

## HIGHLIGHTS

- The SC concluded the 2021 Regulatory Assessment on Bursa Malaysia.
- The FBMKLCI ended Q3 2021 marginally higher by 0.34%.
- In Q3 2021, the SC approved 2 applications for new CMSL and 392 applications for new CMSRL.

## INSTITUTION SUPERVISION

### Regulatory assessment on Bursa Malaysia

In September 2021, the SC concluded the 2021 Regulatory Assessment on Bursa Malaysia. The assessment focused on Bursa's information technology infrastructure and critical application systems, as well as the integrity and reliability of brokers' front-end systems, with a view of sustaining fair and orderly markets while mitigating the risk of potential disruptions.

### Extension of temporary suspension on Intraday Short Selling and Proprietary Day Traders Short Sale

Following an application by Bursa Malaysia, the temporary suspension on Intraday Short Selling (IDSS) and Proprietary Day Traders (PDT) Short Sale (IDSS Activities), which expired on 29 August 2021, was further extended to 31 December 2021 to facilitate the implementation of various enhancements to the Bursa Trade Securities 2 (BTS2) system. These enhancements are expected to, among others, improve system capacity and robustness while further strengthening control measures in relation to IDSS including the operationalisation of the 'at-tick' rule for the IDSS Activities.

### Facilitated introduction of new derivatives contract

In September 2021, the SC had approved amendments to the Rules of Bursa Malaysia Derivatives (BMD) to enable the introduction of a new crude palm oil derivatives contract.

### Introduction of the Ringgit Malaysia Denominated FEPO Contract

On 21 September 2021, the SC approved the amendments to Bursa Malaysia Derivatives Rules to introduce the new Ringgit Malaysia Denominated FEPO contract. The amendments support the growth of the East Malaysian crude palm oil (CPO) market, which represented 45.5% of Malaysia's CPO market in 2020.

### Rule waivers to facilitate FIMM initiative: Digital verification of Consultant registration status

The SC facilitated an initiative by FIMM to enable digital verification on the registration status of Unit Trust Schemes and PRS Consultants (Consultants). This was undertaken by way of a waiver granted by the SC in relation to the relevant provisions of FIMM Rules.

## Enabling experienced unit trust consultants to market and distribute PRS

The SC facilitated an initiative by FIMM to enable experienced unit trust consultants to also market and distribute PRS subject to the fulfilment of certain

eligibility requirements. These requirements include having an active registration with FIMM, at least five years of experience and meeting the relevant fit and proper criteria.

## MARKET SURVEILLANCE

### Domestic equity market performance

The benchmark FBMKLCI Index ended Q3 2021 marginally higher by 0.34%. The benchmark index staged a rebound in August amid a confluence of domestic factors including progress in vaccination efforts, gradual reopening of various sectors of the economy as well as stability in Malaysian politics.

Nonetheless, the FBMKLCI subsequently pared gains in September 2021, largely due to the losses in Top Glove and Hartalega. Both glovemakers ended Q3 2021 in the negative territory following dimmer earnings outlooks and favourable vaccination progress around the world. Analysts downgraded ratings for the glove sector, citing lower average selling prices, higher compliance costs, and heightened competition. Notably, in Q3 2021, Press Metal emerged among the top gainers on the FBMKLCI as aluminium prices climbed to their highest level in more than a decade due to the low supply. In contrast, Dialog Group underperformed in Q3 2021 after the oil and gas support services provider reported its first decline in full-year net profit in 16 years.

On the broader market, sectors were mixed. Technology (+20.27%) outperformed on the back of sustained demand for semiconductor chips as well as accelerated digitalisation efforts and technology adoption. The sector is also perceived to be a key beneficiary of the 12<sup>th</sup> Malaysia Plan as most initiatives outlined in the national development plan involve technology as a key enabler. Meanwhile, Healthcare (-11.70%) underperformed amid the losses recorded in glove manufacturers.

Across the market segments, larger and small caps (Mid 70: +3.47%, Small Cap: +4.25%) as well as lower liners (Fledgling: +2.71%; ACE: +3.02%), mirrored gains across their blue-chip counterparts (FBMKLCI: +0.34%). In terms of trading activity, the daily average volume declined by 28.53% q-o-q to 4.70 billion shares, while the average value traded per day decreased by 21.63% q-o-q to RM3.02 billion in Q3 2021.

## LICENSING

The SC approved 2 applications for new CMSL and 392 applications for new CMSRL during Q3 2021. Details on the total CMSL and CMSRL holders are provided in Table 1.

Table 1

### Total number of licensed capital market intermediaries

Regulated activity	Total number of licensees
<b>DEALING IN SECURITIES:</b>	
• Investment banks	10
• Universal brokers	1
• Special scheme foreign stockbroking companies	7
• Stockbroking companies with at least one merger partner	13 <sup>1</sup>
• Dealing in securities restricted to listed securities	1
• Dealing in securities restricted to unit trust (standalone)	5
<b>DEALING IN DERIVATIVES</b>	7
<b>FUND MANAGEMENT:</b>	
• Fund management companies	40
• REIT managers	18
• Special scheme foreign fund management companies	5
• Islamic fund management companies	23
• Boutique fund management companies	8
• Digital investment manager	8
<b>CORPORATE FINANCE COMPANIES</b>	40
<b>INVESTMENT ADVISORY COMPANIES</b>	18 <sup>2</sup>
<b>FINANCIAL PLANNING COMPANIES</b>	36 <sup>3</sup>
<b>CMSRL</b>	
Dealing in securities (include dual licence holder)	6,583
Dealing in derivatives	449
Fund management	817
Advising on corporate finance	734
Investment advice	290
Financial planning	1,261

<sup>1</sup> Includes iFast.

<sup>2</sup> Includes 1 individual CMSL holder.

<sup>3</sup> Includes 2 individual CMSL holders.