration with Universiti Sains Malaysia (USM), DRB-HICOM University and supported by the Federal Land Development Authority (FELDA), was held at the SC's Conference Hall on 20 July 2023. The conference was followed by a closed-door Roundtable discussion on the following day.

Themed 'Unleashing the Potential of Waqf through the Islamic Capital Market', the Conference and Roundtable gathered more than 200 stakeholders within the *waqf* ecosystem, comprising government agencies, policymakers, State Islamic Religious Councils (SIRCs), Shariah Advisers and academia as well as market practitioners.

Both the Conference and Roundtable allowed in-depth discussions on numerous areas, such as the need for a practical *waqf* model and the significance of technology and innovation in enhancing *waqf* management, promoting transparency, efficiency, and community involvement in fundamental reforms in augmenting the role of Islamic social finance in tackling societal challenges.

SC and Oxford Centre for Islamic Studies Strategic Collaboration

14th SC-OCIS Roundtable 2023

The annual SC and Oxford Centre for Islamic Studies (OCIS) roundtable was organised with the objective of furthering global thought leadership in Islamic finance. The 14th SC-OCIS Roundtable (Roundtable), themed 'Investing towards the Common Good: Impact, Stewardship, and Ethical Considerations', was held in Kuala Lumpur on 24 and 25 August 2023.

Since its inauguration in 2010, the Roundtable continues to spur discussions and discourse on contemporary issues in Islamic finance, contributing to developmental efforts particularly in the Islamic capital market's space.

The Suite Talk session was graced by His Royal Highness Sultan Nazrin Muizzuddin Shah, Ruler of Perak Darul Ridzuan and the Royal Patron for Malaysia's Islamic Finance Initiative. The Suite Talk session attended by more than 150 participants, was a new introduction to the Roundtable. The session explored the power of impact and delved into strategies for creating lasting change in our communities and beyond.

The two-day event Roundtable was attended by a selected group of 55 delegates from around the world. Discussions encapsulated around aligning Islamic finance principles with impact investing and responsible stewardship for investments, empowering Islamic finance to become key catalysts for global positive change.

Scholar-in-Residence Programme

The Scholar-in-Residence (SIR) programme was set up following a resolution made at the SC-OCIS Roundtable and has received global responses from various jurisdictions, representing the diversity and worldwide acceptance of Islamic finance. Under this programme, selected academicians or practitioners of Islamic finance will take up residence at OCIS, to conduct applied research on a contemporary topic in Islamic finance and ICM. Established in 2012, the programme is part of the SC's continuous efforts to spur knowledge-building initiatives for the global development of the Islamic capital market. The SIR for 2023/2024 intake received 26 applications from across the globe where one visiting fellow will be selected to commence residence at OCIS in Q1 2024.

SHARIAH

The Shariah Advisory Council (SAC) held 3 meetings in Q3 2023. Below are the key outcomes from these meetings.

Shariah Resolutions

Digital Assets: Shariah Status, Investments and Trading of Polygon and Avalanche

The SAC had deliberated on several issues in relation to the Shariah status of Investments and Trading of Polygon (MATIC) and Avalanche (AVAX) as well as the Shariah ruling of investment and trading of MATIC and AVAX through Digital Asset Exchanges registered with the Commission (Registered DAX).

After due deliberation the SAC had resolved as follows:

(a) MATIC and AVAX

- (i) MATIC and AVAX are recognised as *mal* (asset) from Shariah perspective;
- (ii) MATIC and AVAX are considered as Shariah-compliant digital currencies based on technology without any underlying in the category of *urudh* (goods); and
- (iii) Investment and trading of MATIC and AVAX through Registered DAX are permissible and are not subject to the Shariah principle of *bai` al-sarf* (currency exchange).

(b) Permissibility of Burning of Tokens from Shariah Perspective

- (i) Burning of tokens is permissible from Shariah perspective as it does not contain any prohibited elements by Shariah and is not considered as *idha`ah al-mal* (waste of property).

Industry Proposal

Islamic Redeemable Preference Shares

The SAC was presented with an industry proposal on the proposed bonus issue of Islamic Redeemable Preference Shares (RPS-i) by a listed company, whose securities are classified as Shariah-compliant (ListCo) for the SAC's endorsement. The SAC deliberated several issues in relation to the RPS-i as follows:

- (i) Retained earnings as a *musharakah* capital contribution by the ListCo RPS-i holders in the existing *musharakah*; and
- (ii) Waiver by the ListCo RPS-i holders and the applicable Shariah principle.

After due deliberation, the SAC had no objection to the proposed bonus issue of the RPS-i and resolved as follows:

- (i) The SAC agrees that so long as the securities of the company are classified as Shariah-compliant, it is not necessary to investigate the component of the retained earnings of the company to determine whether the capital contribution by the ListCo RPS-i holders under the bonus issue is acceptable under Shariah; and
- (ii) The SAC agrees that the principle of *ibra`* is the appropriate Shariah principle to reflect the waiver of ListCo RPS-i holders' rights to receive any remaining preferential dividends declared but is unpaid or cannot be paid.

Shariah-Compliant Securities Review

The SAC reviewed 10 Pre-IPO applications, 1 IPO application and 403 listed securities. Within the listed securities applied, 349 were Shariah-compliant while 54 were non-Shariah compliant. Only 1 unlisted securities applied during Q3 2023. The decision of the SAC in Q3 2023 will be updated in the list of Shariah-compliant securities in November 2023.

Islamic Capital Market Talent Development

The Islamic Capital Market Talent Development (ICMTD) programme is a capacity-building initiative developed by the SC and run by the Securities Industry Development Corporation (SIDC) to facilitate the development of human capital for the ICM. Its main objective is to produce entry-level professionals with strong fundamental knowledge and skills for the industry. Since its inception in 2009, the ICMTD programme has produced 1,007 graduates through 25 cohorts, of which more than 84% have found employment right after completing this programme.

The first cohort for 2023 (Batch 25) completed their programme on 27 July 2023 with 27 graduates. The graduates are currently serving internships at various financial institutions until the end of November 2023. Hitting the mark of 15 years since its inception in 2009, the ICMTD programme will officially conclude this year with Batch 26. The SC will be channeling its capacity-building efforts through several other new initiatives, such as the investED (Capital Market Graduate Programme) and Shariah Mentorship Programme (SMP).

Shariah Mentorship Programme

The Shariah Mentorship Programme (SMP) was developed as a new initiative by the SC to create a continuous talent pipeline of Shariah professionals equipped with adequate technical competencies and knowledge on ICM products and offerings as well as appropriate regulatory expertise. This programme is run by ISRA Consulting Sdn Bhd with a structured curriculum focusing on the interplay between capital markets and Shariah principles.

The first call for applications in August 2023 saw an overwhelming response from the Shariah fraternity, with approximately 273 applications received from both fresh graduates and working professionals. The selected candidates will undergo a two-month intensive classroom learning, followed by a six-month internship placement at participating organisations. The first cohort of the SMP (Batch 1) consisting of 15 successful candidates will commence the programme in October 2023.

INVESTOR EMPOWERMENT INITIATIVES

The SC continued with its investor empowerment programme efforts through InvestSmart®. Apart from organising and participating in on-the-ground physical events, InvestSmart® also retained its focus to leverage digital media to reach out to the public with its investor education initiatives. The initiatives conducted by InvestSmart® during Q3 2023 are as follows:

(a) Agen Bijak Labur Desa

Agen Bijak Labur Desa (ABJAD) is an investor education initiative rolled-out by InvestSmart® in 2022 targeting 12,500 secondary school students, teachers and adults among the rural population in Malaysia. The objective of ABJAD is, among others, the following:

- (i) Create financially literate rural communities by enhancing their awareness of scams and illegal scheme to empower them to safeguard their own wealth;
- (ii) Broaden the awareness of rural communities in relation to investment products as a means to build their wealth; and
- (iii) Improve the digital literacy of the rural population to encourage the use of technology particularly in relation to digital financial services and to ensure that they are well-equipped to face certain challenges (such as the COVID-19 pandemic).

Students and teachers from 14 rural secondary schools were identified as 'Agents of Change' to undergo financial literacy and digital literacy modules using a computer-assisted e-learning platform. Upon completion, these students will guide identified families to complete the same e-learning modules and subsequently impart their knowledge to other family members. As at 31 December 2022, a total of 7,101 participants completed the programme. On 31 August 2023, another 5,399 participants completed the programme. This marked the completion of ABJAD with total participants of 12,500 teachers, students and adults.

(b) InvestSmart® @SC X HAWA

After a hiatus of more than 3 years since COVID-19 pandemic started, the SC brought back its quarterly half-day financial literacy seminars for the public called InvestSmart® @SC. In 2023, the seminars held in the SC's building, targets vulnerable groups. For Q3 2023, the session was held on 30 August 2023, in collaboration with Pepper Labs Sdn Bhd (Pepper Labs), a social enterprise that has the experience dealing with marginalized communities, B40 communities and micro entrepreneurs. The seminar was attended by 109 participants comprising women under the B40 category, with the assistance of an NGO that Peper Labs works closely with, the *Pertubuhan Hal Ehwal Wanita dan Keluarga Malaysia* (HAWA). The SC invited speakers from AKPK and Raiz Malaysia to speak on the importance of cash and budgeting management and investing with Raiz. The SC also covered the topic on investment scams.



(c) InvestSmart® Online Series

The SC continues with its InvestSmart® Online Series webinars to provide the public with knowledge on the basics of capital market products and services, and awareness of scams and unlicensed activities. In Q3 2023, a special webinar was held specially for the students from the Faculty of Business of Multimedia University. A total of 60 students participated in a webinar titled 'Sustainable and Responsible Investing' held on 21 September 2023.



(d) My Money & Me Programme 2023 by the Malaysia Financial Planning Council



The SC once again participated in MFPC's online 'My Money and Me' Programme for 2023. In 2023, MFPC will be organising on-the-ground physical workshops at 5 locations nationwide, with each session targeting a minimum of 200 participants. In Q3 2023, the 3rd workshop was held in Sabah on 22 July 2023, attended by 230 participants and the 4th workshop was held in Pahang on 9 September 2023, attended by 203 participants. The SC's speaker spoke on '*Semak Sebelum Labur*' during both workshops.

(e) InvestSmart® @ Bursa Marketplace Fair 2023



On 5 August 2023, the SC together with the Financial Education Network (FEN), were invited to open a booth at Bursa Malaysia's Bursa Marketplace Fair 2023. The event was to educate and enhance investors' understanding and knowledge of the capital market and cater to all investor segments. The event, which was held at the Persada Johor International Convention Centre Johor Bahru, attracted 1,500 visitors.

(f) InvestSmart® @ Annual Signature Financial Planning Symposium 2023

The Financial Planning Association of Malaysia (FPAM) invited the SC to give a talk on anti-scam awareness at the Annual Signature Financial Planning Symposium 2023. This event, held on 23 August 2023 at One World Hotel, Bandar Utama, was attended by 670 participants.



(g) InvestSmart® @ Sunway University's Anti-Scam Workshop

On 14 July 2023, Sunway University invited the SC to give a talk on investment scams. The anti-scam workshop aimed to empower young adults to protect themselves against scams and was attended by over 100 students from the Sunway University.



(h) InvestSmart® X Jabatan Kemajuan Islam Malaysia

The SC collaborated with Jabatan Kemajuan Islam Malaysia (JAKIM) to promote investment literacy and anti-scam awareness through mosques and *surau* in Malaysia. Thus far, under this collaboration, JAKIM has in Q3 2023 facilitated the following initiatives in:

- (i) On 25 Aug 2023, InvestSmart® representative participated as a panelist for JAKIM's Facebook live on *Skim Pelaburan vs Skim Penipuan*. The live session attracted more than 1,200 views;



- (ii) On 8 Sept 2023, JAKIM, with input from the SC, released anti-scam themed Friday sermon *Jerat Serupa Jerami* for mosques in the Federal Territory. The Friday sermon was telecasted live on RTM; and



- (iii) On 26 Sept 2023, InvestSmart® representative was invited to speak on anti-scam awareness at the *Kursus Pengurusan Profesionalisme Pegawai Masjid Tahun 2023* in Besut Terengganu. The event was attended by 140 mosque officials from throughout Malaysia.

(i) InvestSmart® @ Active Ageing Festival

On 23 September 2023, targeted seniors spent full day with various activities from Zumba to sharing sessions on nutrition, health, financial literacy and many more. The organiser, Taylor's University, invited the SC to provide anti-scam awareness talk. The talk was attended by 40 participants.

(j) InvestSmart® @ Ekspo Institusi Pendidikan TVET@KKDW 2023

On 14 and 16 July 2023, the SC was invited to assist in manning the FEN booth at the event. This event was organised by Kementerian Kemajuan Desa & Wilayah (KKDW) to promote to the community the programmes and training opportunities provided by the TVET@KKDW agencies/institutions. The event attracted over 1,000 participants.



(k) InvestSmart® @ Forum Kesejahteraan Pengurusan Ekonomi dan Kewangan Berpaksikan Konsep Malaysia Madani

On 25 July 2023, the SC was invited to assist in manning the FEN at the event. The programme was held at Institut Tadbiran Awam Negara (INTAN) and targeted staff from ministries, government agencies and statutory bodies. The programme was attended by over 100 participants.



(l) InvestSmart® @ Program Literasi Kewangan Digital, Pulau Tioman

On 8 August 2023, BNM launched the 'eDuit Desa – Cashless Tioman' initiative in Tioman and planned a half-day community event called *Program Literasi Kewangan Digital*. BNM invited the SC to provide an anti-scam awareness pocket talk titled 'Silap Labur Duit Lebu'. The event gathered 70 participants from the rural communities in Tioman.

(m) InvestSmart® @ UniKL Financial Fusion Bootcamp

FEN was invited by UniKL to open an exhibition booth and speak at their event, UniKL Financial Fusion Bootcamp, which took place from 9 to 11 September 2023. The event aims to give exposure and provide insights to students on financial literacy and to connect students with experts in the financial industry. As the Co-Chair of FEN, the SC was offered a slot to speak on investment scams to 186 UniKL students attending the event.



(n) InvestSmart® social media postings

InvestSmart® also 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, and awareness about scams and unlicensed activities. Numerous social media postings in multi-languages were made on InvestSmart®'s Facebook, Instagram, Twitter and TikTok reaching out to more than 8 million users during the first 3 quarters of 2023.



COMPLAINTS AND ENQUIRIES MANAGEMENT

As at Q3 2023, we received a total of 4,110 cases comprising of 2,473 complaints and 1,637 enquiries. A breakdown of the complaints and enquiries received is as illustrated below:

Chart 1
Complaints received (2022 vs 2023)

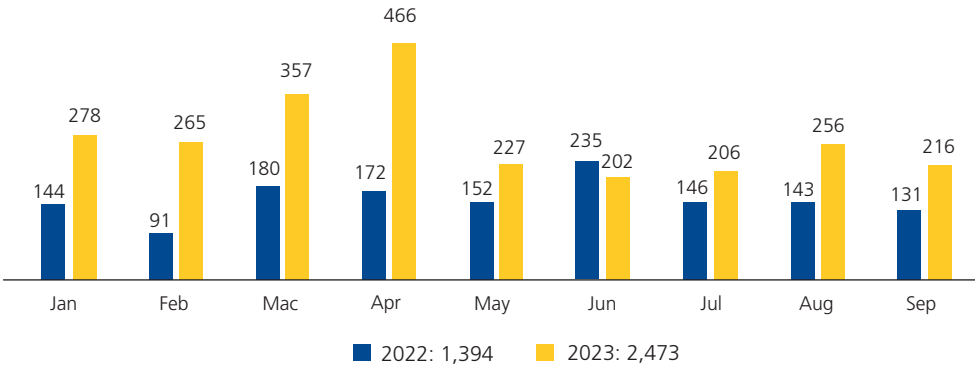
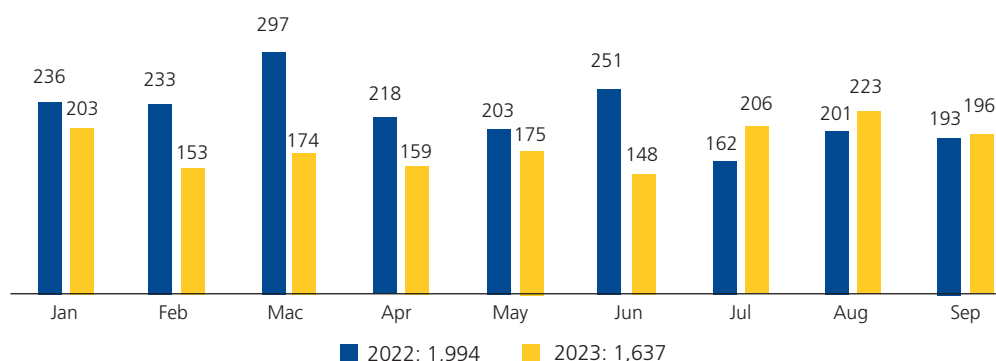


Chart 2

Enquiries received (2022 vs 2023)



In comparison to the year 2022, there was an overall increase in total complaints and enquiries received by 21.31%.

Out of the total complaints and enquiries received as at 30 September 2023 (i.e. 4,110 cases), 61.41% were on scams and unlicensed activities.

Tables below showed the categories of scams and unlicensed activities for period ended 30 September 2023.

Chart 3

Complaints – Category of unlicensed activities (Q3 2023)



Chart 4

Enquiries – Category of unlicensed activities (Q3 2023)



Actions taken	CIO	SUA*	Total
Commence Enforcement	4	0	4
Alert List Inclusions	238	15	253
Block Websites (with assistance of MCMC)	125	3	128
Facebook Accounts Geo-Block	55	23	78
Telegram Block Accounts	92	21	113
Instagram Block Application	6	4	10
Social Media Intervention	272	27	299
Police reports	81	0	81
Referral to other agencies/ foreign regulators	83	0	83
Notices of Cease and Desist	1	1	2

* This column shows the number of actions that CIO had taken to assist the Surveillance on Unlicensed Activities Unit (SUA). The SUA was formed on 15 October 2021 and reports to the Managing Director. The SUA is tasked to carry active surveillance to identify unlicensed activities or scams and to take appropriate actions, as necessary.

HIGHLIGHTS

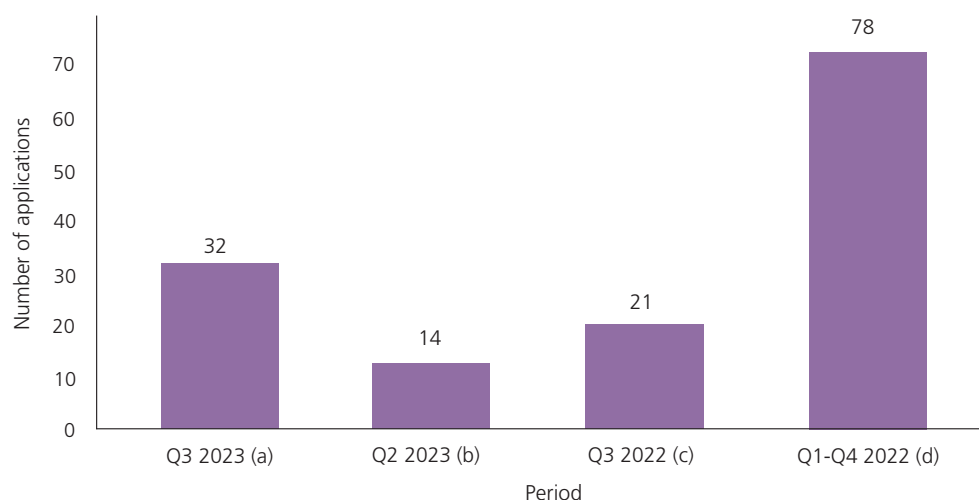
- The SC approved 5 substantive applications¹ for various corporate proposals by companies in Q3 2023.
- The total funds to be raised from the proposals approved by/lodged with the SC in Q3 2023 amounted to RM96.13 billion, out of which RM95.75 billion or 99.61% would be from corporate bonds and sukuk.
- The SC considered a total of 18 applications in relation to take-overs, mergers and compulsory acquisitions in Q3 2023.

EQUITIES, CORPORATE BONDS AND SUKUK

The SC approved 5 substantive applications¹ for various corporate proposals by companies in Q3 2023. In addition, there were 27 corporate bonds and sukuk lodgements submitted under the *Lodge and Launch Framework* (LOLA Framework).

Chart 1

Substantive applications approved and lodged



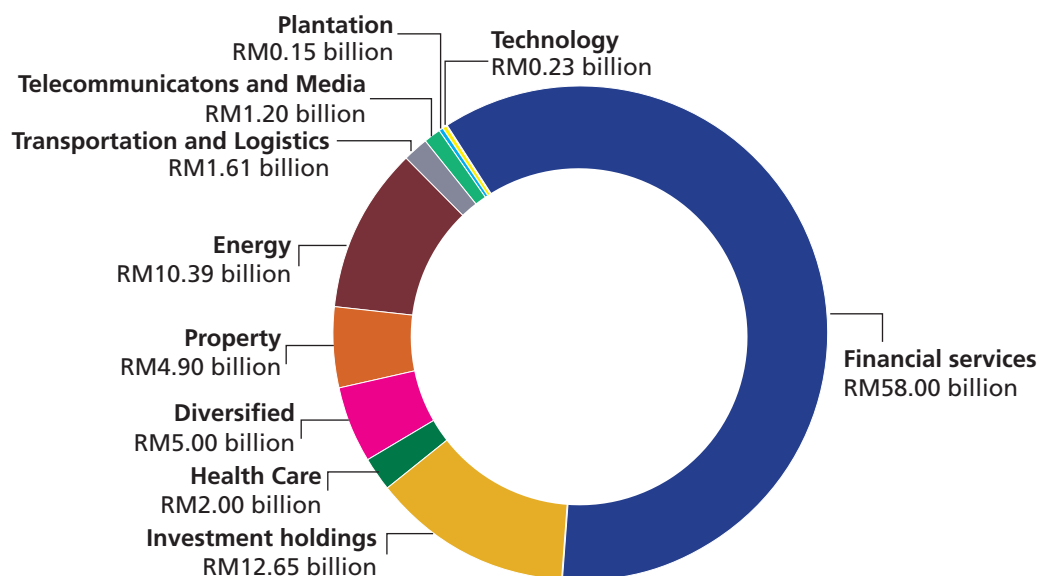
Note:

- Include 27 corporate bonds and sukuk lodged under LOLA.
- Include 9 corporate bonds and sukuk lodged under LOLA.
- Include 17 corporate bonds and sukuk lodged under LOLA.
- Include 62 corporate bonds and sukuk lodged under LOLA.

¹ Substantive application include IPOs, reverse takeovers, transfer listings to Main Market of Bursa Malaysia, secondary listing proposals and corporate bonds/sukuk proposals.

Chart 2

Funds approved/lodged to be raised by sectors: RM96.13 billion



The total funds to be raised from the proposals approved by/lodged with the SC in Q3 2023 amounted to RM96.13 billion, out of which RM95.75 billion or 99.61% would be from corporate bonds and sukuk. The remaining RM0.38 billion or 0.39% would be from the IPO proposals approved. The financial services sector would raise the largest amount of funds amounting to RM58 billion or 60.33%.

TAKE-OVERS AND MERGERS

The SC considered a total of 18 applications in relation to take-overs, mergers and compulsory acquisitions in Q3 2023, comprising the following:

- Clearance of 2 take-over offer documents;
- Clearance of 2 independent advice circulars including 1 for whitewash exemption;
- Clearance of 1 circular for whitewash exemption;
- 12 applications for exemptions from the mandatory offer obligation; and
- 1 other application in relation to the provisions of the *Capital Markets and Services Act 2007 (CMSA) / Malaysian Code on Take-overs and Mergers 2016 (Code) / Rules on Take-overs, Mergers and Compulsory Acquisitions (Rules)*.

The 18 applications considered during Q3 2023 were similar to the number of applications considered in Q2 2022. The 2 take-over offer documents cleared by the SC in Q3 2023 involved a total offer value of RM0.13 billion, comprising the mandatory take-over offer by Ooi Eng Leong for all the remaining shares in Ewein Bhd with an offer value of approximately RM89.41 million, and the mandatory take-over offer by Smartpro Capital Sdn Bhd for all the remaining shares in Systech Bhd with an offer value of RM36.33 million.

The 12 applications for exemption from the mandatory offer obligation comprised 3 applications pursuant to whitewash exemptions and 9 other applications involving acquisitions or transfer of shares within members of a group of persons acting in concert pursuant to succession planning or internal reorganisation exercises. The 1 other application was to seek the SC’s consent for a voluntary exit offer to acquire the remaining shares in Carlo Rino Group Bhd to be announced subject to certain pre-conditions.

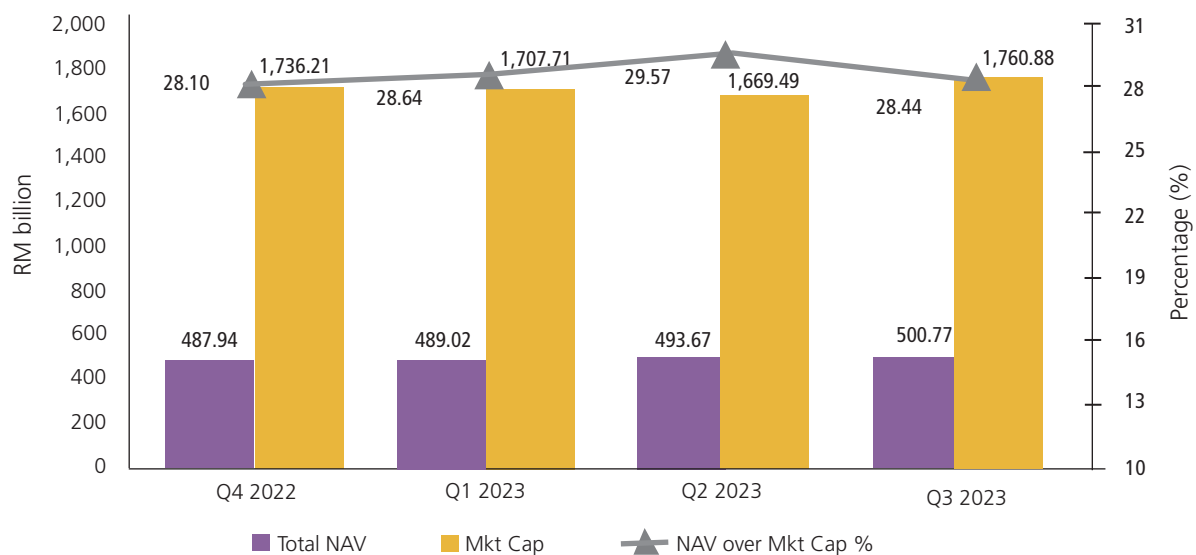
UNIT TRUST FUNDS

NAV of unit trust industry

In Q3 2023, the NAV of unit trust funds increased from RM493.67 billion as at 30 June 2023 to RM500.77 billion as at 30 September 2023. The percentage of the total NAV against Bursa Malaysia Securities market capitalisation has decreased from 29.57% as at 30 June 2023 to 28.44% as at 30 September 2023.

Chart 3

NAV of unit trust industry and Bursa Malaysia market capitalisation



New Funds

A total of 5 unit trust funds were launched while 5 funds were terminated¹, which brought the total number of funds in operation to 757 funds as at 30 September 2023. Of the 5 new funds launched, 3 were from the feeder category while the remaining are from the equity category.

As at 30 September 2023, the number of management companies approved to offer unit trust funds was 38.

Table 1

	As at 30 September 2023	As at 30 June 2023
Total no. of launched funds	757	757
Units in circulation (billion units)	768.71	764.01

¹ 4 funds wound-up as it's no longer economically viable and 1 fund reached its maturity.

Fund categories

As at 30 September 2023, a total of RM247.95 billion of the industry's total NAV was represented by mixed asset funds. Equity funds ranked second with NAV of RM109.63 billion.

Table 2

Fund category	NAV (RM billion)	%
Mixed asset	247.95	49.51
Equity	109.63	21.89
Money market	64.82	12.95
Fixed income/Bond/Sukuk/Debenture	53.00	10.58
Feeder	10.25	2.05
Balanced	6.86	1.37
Fund of funds	3.56	0.71
Others	4.70	0.94
TOTAL	500.77	100.00

OTHER COLLECTIVE INVESTMENT SCHEMES

Wholesale funds

As at 30 September 2023, there were 466 wholesale funds in operation with a total NAV of RM75.63 billion. In Q3 2023, a total of 15 new wholesale funds were launched while 4 wholesale funds were terminated².

Real Estate Investment Trusts

As at 30 September 2023, there were 19 REITs listed on the Main Market of Bursa Malaysia Securities. Five REITs, namely Axis REIT, Al-Aqar Healthcare REIT, Al-Salam REIT, KLCC REIT and AME REIT are Shariah-compliant.

One REIT, i.e. KLCC REIT, was listed as part of a stapled security group.

The market capitalisation of the listed REITs (including market capitalisation of the stapled group) was RM40.78 billion as at 30 September 2023.

Exchange-traded funds

As at 30 September 2023, 15 ETFs were listed on the Main Market of Bursa Malaysia Securities. A total of 6 ETFs were Shariah-compliant, i.e. MyETF Dow Jones Islamic Market Malaysia Titans 25, MyETF MSCI Malaysia Islamic Dividend, MyETF MSCI SEA Islamic Dividend, MyETF Dow Jones U.S. Titans 50, TradePlus Shariah Gold Tracker and VP-DJ Shariah China A-Shares 100 ETF.

The market capitalisation of the listed ETFs was RM2.17 billion as at 30 September 2023.

² A total of 3 funds had no assets/unit holders and 1 fund was wound-up as it's no longer economically viable.

Closed-end funds

As at 30 September 2023, one closed-end fund (CEF) was listed, i.e. icapital.biz Bhd. The market capitalisation of this fund was RM0.37 billion.

PRIVATE RETIREMENT SCHEMES

With the launch of AIA PAM – Dynamic Asia Ex-Japan Fund in Q3 2023, there were 13 PRS comprising 75 private retirement funds offered by 9 providers as at 30 September 2023, with a total NAV of RM5.87 billion. There were 41 conventional funds and 34 shariah-compliant funds. Of the total NAV, conventional funds accounted for 66.76% while Shariah-compliant funds accounted for the remaining 33.24%.

INVESTMENT PRODUCTS

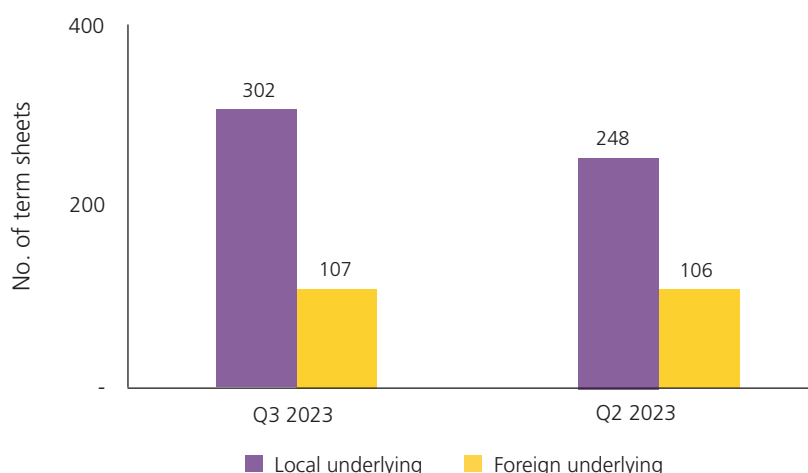
Structured Warrants

There were 7 eligible issuers of structured warrants at the end of Q3 2023 (Q3 2022: 7). The SC registered 2 base prospectus, 6 supplementary base prospectus and 409 term sheets in Q3 2023. As at Q3 2023, a total of 1,141 term sheets were registered, compared to 1,166 term sheets registered in the corresponding period in the previous year.

In Q3 2023, the SC registered a total of 107 term sheets with foreign underlying assets, such as shares or units in an ETF or an index based on a securities exchange outside Malaysia (Q2 2023: 106 term sheets). The foreign underlying assets comprise shares in companies or units of ETF listed on the Hong Kong Stock Exchange as well as structured warrants over the Hang Seng Index, Hang Seng Tech Index, S&P 500 Index and Nasdaq-100 Index. Q3 2023 saw the issuance of structured warrants referencing to a new underlying index, namely the Nikkei Stock Average (Nikkei 225) Index. On the other hand, 302 term sheets with local underlying assets were registered in Q3 2023, a 21.77% increment from Q2 2023 (Q2 2023: 248 term sheets).

Chart 4

Structured warrants term sheets registered by listing domicile of underlying



In Q3 2023, the number of structured warrants term sheets referencing to share increased by 18.32% (Q3 2023: 323 term sheets, Q2 2023: 273 term sheets), while structured warrants term sheets referencing to index recorded an increase of 6.33% (Q3 2023: 84 term sheets, Q2 2023: 79 term sheets).

Structured Products

In Q3 2023, a total of 3 issuers lodged 3 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 RM15 billion. Table 1 below shows the details on structured product programmes as at 30 September 2023.

Table 3

Structured product programmes

New programmes lodged	Q1 - Q3 2023		2022	
	Number of programmes	Size (RM billion)	Number of programmes	Size (RM billion)
Principle				
- Conventional	12	50	20	100
- Islamic	1	5	2	10
TOTAL	13	65	22	110

HIGHLIGHTS

- In Q3 2023, the FBMKLCI Index ended higher by 3.45% or +47.49 points to 1,424.17 points, while investor sentiment improved.
- On the corporate front, challenges remain for the upcoming Q3 2023 earnings season due to a global economic slowdown and elevated business operating costs.
- The SC had approved 1 new Capital Markets Services Licence (CMSL) and issued 245 new Capital Markets Services Representative's Licences (CMSRLs) during Q3 2023.

DOMESTIC EQUITY MARKET PERFORMANCE

The FBMKLCI Index ended Q3 2023 higher by 3.45% or +47.49 points to 1,424.17 points. Among the FBMKLCI constituents, banking heavyweights CIMB Group (+10.68%) and Public Bank (+7.74%) led gainers due to favourable Q2 2023 earnings results and positive analyst recommendations on the domestic banking sector. Buying support also emerged for commodity-linked component stocks such as Petronas Chemicals Group (+21.18%), IOI Corp (+8.05%) and Sime Darby Plantation (+3.13%) due to news surrounding additional economic stimulus measures in China. On the other hand, the share price of Axiata Group fell by more than 4% as analysts downgraded recommendations on the stock after the telco company reported weaker Q2 2023 earnings results due to higher financing costs and persistent macro challenges.

Across market sectors, most ended higher with Property (+26.90%) recording the largest quarterly gains since 2009, following a positive outlook by analysts and the government's plan to turn Johor's Forest City into a special financial zone. Notably, gains were led by IOI Properties and UEM Sunrise. IOI Properties traded higher amid better sales outlook driven by new property projects in Malaysia and Singapore. Similarly, UEM Sunrise actively traded on the positive prospects of the Johor Iskandar region, where most of its property portfolios are located.

All market indices (Mid 70: +6.04%, Small Cap: +9.01%, Fledgling: +7.23%, ACE: +2.12%) also rose, reflecting a strong broad-based performance in the local bourse. In terms of trading activity, the average daily value traded rose by 17.70% q-o-q to RM2.24 billion while average daily volume traded per day rose by 14.37% q-o-q to 3.62 billion shares.

DOMESTIC EQUITY MARKET OUTLOOK

Moving into Q4 2023, the macroeconomic environment will continue to be supported by resilient domestic demand. However, economists highlighted that downside risks remain largely due to weaker-than-expected external demand and declines in commodity prices. On the corporate front, challenges remain for the upcoming Q3 2023 earnings season, mainly due to a global economic slowdown and elevated business operating costs. In addition, most analysts cautioned that domestic companies with operations in China may continue to be impacted by economic slowdown in the near term. Nonetheless, upside market catalysts may emanate from Budget 2024, including faster implementation of existing and new mega projects as well as bolder economic reforms.

RECOGNISED MARKET OPERATORS

Registration of New RMO-DAX

In September 2023, the SC granted conditional approval to HATA Digital Sdn Bhd (HATA) to be registered as an RMO-DAX pursuant to Section 34 of the CMSA. HATA was given up to 9 months to satisfactorily comply with all the relevant requirements, including the terms and conditions of their registration, before commencing their operations.

Registration of New RMO-ECF

In September 2023, the SC had granted conditional approval to AMB Connect Sdn Bhd (AMB Connect) to be registered as an RMO-ECF (Islamic) pursuant to Section 34 of the CMSA. AMB Connect was given up to 9 months to satisfactorily comply with all the relevant requirements, including the terms and conditions of the SC's registration, before commencing their operations.

LICENSING

The SC had approved 1 new CMSL and issued 245 new CMSRL during Q3 2023. The number of CMSL and CMSRL holders are provided in Table 1 and Table 2 respectively.

Table 1

Total number of CMSL holders as at 30 September 2023

By core activity	CMSL
Dealing in securities ¹	37
Dealing in derivatives	5
Fund management	110
Advising on corporate finance	43
Investment advice	18*
Financial planning	37*
TOTAL	250

* Includes 1 CMSL-individual for investment advice and 2 CMSL-individual for financial planning, respectively.

¹ Includes 5 CMSL holders for dealing in securities restricted to unit trust and 1 dealing in securities restricted to listed securities.

Table 2

Total number of CMSRL holders as at 30 September 2023

By core activity	CMSRL
Dealing in securities	6,463
Dealing in derivatives	469
Fund management	841
Advising on corporate finance	766
Investment advice	301
Financial planning	1,464
TOTAL	10,304

Statistics on the status of license applications and its processing turnaround time during Q3 2023 are provided in Table 10 and 11 respectively.

Registration

The SC registered 2 new venture capital management corporation in Q3 2023.

CRIMINAL PROSECUTIONS AND APPEALS

As at 30 September 2023, there were 7 ongoing criminal trials at the Sessions Court for various offences in relation to securities laws. The offences include unlicensed activities, securities fraud, and money laundering. As for criminal appeals, there were 9 ongoing appeals at the High Court and the Court of Appeal.

The highlights of the criminal cases for Q3 2023 are summarised in the table below:

No.	Nature of offence	Offender(s)	Highlights
1.	<ul style="list-style-type: none"> Abetting Transmile Group Bhd (Transmile) in making a misleading statement relating to Transmile's revenue in the company's <i>Quarterly Report on Unaudited Consolidated Results</i> for the financial year ended 31 December 2006, an offence under s.86(b) read together with s.122C(c) of the <i>Securities Industry Act 1983 (SIA)</i> (principal charge); and With intent to deceive, furnished a misleading statement to Bursa Malaysia Bhd in the same financial statement, an offence under s.122B(a)(bb) read together with s.122(1) of the SIA (alternative charge). 	Gan Boon Aun (Gan)	<p>On 27 August 2020, Gan was convicted by the Sessions Court on the alternative charge. Gan was sentenced to a fine of RM2.5 million (in default, 18 months' imprisonment) and 1-day imprisonment.</p> <p>The SC filed an appeal to the High Court against the sentence imposed by the Sessions Court, whilst Gan appealed against both the conviction and sentence.</p> <p>On 18 October 2021, Gan's appeal against his conviction was struck out by the High Court as Gan had failed to attend the hearing of his appeal.</p> <p>On 25 January 2022, the High Court proceeded to hear the SC's appeal against sentence in Gan's absence as the court was satisfied that the SC's Notice of Appeal was served on Gan as Gan's counsel had attended the case management on two occasions before the counsel discharged himself.</p> <p>The High Court then allowed the SC's appeal and substituted the imprisonment term of 1 day with 24 months. The fine of RM2.5 million however was maintained by the High Court Gan (through his daughter) then proceeded to file an appeal to the Court of Appeal.</p> <p>On 10 July 2023, following submissions from lawyers acting for Gan's daughter and the SC, the Court of Appeal unanimously allowed Gan's appeal. Gan however, was not present in court. The High Court order which had enhanced the imprisonment sentence was set aside. The 1-day imprisonment term imposed by the Sessions Court was restored whilst the RM2.5 million fine was maintained.</p>
2	Abetting one Toh Chun Toh Gordon (Gordon) to engage in an act which operates as a fraud in connection with the purchase of securities, an offence under s.87A(b) read together with s.122C(c) of the SIA (principal charge); and	Abul Hasan Mohamed Rashid (Abul Hasan)	<p>On 22 September 2011, the Sessions Court convicted both Abul Hasan together with Gordon on the alternative charge. Abul Hasan was sentenced to 6 years' imprisonment while Gordon was sentenced to 12 years' imprisonment and was a fine of RM1 million.</p> <p>Abul Hasan and Gordon filed an appeal to the High Court against the conviction and sentence. The appeal by Gordon has since abated upon his demise on 27 August 2012.</p>

No.	Nature of offence	Offender(s)	Highlights
	Criminal breach of trust, an offence under s.409 of the <i>Penal Code</i> (alternative charge).		<p>On 29 September 2020, the High Court allowed Abul's appeal and set aside the conviction and sentence on jurisdictional grounds. On 2 October 2020, an appeal to the Court of Appeal was filed against the acquittal and discharge of Abul by the Attorney General's Chambers (AGC).</p> <p>On 20 July 2022, the Court of Appeal unanimously allowed the appeal and set aside the decision of the High Court. The Court of Appeal further remitted the case to the High Court for the merits of the case to be heard before another High Court judge.</p> <p>On 14 August 2023, after hearing parties' submissions, the High Court allowed Abul Hasan's appeal and set aside his conviction and sentence by the Sessions Court. On 17 August 2023, AGC filed a notice of appeal against the decision of the High Court to the Court of Appeal.</p>
3.	With intent to deceive, furnishing a false statement to Bursa Malaysia Bhd, an offence under s.122B(a)(bb) read together with s.122(1) of the SIA and s.369(a)(B) read together with s.367(1) of the CMSA.	<ul style="list-style-type: none"> • Norhamzah Nordin (Norhamzah) • Mohd Azham Mohd Noor (Mohd Azham) • Lim Hai Loon (Lim) 	<p>On 23 September 2016, all three accused persons were acquitted and discharged by the Sessions Court at the end of the prosecution's case.</p> <p>The SC then filed an appeal to the High Court against the decision of the Sessions Court. On 30 May 2018, the High Court allowed the Prosecution's appeal and set aside the Sessions Court decision and ordered all 3 accused persons to enter their defence and for the matter to be heard before the same Sessions Court Judge.</p> <p>The defence case commenced on 13 August 2018.</p> <p>On 29 April 2019, the Sessions Court convicted Norhamzah, Mohd Azham and Lim Hai Loon and sentenced them as follows:</p> <p>Norhamzah and Mohd Azham:</p> <ol style="list-style-type: none"> i. 1st to 3rd charges: a fine of RM150,000 (in default 2 months jail) and 3 months imprisonment per charge; ii. 4th and 5th charges: a fine of RM200,000 (in default 4 months jail) and 10 months imprisonment per charge; iii. 6th and 7th charges: a fine of RM200,000 (in default 4 months jail) and 1-year imprisonment per charge; and iv. 8th charge: a fine of RM200,000 (in default 4 months jail) and 2 years imprisonment. <p>The judge ordered for Norhamzah's and Mohd Azham's jail terms to run concurrently, as such they were sentenced to a total imprisonment of 2 years and a fine of RM1.45 million respectively.</p>

No.	Nature of offence	Offender(s)	Highlights
			<p>Lim Hai Loon:</p> <ul style="list-style-type: none"> i. 1st and 2nd charges: a fine of RM100,000 (in default 1 month jail) and 4 months imprisonment per charge; ii. 3rd to 5th charges: a fine of RM120,000 (in default 2 months jail) and 4 months imprisonment per charge; iii. 6th and 7th charges: 10 months imprisonment per charge; and iv. 8th charge: 1 year imprisonment. <p>Lim Hai Loon's jail terms were ordered to run concurrently, as such she was sentenced to a total imprisonment of 1-year and a fine of RM560,000.</p> <p>On 2 December 2020, High Court allowed the Appellants' (Accused persons) appeal and set aside their respective convictions and sentences passed by the Sessions Court.</p> <p>On 15 December 2020, the AGC filed an appeal to the Court of Appeal against the High Court's decision.</p> <p>On 18 August 2023, the AGC withdrew the appeal to the Court of Appeal following a representation by the Respondents (Accused persons).</p>
4.	Failing to appear before an Investigating Officer of the SC in connection with an investigation, an offence under s.32(8)(a) of <i>Anti-Money Laundering, Anti-Terrorism, Financing and Proceeds of Unlawful Activities Act 2001</i> (AMLATFPUAA).	Ong Kar Kian (Ong)	<p>On 10 December 2020, the Sessions Court convicted Ong on all 3 charges and sentenced him to:</p> <ul style="list-style-type: none"> i. A fine of RM75,000 (being RM25,000 per charge with 3 months imprisonment in default for each charge) and 1 day imprisonment per charge; and ii. A daily fine of RM1,500 for the 673 days he had failed to appear before an Investigating Officer of the SCas required amounting to RM1,009,500 (7 months imprisonment in default). <p>In total, Ong was required to pay a fine of RM1,084,500. Ong's imprisonment terms were to run concurrently. Ong subsequently filed an appeal against the decision of the High Court.</p> <p>On 23 December 2021, the High Court affirmed Ong's conviction and sentence on all 3 charges but set aside the daily fine of RM1,500 for 673 days (amounting to RM1,009,500).</p> <p>Ong filed an appeal to the Court of Appeal against the decision of the High Court whilst the Prosecution filed an appeal to the Court of Appeal against the High Court's order in setting aside the daily fine.</p> <p>On 11 September 2023, the Court of Appeal dismissed both appeals and affirmed the High Court's decision. As a result, Ong's conviction and sentence on all 3 charges remains undisturbed. Similarly, the High Court's decision to set aside the daily fine has been maintained.</p>

CASES COMPOUNDED

During Q3 2023, the SC with the written consent of the Public Prosecutor issued 2 compound notices against 2 individuals for money laundering offences.

No.	Nature of offence	Offender(s)	Highlights
1.	Engaging in money laundering, an offence under s.4(1)(a) AMLATFPUAA	<ul style="list-style-type: none"> Rozahan Osman (Rozahan) 	<p>Rozahan was issued with a compound notice for a money laundering offence under section 4(1)(a) of the AMLATFA, namely, engaging in transactions involving proceeds of unlawful activity between 3 February 2014 and 10 February 2014. The transactions involved Rozahan causing the proceeds of unlawful activity amounting to RM53,900 to be deposited into a savings account belonging to his family member.</p> <p>On 21 July 2023, the SC issued a compound notice under section 92 of the AMLATFA against Rozahan for the amount of RM134,950.00.</p> <p>On 24 August 2023, Rozahan paid the compound sum in full.</p>
2.	Engaging in money laundering, an offence under s.4(1)(a) AMLATFPUAA	<ul style="list-style-type: none"> Mohd Badrillan Abdullah (Badrillan) 	<p>Badrillan was issued with a compound notice for a money laundering offence under section 4(1)(a) of the AMLATFA, namely, engaging in transactions involving proceeds of unlawful activity between 30 January 2013 and 31 January 2013. The transactions involved Badrillan causing the proceeds of unlawful activity amounting to RM53,900 to be deposited into a savings account belonging to another individual.</p> <p>On 21 July 2023, the SC issued a compound notice under section 92 of the AMLATFA against Badrillan for the amount of RM134,950.00.</p> <p>On 24 August 2023, Badrillan paid the compound sum in full.</p>

CIVIL ACTIONS

As at 30 September 2023, there were 10 ongoing civil cases at the High Court, Court of Appeal and Federal Court. No civil suits were filed by the SC in Q3 2023 of the year.

REGULATORY SETTLEMENTS

The SC did not enter into any regulatory settlements during Q3 2023.

SERVICE DELIVERY – PERFORMANCE SCORECARD

SC Scorecard and Statistics of Submissions Approved by the SC in Q3 2023

A. Corporate Submissions to the SC

Table 1
Status of substantive applications as at 30 September 2023

Applications	Equities	Corporate bonds and sukuk	Total
Balance brought forward from Q2 2023	8	1	9
Add: Applications received in Q3 2023	5	28	33
Total applications	13	29	42
Less: Applications considered/lodged in Q3 2023	(4)	(28)	(32)
Less: Applications withdrawn in Q3 2023	-	-	-
Balance carried forward to Q4 2023	9	1	10

Table 2
Substantive applications considered/withdrawn/lodged in Q3 2023

Type of applications	Considered			Withdrawn	Lodged	Total
	Approved	Not approved	Returned			
Initial Public Offering – Main Market	2	-	-	-	-	2
Acquisition, Reverse Take-Overs and Back-Door Listings	-	-	-	-	-	-
Transfer from ACE Market to Main Market	2	-	-	-	-	2
Corporate bonds and sukuk	1	-	-	-	27	28
TOTAL	5	-	-	-	27	32

Table 3
Processing turnaround time for substantive equities applications considered in Q3 2023

Total substantive equities applications considered	Approved	Lapsed	Rejected	Processing time	Time charter*	
					Within	Exceed
4	4	-	-	3-4 months	100%	-

Note:

* Based on number of queries issued.

Time charter for substantive application:

- (i) first round of query raised within 10 MDs from receipt of complete submission; and
- (ii) subsequent queries raised within 5 MDs from receipt of complete replies.

B. Corporate Applications Approved by the SC – Q3 2023

(i) Applications approved/lodged

Table 4

Number of applications approved/lodged

Type of applications	No. of applications approved/lodged		
	Q3 2023	Q2 2023	Q3 2022
Initial Public Offerings – Main Market	2	2	1
Acquisition, Reverse Take-Overs and Back-Door Listings	-	-	1
Transfers from ACE Market to Main Market	2	3	2
Corporate bonds and sukuk	28	9	17
TOTAL	32	14	21

(ii) Corporate bonds and sukuk

Table 5

Approved/lodged Ringgit-denominated issues

Type	Q3 2023		Q2 2023		Q3 2022	
	No. of issues	Size (RM mil)	No. of issues	Size (RM mil)	No. of issues	Size (RM mil)
Conventional bonds	10	47,462.88	1	10,000.00	4	7,050.00
Sukuk	17	48,288.00	6	3,100.00	13	14,770.00
Combination ⁽¹⁾	-	-	-	-	-	-
TOTAL	27	95,750.88	7	13,100.00	17	21,820.00

Note:

⁽¹⁾ Combination of sukuk and conventional bonds.

Table 6

Approved/lodged foreign currency-denominated issues by foreign corporations

Type	Q3 2023		Q2 2023		Q3 2022	
	No. of issues	Size (US\$ mil)	No. of issues	Size (US\$ mil)	No. of issues	Size (US\$ mil)
Conventional bonds	-	-	1	10,000.00	-	-
Sukuk	1	35,000.00	-	-	-	-
Combination ⁽¹⁾	-	-	-	-	-	-
TOTAL	-	-	1	10,000.00	-	-

Note:

⁽¹⁾ Combination of sukuk and conventional bonds.

Table 7

Approved/lodged foreign currency-denominated issues by Malaysian issuers

Type	Q3 2023		Q2 2023		Q3 2022	
	No. of issues	Size (US\$ mil)	No. of issues	Size (US\$ mil)	No. of issues	Size (US\$ mil)
Conventional bonds	-	-	-	-	-	-
Sukuk	-	-	1	5,000.00	-	-
Combinations ⁽¹⁾	-	-	-	-	-	-
TOTAL	-	-	1	5,000.00	-	-

Note:

⁽¹⁾ Combination of sukuk and conventional bonds.

(iii) Take-overs and Mergers

Table 8

Number of submissions considered in relation to take-overs, mergers and compulsory acquisitions

Type	Number of applications considered		
	Q3 2023	Q2 2023	Q3 2022
Clearance of offer/scheme documents¹	2	2	4
• Offers	2	1	3
• Schemes	-	1	1
Total offer/scheme value	<i>RM0.13 billion</i>	<i>RM0.09 billion</i>	<i>RM0.63 billion</i>
Clearance of independent advice circulars	2	4	6
• Offers/schemes	1	3*	4
• Whitewash exemptions	1	1	2
Clearance of circulars for whitewash exemption	1	1	1
Applications for exemption from mandatory offer obligation	12	3	3
• Whitewash exemptions	3	0	3
• Others	9	3	0
Other applications²	1	2	4
TOTAL APPLICATIONS CONSIDERED	18	12	18

Note:

¹ Including documents relating to schemes for control and compensation scheme documents, where applicable.

² Refers to all other applications under the CMSA, Code and Rules.

* One of the independent advice letters cleared by the SC in Q3 2023 relates to an offer to which the offer document was cleared in the preceding quarter.

(iv) CIS, PRS and Foreign ASEAN CIS

Table 9

Number of applications approved relating to unit trusts, other CIS and PRS

Type	Number of applications approved		
	Q3 2023	Q2 2023	Q3 2022
Establishment of new CIS	7	5	14
Establishment of retirement funds	1	0	12
Exemption/variation from Guidelines ¹	1	1	0
Other applications	8 ²	4	6
TOTAL	17	10	32

Note:

- ¹ Excludes applications submitted together with the establishment of new schemes.
² Includes applications in relation to extension of time and qualification as a SRI fund.

C. Licensing

Table 10

Status of license applications

New licence application	Brought forward from Q2 2023	Received	Withdrawn	Returned	Considered / Pending consideration	Issued	Rejected	Pending
Representative	54	254	3	7	298	245	-	53
Corporation	9	1	0	0	10	-	-	10
TOTAL	63	255	3	7	308	245	-	63

Table 11

Processing turnaround time for license applications

New licence application	Within time charter		Exceeds time charter		Subtotal	Exception ¹ Total	Total approved
	Total	%	Total	%			
Representative	242	100	0	0	242	3	245
Corporation	-	-	-	-	-	-	-
TOTAL	242	100	0	0	242	3	245

Note:

- ¹ This refers to an application which required exception handling, where further assessment and engagement were required due to issues related to the applicant's fit and properness.

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