



PART 2 REGULATORY PERFORMANCE AND OUTCOMES

PART 2: REGULATORY PERFORMANCE AND OUTCOMES

INTRODUCTION

In 2024, the SC continued its mission of promoting a fair, efficient, secure, and transparent capital market through a comprehensive regulatory framework encompassing rulemaking, surveillance, and enforcement. This part provides an overview of the SC’s key regulatory initiatives and outcomes for the year, underscoring its commitment towards maintaining market integrity and safeguarding investor interests.

MONITORING AND MANAGEMENT OF SYSTEMIC RISK

In 2024, global financial markets experienced pockets of volatility due to uncertainty in the Federal Reserve’s monetary policy stance, persistent inflationary pressures, heightened geopolitical tensions and US presidential elections. Despite some stabilisation in energy prices, the capital market remained sensitive to shifts in economic fundamentals, including the impact of global monetary policy expectations and uncertainties surrounding global economic growth. Against this backdrop, the SC proactively identified and managed potential downside risks that could impact the systemic stability of the Malaysian capital market.

This year, the SC has strengthened its enterprise-wide risk governance framework to enable a more streamlined and structured approach in managing systemic risks. To enhance the efficiency and effectiveness of risk oversight and decision-making processes, the SC has consolidated its two risk committees – the Systemic Risk Oversight Committee (SROC) and the Executive Risk Management Committee (ERMC) – into a unified committee now known as the Risk Management Committee (RMC). Regular RMC meetings were held to address potential risk concerns emerging from various segments of the capital market that could contribute to build-up of systemic risk concerns. The RMC is supported by the Market Risk Committee (MRC) and the Technology and Cybersecurity Risk Committee (TCRC) (Figure 1).

In carrying out the systemic risk management role, the SC actively monitored various components of the capital

FIGURE 1
Systemic risk governance structure



Note:
RMC represents the consolidation of two committees, previously known as SROC and ERMC.

market, including the domestic equity and bond markets, foreign fund flows, and trading activities to identify any potential stress points.

In 2024, the SC further deepened its systemic risk management efforts by conducting deep dive thematic studies on key developments, including the impact of global election cycles, China-related risks and vulnerabilities, and geopolitical tensions in the Middle East.

The SC also collaborated closely with other regulatory bodies, including Bank Negara Malaysia (BNM) and the Labuan Financial Services Authority (Labuan FSA), to identify and discuss systemic risk concerns that could potentially impact the Malaysian capital market. Key issues discussed during these engagements include the global monetary policy outlook, currency movements, and emerging risk issues such as environmental, social, and governance (ESG) risks and the growing threat of cyberattacks. These discussions facilitated a timelier and co-ordinated inter-agency response when necessary, enhancing the resilience of the overall financial system.

As part of its ongoing commitment to proactive systemic risk management, the SC has published its third Capital Market Stability Review in the first quarter of 2025. This publication will provide a comprehensive assessment of the risk landscape in the Malaysian capital market, highlighting key drivers of systemic risk and offering insights to guide stakeholders in navigating the evolving market conditions.

CAPITAL-RAISING

Equity

TABLE 1
Equity applications

No. of applications	2024	2023
Received during the year	20	22
Considered	21	18
Approved	21	18

TABLE 2
Service charter performance – equity applications

Service	Measure	Target	Results	
			2024	2023
Processing of equity applications	% of applications processed within time charter*	90%	99%	99%

Note:

- * Based on number of queries issued:
- first round of query raised within 10 MDs from receipt of complete submission; and
 - subsequent queries raised within five MDs from receipt of complete replies.

In 2024, the SC received 20 equity applications, 12 of which were for initial public offering (IPOs), which included two proposed secondary listings on the Main Market. Other equity applications received were applications for a proposed acquisitions, resulting in a significant change of business direction or policy, and seven for transfer of listings to the Main Market of Bursa Malaysia Bhd (Bursa Malaysia) (Table 1). A further nine applications had been brought forward from 2023 (Please refer to Table 1A on page 79 for Detailed Statistics).

Out of the total 29 equity applications for consideration in 2024, 21 were considered and eight remained under review as at year-end. This marks the highest number of equity applications considered by the SC since 2014, demonstrating a significant increase in primary fundraising activity and interest. On average, five rounds of queries were raised when processing each equity application considered, 99% of which were raised within time charter (Table 2).

Notable IPO approvals in 2024

Malaysia's equity market recorded significant activity in 2024, with 55 IPOs, the highest since 2005. This represents a substantial increase compared to 32 IPOs in 2023 and 35 in 2022, showcasing the continued growth and resilience of the market.

Among the approved IPOs, two were particularly noteworthy:

- 99 Speed Mart Retail Holdings Bhd**, a leading convenience store chain operator, raised RM2.36 billion, making it the largest IPO in Malaysia in the past seven years and the biggest in ASEAN for 2024, drawing widespread attention.
- Johor Plantations Group Bhd**, an oil palm plantation company, raised RM0.74 billion, ranking as the fifth largest IPO in ASEAN for 2024.

These notable IPOs highlight the growing confidence in Malaysia's equity market and its capacity to attract large-scale companies. The strong performance in 2024 reaffirms Malaysia's role as a key player in driving equity growth and attracting investments in the region.

The SC also registered 24 equity prospectuses in 2024, comprising 11 prospectuses for IPOs and 13 abridged prospectuses.

Corporate Bonds and Sukuk

TABLE 3
Corporate bonds and sukuk lodgements

Lodgements during the year	2024	2023
No. of lodgements	87	64

TABLE 4
Corporate bonds and sukuk-related documents

No. of documents	2024	2023
Lodgement of trust deed/ supplemental trust deed	118	107
Deposit of information memorandum/ lodgement of disclosure document	61	62
Lodgement of product highlights sheet	1	3
Registration of abridged prospectus	1	2

In 2024, the number of corporate bonds and sukuk lodgements¹ remained stable with 87 corporate bonds and sukuk lodgements made with the SC compared to 64 lodgements in the previous year (Table 3). Sukuk accounted for 71% of the number of lodgements, as well as 70% of the nominal value in relation to ringgit-denominated instruments (sukuk RM115.59 billion; total RM165.89 billion) and 100% of the nominal value for foreign currency-denominated instruments (sukuk US\$35.00 billion; total US\$35.00 billion) (Please refer to Table 2A on page 79 for Detailed Statistics).

There were no corporate bonds or sukuk applications in 2024, compared to two corporate bonds applications with a nominal amount of RM0.22 billion received in 2023.

A total of 181 documents were received in 2024 compared to 174 documents received in 2023, representing a 4% increase in corporate bonds and sukuk-related documents received by the SC (Table 4).

Take-overs and Mergers

The SC administers the *Malaysian Code on Take-overs and Mergers 2016* (Code) and *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules) to ensure that the acquisition of control takes place in an efficient, competitive, and informed market. The SC's focus extends to the conduct of relevant parties, ensuring equal treatment for all offeree company shareholders and promoting timely and adequate disclosure to support informed decision-making on take-over related transactions.

In line with its mandate, the SC recognises its role in ensuring an efficient, competitive, and informed market and hence, regularly reviews take-over policies to ensure the existing requirements and practices provide an orderly framework for take-overs, mergers and compulsory acquisitions. To this end, public consultations or engagements with key stakeholders are organised to ensure that feedback is sought as and when the need arises.

TABLE 5
Take-overs, mergers and compulsory acquisitions

Applications and documents considered	2024	2023
Clearance of offer/scheme documents	21	10
Clearance of independent advice circulars (IACs)	29	13
Clearance of whitewash ² circulars	7	4
Applications for exemption from mandatory offer obligation	22	19
Other applications	18	16
TOTAL	97	62

TABLE 6
Service charter performance – take-overs and mergers

Measure	Target	Results	
		2024	2023
Offer documents cleared within 21 calendar days from receipt of take-over offer notice	100%	100%	100%
IACs for take-over offers cleared within 10 calendar days from offer document dispatch date		100% ³	100% ⁴
Scheme document and independent advice letter for schemes cleared within 35 calendar days from date of announcement by offeree board to table the resolution for the scheme to shareholders for approval		100%	100%

¹ Pursuant to the Lodge and Launch Framework for Unlisted Capital Market Products (LOLA Framework).

² Whitewash refers to an exemption from mandatory offer obligation arising from the issuance of new securities, granted by the SC subject to fulfilment of the stipulated conditions including approval from independent holders at a general meeting.

³ Includes one application where extension of time was granted to dispatch the IAC to shareholders.

⁴ Includes one application where extension of time was granted to submit an IAC to the SC and dispatch the same to shareholders.

In 2024, the SC considered a total of 97 applications under the Rules compared to 62 applications in 2023. This was mainly attributed to a higher number of take-over offers/schemes as well as clearance of independent advice circulars undertaken during the year (Table 6) which reflected the improved appetite for take-over and merger activities during the year.

The SC cleared 21 offer documents involving a total offer value⁵ of RM18.22 billion or an average of RM867.69 million per offer. This represented an increase of RM12.69 billion against the previous year (2023: 10 offers with total offer value of RM5.53 billion, averaging RM553.43 million per offer). Only one of the 21 offers was undertaken by way of a scheme, as opposed to three schemes in 2023.

The conditional voluntary take-over offer by Gateway Development Alliance Sdn Bhd, Pantai Panorama Sdn Bhd, Kwasa Aktif Sdn Bhd and GIP Aurea Pte Ltd (collectively, the Joint Offerors) and UEM Group Bhd and Employees Provident Fund Board (collectively, the Joint Ultimate Offerors) to acquire all the remaining ordinary shares in Malaysia Airports Holdings Bhd (MAHB Offer) was the largest offer at RM12.30 billion in offer value, representing 68% of the total offer value in 2024. Other two notable offers in terms of offer value include the conditional mandatory take-over offer by Public Bank Bhd for all the remaining ordinary shares in LPI Capital Bhd at RM2.18 billion (LPI Offer) and the selective capital reduction and repayment exercise by MPH Bhd at RM0.75 billion.

Of the 21 offers in 2024, 18 were in relation to offeree companies listed on the Main Market, one in relation to an offeree company listed on the ACE Market (Carlo Rino Group Bhd) and two in relation to unlisted public companies (Central Cables Bhd and KKK Sawit Nusantara Bhd).

Sector-wise, the transportation and logistics sector followed by the financial services sector were the highest in terms of offer value at RM12.30 billion (comprising the MAHB Offer) and RM2.18 billion (comprising the LPI Offer), representing 68% and 12% of the total offer value in 2024 respectively.

The SC also cleared 29 IACs in 2024, 22 of which were in relation to take-over offers/schemes and seven in relation to exemptions from the mandatory offer obligation pursuant to the whitewash procedures (2023: 13 IACs). In addition, seven whitewash circulars were also cleared in relation to exemptions from the mandatory offer obligation (2023: 4 whitewash circulars). As for applications in relation to exemptions from having to undertake a mandatory take-over offer, the SC had considered 22 applications in 2024 (2023: 19 applications), of which 10 applications involved whitewash exemptions and 12 applications involved acquisitions or transfer of shares within members of a group of persons acting in concert. The SC also considered 18 applications pursuant to certain requirements under the CMSA and the Rules.

⁵ The value of the total number of securities subject to the offer/scheme based on the offer price.

INVESTMENT MANAGEMENT AND PRODUCTS

Collective Investment Schemes and Private Retirement Scheme

TABLE 7

Applications and lodgements for collective investment schemes (CIS¹) and private retirement scheme (PRS)

(i) Applications	Considered		Approved		Pending Consideration	
	2024	2023	2024	2023	As at 31 Dec 2024	As at 31 Dec 2023
Authorisation of collective investment schemes	40	22	40	22	9	5
– Unit trust funds	39 ²	22 ³	39	22	8	5
– Exchange-traded funds	1	-	1	-	-	-
– Real estate investment trusts	-	-	-	-	1	-
Authorisation of private retirement funds	-	4	-	4	-	-
Exemption/variation from guidelines	5	5	5	5	2	-
Other applications	28 ⁴	20 ⁵	28	20	1	1
Registration of prospectuses/disclosure documents	133	304	133	304	18	12
Registration of deeds	100	303	100	303	11	7
TOTAL	306	658	306	658	41	25
(ii) Lodgements	Lodged			Launched		
	2024	2023	2024	2023	2024	2023
Wholesale funds	59	44	61	43		

Note:

¹ Consists of unit trust funds, exchange-traded funds, real estate investment trusts and wholesale funds.² Includes 3 funds which were also qualified as SRI funds.³ Includes 7 funds which were also qualified as SRI funds.⁴ Includes 9 applications seeking qualification as SRI funds.⁵ Includes 5 applications seeking qualification as SRI funds.

TABLE 8

Service charter performance – CIS

Service	Measure	Target	Results
Authorisation of collective investment schemes	Decision issued within: <u>For unit trust funds</u> <ul style="list-style-type: none"> 10 business days from the date of receiving the complete submission (for submission under the expedited approval process). 21 calendar days, excluding public holidays (for submission received under the standard authorisation process) subject to the management company having fully addressed all the SC's comments. <u>For exchange-traded funds and real estate investment trusts</u> <ul style="list-style-type: none"> three months from the date of receiving the complete submission, subject to all issues being satisfactorily addressed. 	90%	100% (2023: 96%)

In 2024, the SC considered a total of 306 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses and disclosure documents, register deeds and other ancillary matters.

The SC also received 59 lodgements in relation to wholesale funds under the LOLA Framework for sophisticated investors.

Investment Products

TABLE 9
Structured warrants considered

Structured warrants	2024	2023
No. of eligible issuers	7	7
No. of base prospectuses registered	7	7
No. of supplementary prospectuses registered	26	20
No. of term sheets registered	1,811	1,515

In 2024, the SC registered 1,811 term sheets for the offering of structured warrants, representing a 20% increase from 1,515 term sheets registered in 2023. Additionally, the SC registered 26 supplementary prospectuses in the same year, marking an increase of 30% compared to 2023 (Table 9). These developments underscore the structured warrants market's growing significance within Malaysia's capital market, providing investors with a broad spectrum of listed investment choices. Structured warrants continue to offer exposure to various underlying assets, enabling investors to capitalise on market movements with greater leverage. The structured warrants market's sustained expansion highlights increasing investor participation, driven by growing interest in accessible and flexible trading instruments that support portfolio diversification and strategic positioning. This momentum also reflects the evolving preferences of investors, who are actively seeking higher-yield opportunities in listed markets.

TABLE 10
Service Charter Performance – Structured Warrants

Service charter	Measure	Target	Results	
			2024	2023
Registering a base prospectus for the offering of structured warrants	Registration of base prospectus before the intended date of the base prospectus, upon receipt of a complete application at least 14 market days prior to the intended date of registration of the base prospectus	100%	100%	100%
Registering a supplementary base prospectus for the offering of structured warrants	Registration of supplementary base prospectus before the intended date of the supplementary base prospectus, upon receipt of a complete application at least three market days prior to the intended date of registration of the supplementary base prospectus	100%	100%	100%
Registering term sheets for the offering of structured warrants	Registration of term sheet before the intended date of the term sheet, upon receipt of a complete application at least one market day prior to the intended date of registration of the term sheet	100%	100%	100%

GATEKEEPING

The SC remains unwavering in its commitment in ensuring that only individuals and entities that meet fit and proper standards are granted licenses or registrations to operate within the capital markets. In 2024, the SC continued its rigorous approach to licensing, performing comprehensive assessments for each applicant, including

adverse checks with other regulatory bodies and authorities to ensure a high standard of market integrity (Table 11). All applications for Capital Markets Services Licences (CMSLs) and Capital Markets Services Representative's Licences (CMSRLs) were processed within the timelines established by the SC's service charter, reflecting the SC's commitment for efficiency and adherence to service standards (Table 12).

TABLE 11
Status of licensing and registration application

Application for new CMSL	2024	2023
New applications received	7	8
Brought forward from previous year	5	18
Approved	7	16 ¹
Returned or withdrawn	1	5
Application for registration (VCPE and DAC)		
New applications received	17	15
Brought forward from previous year	2	8
Approved	15	13
Returned or withdrawn	1	6
Application for registration of RMO		
New applications received	5	17 ²
Brought forward from previous year	5 ²	3
Approved	3	9
Returned or withdrawn	5 ²	6
Application for registration new CMSRL		
New applications received	966	931
Brought forward from previous year	52	51
Approved	937	864
Returned or withdrawn or rejected	38 ³	65

Note:

¹ Include six applications approved in principle pending fulfilment of conditions by the applicants for licence issuance.

² Include applications submitted by an entity seeking to be registered for two different activities.

³ Include one application rejected.

TABLE 12
Service charter performance – licensing of CMSL and CMSRL

Service	Measure	Target	Results	
			2024	2023
New CMSL application	Within six weeks of receiving complete application	100%	100%	100%
New CMSRL application	Within two weeks of receiving complete application	100%	100%	100%

In 2024, seven new CMSL holders were approved. Meanwhile, there were 15 new registered entities approved which includes 14 venture capital and private equity (VCPE), and one Digital Asset Custodian (DAC). During the same period, the SC also registered three recognized market operators (RMO), consisting of two peer-to-peer financing platform operators and one digital asset exchange operator.

As of 31 December 2024, 937 CMSRL applications were approved and the total number of CMSRL holders stood at 10,314.

During 2024, four CMSL holders had surrendered their licenses as they were no longer in the business of the regulated activity(ies) for which they were licensed. In addition, 889 CMSRL holders had surrendered their respective licences due to retirement, resignation (due to better offer) and change in career path.

TABLE 13
License or registration ceased, revoked and suspended

CMSL holders	2024	2023
Ceased, revoked or suspended	4	3
CMSRL holders		
Ceased, revoked or suspended	889	962
Application for registration		
Ceased, revoked or suspended	5	8

SURVEILLANCE

Promoting Transparency and Accountability in Public-Listed Companies for Market Integrity

The integrity of capital markets is paramount for fostering investor confidence and ensuring the stability of the financial system. In this context, the SC plays a critical role in monitoring the conduct of public-listed companies (PLCs), with the aim of ensuring compliance with securities laws and regulations, ultimately safeguarding investors' interests.

The SC's surveillance efforts are risk-based, focusing on scrutinising corporate transactions, disclosures, and financial statements of PLCs. This year, with the greater enhancement of its in-house surveillance and analytics tools, the SC has employed greater automation and more effective analytics in identifying companies with heightened concerns. With better detection and more expeditious review of cases, the effectiveness of the SC's surveillance has been enhanced, resulting in a 60%

increase (in comparison to 2023) in the number of cases with potential issues being reviewed and appropriate actions taken.

In reviewing PLCs' corporate transactions and conduct, the SC engaged with directors, officers, and statutory auditors to gather insights and ensure accountability. Upon completion of review, cases with possible breaches of securities laws were referred for formal investigation and/or enforcement action by the SC, while cases with possible breaches of Listing Requirements were directed to Bursa Malaysia for further action.

Greater emphasis has also been placed on PLCs' adherence to approved financial reporting standards to ensure transparency and comparability in financial statements, thus providing investors with accurate information about the PLCs' financial health.

To ensure that its surveillance activities remain relevant and effective, the SC continuously reviews and, where appropriate, enhances and refines its approaches, taking into consideration, among others, emerging market trends and concerns regarding corporate behaviour and conduct. As the capital market continues to evolve amid global challenges, the SC's commitment to safeguarding investors' interests remains unwavering, making it a cornerstone of market stability and integrity.

Fostering Compliance with Take-over and Merger Regulations and Maintaining Effective Regulation

As part of its mandate, the SC also closely monitors compliance with the take-over requirements to detect misconduct and breaches which could jeopardise the interests of the investing public. In 2024, the SC had issued infringement notices for various non-compliances detected which include failure by advisers to ensure clients comply with the take-over regulations and non-compliances relating to dealings in securities during the offer period and/or disclosure of information to the SC (Table 14).

TABLE 14
Surveillance outcomes

Surveillance outcomes	2024	2023
Administrative actions*	0	1
Infringement Notices*	5	5

Note:

* Computed based on the offeree company involved rather than the number of notices issued or actions taken. Statistics also reflected under the SC's administrative actions (Table 20) and Infringement Notices (Table 25).

In addition, towards pre-empting and addressing major issues in take-over related transactions, the SC encourages early engagement through its consultation process. In undertaking this process, the SC is mindful of commercial sensitivity and expediency as well as confidentiality. By taking this approach, the SC provided a conducive environment for stakeholders to seek relevant clarifications and guidance with the goal of enhancing stakeholders' compliance with the regulatory requirements for take-over and merger transactions. In 2024, consultations with the SC involved diverse aspects of take-over regulations including identification of ultimate offeror and persons acting in concert, triggering of the mandatory offer obligation and eligibility for exemption, conditions and pre-conditions to offers, eligibility to act as independent adviser and other general enquiries.

During 2024, the SC and Bursa Malaysia also engaged in numerous discussions and dialogues with the board of directors of companies to be listed on the Main Market or the ACE Market in relation to pertinent requirements to be observed by listed companies, including the key take-over regulations. This initiative served as a vital platform for the sharing of key regulatory requirements while fostering a deeper understanding of some of the regulatory requirements among the newly listed companies.

In addition to its interactions with advisers during review of applications or consultations, the SC engaged with industry practitioners to address take-over related issues and/or clarify compliance. This open communication channel helped foster strong working relationships with stakeholders. On 11 October 2024, the SC hosted a dialogue on current take-over and merger issues, attended by representatives from 26 corporate finance advisory firms and the Malaysian Investment Banking Association (MIBA). The annual dialogue was well-received, with participants finding it insightful and helpful in providing clarity on the identified topics.

The SC also recognises the importance of having regular meetings with other take-over regulators to address issues of common interest and build relationships across borders. In line with this, the SC participated as one of the speakers in the 7th International Takeover Regulators' Conference held in Toronto, Canada in May 2024 and shared Malaysia's experience in navigating take-overs transactions during the global pandemic of COVID-19 in one of the sessions. The conference was a closed meeting for regulators over two days followed by an open session participated by the broader Canadian financial community and included both regulators and other presenters with expertise in mergers and acquisitions as speakers on the last day.

These international engagements helped the SC to be apprised of the relevancy of its regulatory framework on take-over activities vis-à-vis the evolving market landscape and global best practices. In addition, these engagements with other regulators and experts were useful in, among others, providing better insights to the SC on emerging issues and trends as well as management of the same.

In summary, the SC's multifaceted approach to regulating take-overs and mergers-through proactive oversight, consultations, informative dialogues and international engagements-reinforces its commitment in maintaining a fair and well-regulated marketplace in Malaysia. To further enhance its regulatory framework, the SC had enhanced the Equity Guidelines in respect of significant changes in the business direction and policies of listed corporations. This initiative promotes adherence to regulatory standards while safeguarding the rights of minority shareholders. These measures underscore the SC's commitment to fostering a fair and transparent marketplace, ensuring that Malaysia's take-over activities remain aligned with evolving market conditions while upholding the interests of all stakeholders.

Preserving Market Integrity through Proactive Surveillance of Trading Activities

The SC remained steadfast in our commitment to ensure that the capital market operates in a fair and orderly manner. Working closely with Bursa Malaysia, the SC monitored, detected and responded to trading anomalies that posed potential risks to the integrity of the capital market.

The SC's oversight over Bursa Malaysia involved regular engagements to ensure, among others, that untoward trading practices were detected and addressed effectively at an early stage. Through these engagements, Bursa Malaysia took timely, proportionate actions, including engaging with capital market intermediaries to communicate concerns and potential interventions, ensuring that the intermediaries remain vigilant in discharging their roles and responsibilities in maintaining a fair and orderly market.

During periods of heightened market volatility, the SC undertook and ensured Bursa Malaysia undertook heightened scrutiny and proactive measures including issuing joint public communications to keep the market apprised of the stock market's condition. These co-ordinated activities were part of the SC's multi-pronged approach towards ensuring market integrity and investor protection is safeguarded at all times.

This included, among others, strategic communication so that investors are equipped with the relevant information and reminded to base investment decisions on fundamentals and corporate announcements by PLCs.

To further protect investors, Bursa Malaysia would issue Unusual Market Activity (UMA) queries, requiring the affected PLCs to provide responses that were promptly announced, ensuring timely dissemination of information to support informed investment decisions by the investing public. In May 2024, Bursa Malaysia introduced a new Trading Reminder to further strengthen investor protection. This measure alerts investors on stocks experiencing ongoing volatility, even after PLCs have responded to UMA queries, complementing existing investor protection measures.

In 2024, the SC's market surveillance efforts involved 1,477 assessments (2023: 1,405 assessments) of trading anomalies detected and in-depth analyses of market abuse cases including possible insider trading and market manipulation. Key areas of surveillance focus in 2024 included monitoring and assessment of material anomalies in price and volume movements, corporate disclosures and announcements, complaints and referrals received as well as other information sources such as the media. Cases with possible breaches of securities laws were escalated for investigation and appropriate enforcement action.

To enhance efficiency, the SC employed data analytic tools to complement the core market surveillance system while analysing trading activities. The data analytic tools are based on a quantitative model to support deep analyses of large and complex trading data and the identification of patterns such as potential trading clusters among market participants. This technology strengthened the SC's ability to achieve greater efficiency in analysing possible market misconducts.

Strengthening Cross-Border Surveillance Collaboration

A key component of the SC's success in surveillance activities lies largely in effective and mutual sharing of experience with international capital market regulators. The SC continued to play an active role in maintaining close collaboration with international surveillance counterparts through various information sharing and exchange platforms, such as the Asia Pacific Regulators' Dialogue on Market Surveillance (ARMS).

In 2024, the SC hosted the 9th ARMS in Kuala Lumpur, Malaysia, gathering surveillance counterparts from

Australia, Hong Kong, India, Indonesia, Japan, Saudi Arabia, Singapore and Thailand. The dialogue focused on the regulation and surveillance of digital assets exchanges and trading, SupTech and data analytics in market surveillance, trading misconduct typologies and the surveillance on unlicensed activities. Practical insights were shared on strategic surveillance approaches, various analytics tools and systems adopted in the respective jurisdictions to enhance surveillance analysis and improve efficiency in the detection of anomalous trading activities. These open and constructive discussions contributed meaningfully towards ensuring that participating jurisdictions' surveillance strategies and approaches remained relevant and aligned with international best practices.

In light of the increasing cross-jurisdictional nature of capital market activities, the SC took proactive steps to address cross-border market abuses. Conduct issues involving foreign participants and licensed persons were shared with international regulatory counterparts through the IOSCO Multilateral Memorandum of Understanding (MMOU). This collaboration aimed to combat cross-border trading misconduct that could compromise market integrity while achieving mutually beneficial regulatory outcomes. The sharing of surveillance observations also helped strengthen governance standards and accountability among intermediaries in handling cross-market trades.

Ongoing Monitoring and Surveillance over the Corporate Bonds and Sukuk Market

In 2024, domestic bond yields were stable with the benchmark 10-year MGS yield moving within the range of 3.7% to 4.0%. Headline Consumer Price Index (CPI) inflation in Malaysia rose from a low of 1.5% in January 2024 to 1.8% in November 2024 whereas headline CPI in the US declined from 3.1% in January 2024 to 2.7% in November 2024.

Domestically, BNM had maintained the Overnight Policy Rate (OPR) at 3.00% throughout 2024. The monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects.

In the US, the Federal Reserve cut interest rates for the first time in four years, by 50bps in September 2024 on the back of a cooling labour market and inflation. In November and December 2024, the interest rates were further cut twice by 25bps each as inflation continued to progress towards the Fed's 2% inflation target. The latest Fed dot plot indicates that most US Fed officials

project interest rates to settle at 3.75%-4.00% end-year, equivalent to a total of 50bps rate cut in 2025. The dot plot is published quarterly by the Fed and shows where each member of the policymaking committee expects the Federal Funds Rate will be by the end of the current year.

From the SC's observations, these events did not have any major impact on domestic corporate bonds issuers' ability to raise funds at competitive rates throughout the year. Long-term corporate bond and sukuk issuance in 2024 amounted to RM124.1 billion, within the SC's projection of RM120-RM130 billion issuance in 2024.

As part of the SC's continuous efforts to supervise the corporate bonds and sukuk market, the SC closely monitors corporate bonds issuers under credit stress. Presently, such corporate bonds issuers are minimal (less than 2% of the corporate bonds and sukuk market) and mainly originated from the energy and utilities, real estate and transportation sectors. These issuers have, for example, requested investors' indulgence for extension of time to meet agreed-upon financial ratios, delays in coupon or principal payment as well as other forms of refinancing.

The corporate bonds and sukuk market had witnessed no issuer default in 2024, compared to one issuer default worth RM200 million in 2023. Six rating downgrades were observed during the year 2024 (2023: 8). Out of the six rating downgrades, two were from the real estate sector, two from the industrial sector and one each from the transportation sector and the automobile and parts sector. As for rating outlook, there were 11 corporate bond issuers with a negative outlook in 2024 (2023: 10).

Strengthening Bond Market Surveillance Activity

In the corporate bonds and sukuk market, market participants play a pivotal role in upholding market integrity by ensuring adherence to regulations and safeguarding investors' interests. To this end, the SC has worked with various stakeholders, including credit rating agencies, bond pricing agencies, and bond and sukuk trustees, throughout 2024 to share knowledge, provide insights, and address both existing and emerging challenges.

In January 2024, the SC organised several engagements with law firms to understand the industry practice on bond and sukuk default from a legal perspective. In March 2024, the SC conducted a closed-door discussion with a credit rating agency to exchange insights on the latest developments impacting the local bond and sukuk market. Issues discussed included bond market outlook, interest rate expectations, foreign investments, domestic rating stability and accuracy, and China's property market. The SC will maintain its interactions with key market participants to stay updated on the latest market developments.

SUPERVISION

Supervision of Technology and Cyber Risk Assessments

In 2024, the SC observed a growing reliance on advancing technologies, such as blockchain, cloud, artificial intelligence (AI), and internet of things (IoT), to improve efficiency, automation and data-driven decision-making. While these technological advancements offer significant benefits, they also introduce new risks and challenges. This year saw increasing concerns over malware and ransomware attacks, resulting in data leaks for affected organisations. Additionally, technology resilience and preparedness within the market faced scrutiny following the CrowdStrike outage, underscoring the critical need to address supply chain vulnerabilities.

Revision of the Guidelines on Technology Risk Management

On 19 August 2024, the *Guidelines on Technology Risk Management* (GTRM) was revised and implemented. This implementation follows a one-year familiarisation period that began on 1 August 2023. The intention was to provide adequate time for capital market entities (CME) to prepare and enable themselves to meet the requirements of the GTRM. The GTRM superseded the *Guidelines on Management of Cyber Risk* (GMCR), which primarily addressed cyber security concerns. In contrast, the GTRM offers a more comprehensive framework that integrates technology risk management, effectively addressing a wider range of risks within the capital market.

Monitoring Technology and Cyber Trends

Under the GTRM, CMEs are required to report technology and cyber incidents via the Vault system, a case management system platform designed for CME to report technology and cyber incidents. The Vault system also facilitates effective analysis of trends and root causes, thereby strengthening the SC's oversight capabilities.

Since the introduction of GTRM, there has been a notable increase in reported incidents, which has enhanced the SC's visibility into the industry's risk posture and reinforced efforts to ensure technology and cyber resilience within the capital market. The SC's analysis of incidents reported via the Vault from Q1 to Q4 2024 indicates that 77% were classified as technology incidents, primarily involving hardware or software failures. The remaining 23% were categorised as cyber security incidents, with data breaches being the most prevalent. These findings highlight the critical importance of robust management of software and hardware components, particularly in addressing supply chain risks. The SC strongly advised organisations to remain vigilant given their potential repercussions.

Despite a decrease in overall cyber security incidents compared to 2023, each new incident presents the risk of greater organisational impact. Notably in 2024, the increased frequency of ransomware and malware cases have brought data confidentiality risks towards affected organisations.

Empowering Senior Leaders in Technology and Cyber Risk Management

On 10 May 2024, the SC held its inaugural 'C-Suite Forum on Managing Technology and Cyber Risk' as part of the SCxSC initiative. Approximately 180 senior executives from the capital market industry attended, underscoring the sector's commitment to addressing evolving technology and cyber risk challenges. The SC highlighted the critical role of C-Suite leadership in navigating the increasingly complex landscape of technology and cyber risk stressing that strategic guidance from senior management is essential for effective risk mitigation and resilience.

The forum provided an opportunity to discuss key findings from technology audits, capital market incident trends, and gain insights into the GTRM. Among the key takeaways shared with senior executives were the five most common findings from supervisory technology audits, as summarised in the Table 15.

TABLE 15

Five common supervisory technology audit findings

Security Assessment	<ul style="list-style-type: none"> Absence of regular assessments such as penetration testing and vulnerability assessment. Failure to remediate findings within the approved and documented timeline.
Third-Party Service Provider	<ul style="list-style-type: none"> Absence of third-party service provider framework, policy and procedures. Absence of periodic assessment on the capabilities of provider during contract period.
Technology Audit	<ul style="list-style-type: none"> Frequency and scopes of technology audit are not commensurate with the business model, risk appetite and level of technology dependency of the capital market entity.
Technology Risk Management	<ul style="list-style-type: none"> Absence of technology risk management framework. Incomprehensive policy and procedures to support the framework.
Cyber Hygiene	<ul style="list-style-type: none"> Poor cyber hygiene practices, such as (among others): <ul style="list-style-type: none"> Weak cyber security awareness to identify threats such as phishing e-mails, compromised e-mail, malware, etc., and lack of training / latest updates on technology developments for board members and senior management to discharge oversight role. Irregular security patches that resulted in software not running on latest versions and mitigations controls not in place.

In Table 15 are the five common supervisory technology audit findings that were shared to senior executives during the forum.

The SC's analysis revealed a significant increase in reported incidents of ransomware, unauthorised access, and Distributed Denial of Service (DDoS) attacks within the industry. The SC's observations indicate that organisations are not consistently adhering to appropriate cyber hygiene practices. Many of the reported ransomware incidents are linked to Ransomware-as-a-Service (RaaS) platforms. Furthermore, there are notable gaps in detection and response capabilities, as well as insufficient preparation for handling cyber-related incidents and co-ordinating management responses. Most importantly, fostering awareness of cyber security is vital to mitigating these risks.

The forum also provided the opportunity for the SC to engage and apprise the C-Suite executives as to the SC's expectations in their management of technology and cyber risks, particularly in light of the rapid evolution of technological advancements. It highlighted the necessity for C-Suite leaders to be aware of and comprehend their crucial roles in overseeing the management of these risks.

Technology Supervision

The SC has conducted a series of supervisory assessments focusing on new licensees and selected capital market entities. By closely monitoring and evaluating the technological capabilities and cyber security measures of these market participants, the SC aims to strengthen the resilience of the capital market, enabling it to effectively address emerging threats and seize opportunities for growth and innovation.

These assessments play a critical role in ensuring adherence to the SC standards on technology and cyber security implementation, as well as compliance to the technology risk management, as outlined in the GTRM. Through these efforts, the SC seeks to enhance the security posture of the capital market entities, fostering a well-prepared and adaptive capital market ecosystem.

Supervision of Capital Market Intermediaries

In 2024, building on the foundations established in prior years, the SC continued to strengthen its supervision of capital market intermediaries through its risk-focused supervisory approach. This approach emphasises the importance of sound governance conduct, financial integrity and ethical practices. To ensure compliance with regulatory requirements, the SC employs a comprehensive array of tools and methodologies, which include—

- **ongoing monitoring:** The SC employs continuous monitoring by its supervisors, leveraging data analytics derived from regulatory submissions and insights gained through continuous monitoring. This proactive approach enables the SC to identify potential risks early and engage with intermediaries proactively and in a timely manner.
- **structured supervisory assessments:** The SC conducts structured supervisory assessments, which encompass both targeted and in-depth assessments on intermediaries based on identified risk factors.

- **thematic reviews:** The SC undertakes thematic reviews to address emerging risks that could impact the integrity of the capital market, ensuring that intermediaries remain resilient in the face of evolving market conditions.
- **for-cause assessments:** The SC performs investigative assessments in response to complaints, referrals, and supervisory concerns related to misconduct.

TABLE 16
Supervisory assessments on intermediaries

Assessment type	Number of completed assessments	
	2024	2023
Structured supervisory assessments*	41	28
For-cause assessments	169	113
Thematic industry reviews	2**	2

Note:

* The number of intermediaries identified for these assessments are determined through the evaluation of predefined risk factors.

** The two reviews involved assessments on the adoption of the *Guidance Note on Managing Environmental, Social and Governance Risks by Fund Management Companies* and the state of preparedness of capital market intermediaries in complying with the *Guidelines on Market Conduct and Business Practices for Investment Analysts*.

Pursuant to these supervisory assessments, some notable lapses observed included the inadequate exercise of care, skill and diligence by some intermediaries, mis-selling of funds, poor documentation/record maintenance, and insufficient protection of clients' data. Accordingly, the SC issued a total of 39 communications to affected intermediaries on its regulatory concerns and expectations. The types of communications included issuance of supervisory letters, infringement notices, guidance notes, show cause letters, sanction letters etc. (Table 17).

TABLE 17
Supervisory outcomes

Supervisory outcomes	2024	2023
Referral for administrative enforcement action	5	4
Industry communication/engagement	9	8
Issuance of Infringement Notices	28	37
Issuance of supervisory letters	6	4
Issuance of show cause letter	4	0
Issuance of sanction letter	1	0

The SC continues to enhance its supervisory framework and approaches particularly in priority areas such as towards curbing / addressing money laundering, financing of terrorism and proliferation towards ensuring market integrity. Further, the SC has undertaken a holistic review of the adequacy of the assessment, understanding and mitigation of risks of capital market intermediaries.

Enhancing the Standards of Conduct of Capital Market Intermediaries

The revision to the *Guidelines on Conduct for Capital Market Intermediaries* (Conduct Guidelines) was made with the view of elevating standards of professionalism and integrity of capital market intermediaries (CMLs).

A key focus of the Conduct Guidelines is to require CMLs to discharge their duties professionally with care, skill, and diligence in dealing with their clients. Recognising that the 'tone at the top' is important, regulatory expectations have been clearly set out for the board and senior management. Extensive consultations with various segments of the industry were held to ensure the effective implementation of the Conduct Guidelines. In line with the objective of getting CMLs to prioritise honest and fair treatment of their clients, the Conduct Guidelines stipulate requirements for CMLs who provide tailored-made advice to their clients on how they must have a reasonable basis for providing such advice for the benefit of the client. The suitability assessment requirements, previously found in the *Guidelines on Sales Practices of Unlisted Capital Market Products*, have been revised and is now found in the chapter on personal advice in the Conduct Guidelines.

The Conduct Guidelines also provide for the evolving digital landscape by covering the provision of products and services on online platforms, including specific guidance for those providing digital advice services.

Safeguarding vulnerable clients is another priority, with the Conduct Guidelines offering specific provisions to ensure that intermediaries treat these clients fairly and responsibly. This measure supports capital market intermediaries in appropriately addressing the unique needs of clients who may require additional care and consideration.

The industry was given six months to familiarise themselves with the Conduct Guidelines before it into effect on 1 October 2024. This initiative underscores the

regulator's commitment to fostering an ethical, client-focused capital market environment.

1. **Thematic review on the role of Principal Advisers**

The disclosure-based regulatory framework for fundraising activities has heightened the reliance on and significance of Principal Advisers (PAs) in delivering credible information regarding corporate proposals. The role of the PAs includes ensuring that proposals submitted by them are accurate with no material omission as well as do not contain false or misleading statements. Consequently, PAs are required to conduct thorough due diligence to substantiate, to the best of their ability, the accuracy of the information presented in the corporate proposals. Recognising the vital role of PAs, the SC conducted a series of assessments on selected recognised PAs mainly to assess their compliance with the SC's *Guidelines on Submission of Corporate and Capital Market Product Proposals*.

Observation

Generally, the SC observed that the PAs met the expected standards in the preparation and submission of corporate proposals to the regulators, with room for improvement in maintaining comprehensive documentation as evidence to the activities carried out. Among others, the SC observed:

 <p>Policies and procedures governing the role of PAs are in place</p>	 <p>Activities of PAs are adequately supervised with clear line of responsibility and authority</p>	 <p>Conflict of interest checks and risk assessments are carried out when accepting mandates</p>
 <p>Reasonable due diligence were conducted to substantiate information on the corporate proposals</p>	 <p>Quality reviews are conducted prior to submission of corporate proposals to the regulators</p>	 <p>Second and third line of defense reviewed the adequacy and effectiveness of corporate finance activities</p>

Outcome

While maintaining comprehensive documentation can be time-consuming, the extensiveness of the documentation maintained by the PA demonstrates that reasonable enquiries had been made by the PAs and will serve as due diligence defence. This is an essential aspect of the role of PA as it safeguards not only the PA’s professional reputation but also ensures the applicants receive the highest level of service from the PA and investors’ interests are protected.

2. Thematic review on referral and marketing arrangements

The SC is cognisant of the evolving need for businesses to adopt innovative ways to promote and market capital market products/services including leveraging the use of technology and social media. Consequently, in January 2024, the SC conducted a thematic review on selected capital market participants. The initiative was to assess the governance and oversight of their current marketing practices, the conduct of marketing representatives⁵ (MR) and any other persons conducting marketing and referral activities which have evolved in response to technological innovations.

Participants were assessed on various perspectives i.e. compliance with *Guidelines on Marketing Representatives* (MR Guidelines), governance structure and processes, recruitment and onboarding, usage of online/social media platforms, ongoing monitoring, training and remuneration.

Observation

Selected intermediaries were assessed on various perspectives i.e. compliance with *Guidelines on Marketing Representatives* (MR Guidelines), governance structure and processes, recruitment and onboarding, usage of online/social media platforms, ongoing monitoring, training and remuneration. Broadly, it was observed that these intermediaries have processes in place to recruit, onboard and remunerate their MRs. Concurrently, basic policies and procedures were also established to govern their marketing and referral activities, such as:

- ensuring that marketing and promotional activities carried out on social media platforms for its products and/or services are not misleading and only directed to the targeted audience.

- putting in place consequence management frameworks to govern misconduct and/or breaches of regulatory requirements or internal policies and procedures by its MR.



Outcome

Although the selected intermediaries, in general, have proper processes in place, the SC will continue to engage these intermediaries as there is room for further improvements in ensuring the proper conduct of MRs. Among others, to have a consistent oversight framework on MR and enhance monitoring on the use of social media in view of the evolution of marketing via these platforms. The findings of these on-going engagements may result in enhancements to the current guidelines.

Supervision of Exchanges and Financial Market Infrastructures

Supervision of Bursa Malaysia Bhd

The regulatory framework for Bursa Malaysia Bhd (Bursa Malaysia) was designed to ensure the securities and derivatives exchanges, clearing houses and central depositories (approved institutions) continue discharging their mandates and functions effectively in adherence with the statutory requirements for a fair and orderly market to safeguard public interest and investor protection.

The SC’s supervisory approach had been operationalised to facilitate effective supervision of the approved institutions through reporting obligations, engagements,

⁵ Marketing Representative (MR) as defined in MR Guidelines means a person who acts as an introducer for a principal, undertakes marketing of the services, provides client support services and is registered with the principal.

ongoing reviews of regulatory submissions and regulatory assessment (RA).

In 2024, the SC conducted a series of supervisory engagements with Bursa Malaysia aimed at enhancing collaboration pertaining to listing and enforcement matters for regulatory effectiveness, as follows:

- In May 2024, a high-level dialogue with Bursa Malaysia was conducted following an RA on its listing function, which focused primarily on the ACE Market One-Stop Centre, administration of secondary fundraising and relief applications. Recommendations were made on certain areas to ensure procedural clarity, operational resilience and effective decision-making; and
- In July 2024, a regulatory off-site engagement with Bursa Malaysia was held to discuss its Regulatory Plan 2024-2026 and address key regulatory issues. Among the key regulatory areas covered with agreed actions include the administration of Bursa Malaysia's enforcement framework and enhancement of supervisory co-ordination with the SC to safeguard the investing public and maintain market confidence.

Supervision of Recognized Market Operators

The SC's regulatory framework on RMOs comprising equity crowdfunding (ECF), P2P financing, DAX, e-services platform and initial exchange offering platform operators, aims to facilitate the growth of responsible financial innovation commensurate with a balanced supervisory approach to ensure proper conduct of operators for investor protection and market integrity.

Accordingly, the SC adopts a risk-based approach to its supervision of RMOs, premised on relevant data points including specific risks posed by types of operators and its activities, and complaints trends. Considerations were also made to the outcome of a sectoral risk assessment report completed in 2024 in relation to virtual assets⁶.

The adopted supervisory approach encompasses a range of activities including regular interactions with operators, ongoing reviews of regulatory submissions, thematic reviews, RAs, and complaints handlings relating to among others, governance, operations, cyber security, and system integrity.

In 2024, the SC enhanced its oversight on the RMOs given the increasing participation of issuers and investors, substantial growth of fundraising activities and the number of trading platforms. The supervisory efforts carried out include—

- five RAs which focused on compliance with anti-money laundering requirements as well as the adequacy and effectiveness of ongoing due diligence frameworks in accordance with the relevant guidelines;
- three thematic assessments in relation to compliance with key provisions of the *Guidelines on Recognized Markets*, compliance with the *Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Counter Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market* (AML Guidelines) as well as on RMOs' understanding of proliferation financing obligations conducted pursuant to amendments to the AML Guidelines; and
- 41 *ad-hoc* assessments following the SC's ongoing monitoring exercises as well as complaints and referrals received from the public and other regulatory agencies.

Following these assessments and reviews, the SC observed several critical areas requiring improvement by the relevant RMOs in ensuring a robust compliance culture and operational efficiency, among others, consistency in the implementation of policies and procedures, enhancement on record-keeping, and strengthening governance and oversight of the board of directors.

Notably, following an RA exercise completed in 2024, an administrative action was initiated against Tokenize Technology (M) Sdn Bhd, an RMO-DAX, for failure to adequately carry out, among others, control measures pertaining to anti-money laundering.

Supervision of Self-Regulatory Organization

The SC's oversight on the Federation of Investment Managers Malaysia (FIMM) aims to ensure that it continues to discharge its mandates effectively as a self-regulatory organization for public interest with particular regard for the protection of investors.

⁶ Virtual Risk Assessment 2024 which can be accessed at <https://www.sc.com.my/aml/publications>.

In 2024, the SC carried out supervisory engagements with FIMM pertaining to its governance, operations, regulatory efforts, and industry development initiatives. These engagements were complemented by ongoing reviews of regulatory submissions in ensuring FIMM maintains adherence with the statutory requirements and regulatory expectations. The SC also conducted a series of engagements with FIMM to exchange insights on strategic issues and key regulatory concerns.

The SC had participated in FIMM's annual convention to observe issues and trends surrounding the fund management industry, particularly on marketing, distribution and sales practices involving unit trust and private retirement schemes.

Aside from FIMM's continued regulatory and industry development efforts, the SC observed that FIMM had introduced various initiatives for capacity building, to enhance compliance culture and market's financial literacy towards greater operational effectiveness.

Supervision of Private Pension Administrator

The SC supervises the Private Pension Administrator (PPA) in ensuring proper discharge of its functions as a central administrator for Private Retirement Schemes (PRS), including providing education on investment and retirement saving through PRS.

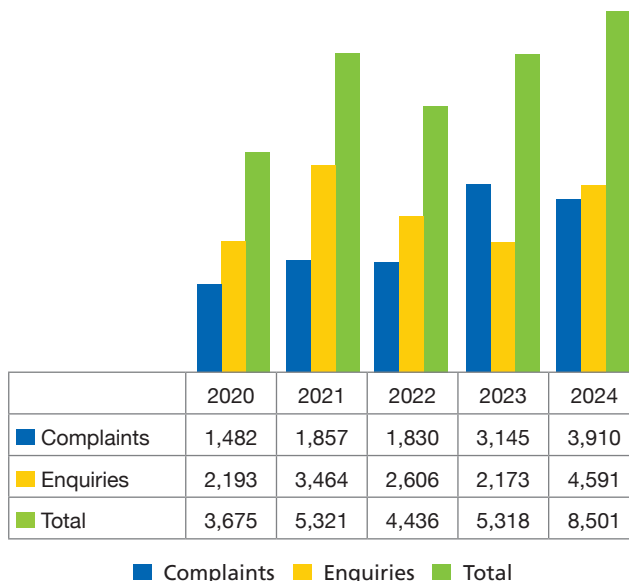
In 2024, PPA continued to provide enrolment and top-up service via the PRS Online platform for its members and the public. Various efforts for investor education, including marketing initiatives and promotional campaigns were also introduced to elevate public awareness and literacy on PRS, which is pivotal to facilitate greater growth of the PRS industry.

COMPLAINTS AND ENQUIRIES

The SC reported a significant rise in the overall number of complaints and inquiries received in 2024 compared to previous years, indicating a consistent upward trend over the years.

In 2024, the SC received a total of 8,501 cases, consisting of 3,910 complaints and 4,591 enquiries. This represents a 60% increase from 2023 (Chart 1).

CHART 1
Complaints and Enquiries (2020 – 2024)



The increase was mainly contributed by unlicensed activities and scams that formed 51.3% and 62.2% respectively of the total complaints and enquiries received (Chart 2 and Chart 3).

CHART 2
Classification of complaints

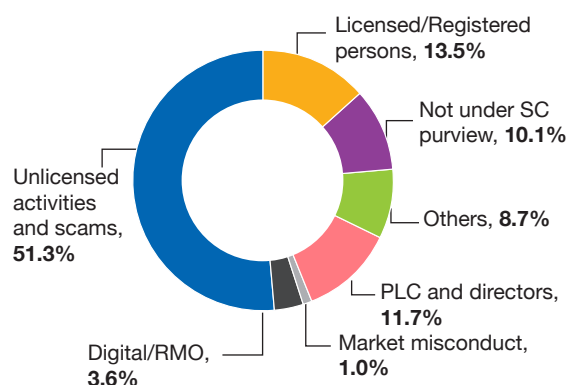
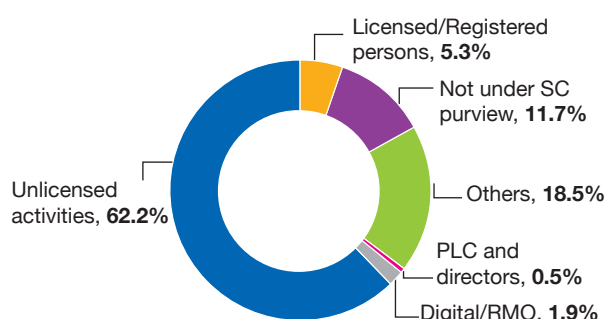


CHART 3
Classification of enquiries



Scams and Unlicensed activities

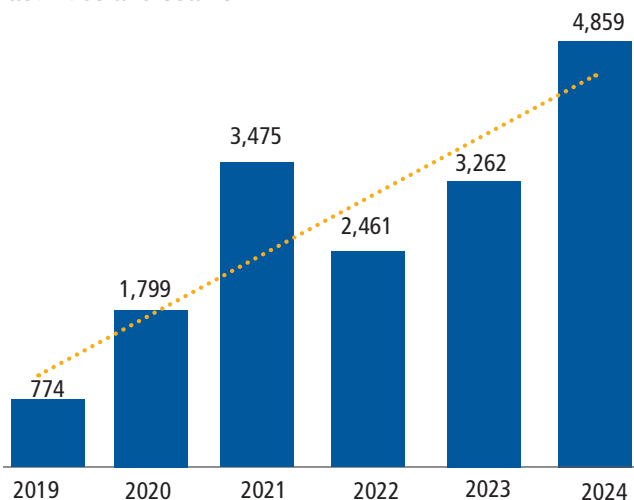
Complaints and inquiries on scams and unlicensed activities have been consistently rising with a 337% increase from 2019 to 2024. However, while the overall increase appears alarming, it is encouraging that more people are reporting scams and unlicensed activities without falling victims to these activities and scams before coming forth to the SC. Through the complaints and enquiries received, the SC managed to gain insight on the prevailing trends and emerging modus operandi. This in turn allowed SC to expeditiously take the necessary interventions so that the illegal activity can be curbed to avoid more people from falling victim.

Surveillance of Unlicensed Activities

In addition to complaints and enquiries received from the public, the SC also established a dedicated Surveillance of Unlicensed Activities (SUA) unit in 2022 to proactively address the rising risks posed by unlicensed market participants.

Over the years, the SUA unit has uncovered emerging trends, including the increasing use of social media platforms and influencers to promote unlicensed products and services, as well as the growing prevalence of deepfake technology being used to impersonate influential and prominent figures in fraudulent activities. The SUA unit has observed another notable shift in money transfer methods, with some schemes utilising third-party payment gateway services for financial transactions rather than transfers of money to personal bank accounts to avoid suspicion and evade detection.

CHART 4
Complaints and enquiries on scams and unlicensed activities and scams



As of 31 December 2024, the SC identified a total of 796 URLs (2023: 569 URLs) across various websites and social media for potential breaches related to the offering of unlicensed products and services to Malaysians. Among these, 59% originated from Telegram, 19% from Facebook, 13% from websites, 4% from Instagram and 5% from other sources including TikTok, X, and YouTube.

Broad Types Identified

The complaints and inquiries received by the SC and those identified through our surveillance can generally be divided into two categories:

- **Scams** – including various types of scams, such as those involving non-existent investment products.
- **Unlicensed activities** – where individuals or entities conduct regulated business without being licensed or registered with the SC.

Investment Scams

The primary difference between an investment scam and other types of scams lies in the nature of the deception and the focus of the fraudulent activity. For instance, in an investment scam, the deception revolves around financial investments where promises of high returns or low-risk opportunities that either do not exist or are not as they are represented. They exploit people's desire for financial gain by misleading them about the nature, profitability, or legitimacy of the investment.

Despite the widespread awareness of investment scams, there are still a number of people who continue to be exposed to and/or fall victim as represented in the continuous rise on the number of complaints. The reason for people to continue to fall for such scams can be due to several factors:

- **Lack of Basic Investment Knowledge:** A significant portion of the population does not have the basic understanding of investment principles. They may struggle to grasp complex financial instruments or recognise the red flags when it is a scam. According to a recent survey by the SC,⁷ many investors rely on third-party information sources, such as advice from friends or family, which can lead to poor decision-making.

⁷ Report titled *Understanding the Level of Vulnerability towards Investment Scams and Readiness for Retirement Planning*.

- **Greed and Desire for Quick Profits:** Scammers often manipulate their victims by promising high returns with minimal risk. This allure of quick money may appeal to individuals who may not fully understand the associated risks.
- **Trust in Authority:** Scammers frequently impersonate trustworthy figures, such as government officials, reputable organisations, or well-known personalities. This can mislead people into believing that the investment opportunity is legitimate.
- **Psychological Manipulation:** Scammers employ psychological tactics, such as creating a sense of urgency with 'limited-time offers' or using fake testimonials for social proof. These strategies can pressure victims into making hasty decisions.
- **Emergence of New Tactics:** While efforts are being made to raise awareness about scams, scammers are constantly evolving and developing new tactics such as getting victims to pay in the form of digital assets as the mode of payment compared to traditional fiat currency.

These factors contribute to the ongoing vulnerability of individuals to investment scams.

Emerging Scam Trends

The SC continuously monitors emerging trends and methods related to scams to ensure appropriate and timely interventions are taken. In 2024, some of the notable new trends observed by the SC are:

A. Use of Deepfakes

Scammers use deepfakes, generated by artificial intelligence (AI), to impersonate prominent individuals and reputable companies (including the SC's Intermediaries). These videos often feature public figures or well-known brands, lending false credibility to fraudulent schemes. The AI manipulates the video to closely match the voices and appearances of these figures, making fake investment opportunities seem legitimate. Typically, these deepfake videos promote investments supposedly backed by well-known companies. The scam posts include a 'Learn More' button or link, directing viewers to a sign-up page that collects personal information. Those who access the link are also asked to download an application, which puts them at risk of

cybercrime. Once signed up, potential victims are contacted by fraudulent agents who deceive them into transferring money into mule bank accounts.

B. Pre-IPO Investment Scams

Mostly involving private placement offerings, such scams are usually timed with upcoming IPO listings published on Bursa Malaysia's website. Perpetrators of these scams, posing as 'agents', usually create a public group on WhatsApp to promote these pre-IPO investments. Following this, potential victims will be added into said group unsolicited. These schemes may be accompanied by fake testimonials from other investors to appear credible. Payments for the 'subscription' will be required to be made to bank accounts of entities not related to the IPO and suspected of being mule bank accounts. On the IPO listing day, these 'agents' will proclaim that the IPO shares have been listed and had made profits, and that additional payments are needed for their shares to be allotted. This is to convince the victims to part with more money.

Arising from the above emerging concerns, the SC took out media releases on 4 July 2024 titled 'SC warns public on pre-IPO investment scams', and on 22 July 2024 titled 'SC warns public on deepfake investment scams'.

C. Scams using Company Mule Bank Accounts Instead of Bank Accounts of Individuals

The SC observed the use of companies incorporated with Suruhanjaya Syarikat Malaysia (SSM) as mule bank accounts. The fraudsters will use bank accounts of existing but dormant companies with no business operations to receive and transfer illicit funds.

In the past, the SC observed mostly the use of individual bank accounts as mules to disguise their operations. On this, the SC in 2022 took enforcement actions against 19 mule account holders. By operating under the guise of a legitimate business entity, scammers can create a false sense of trust and credibility, making potential victims more susceptible.

The observations above align with a global trend seen in other jurisdictions, indicating that the challenges faced by Malaysians are not unique but reflect issues occurring worldwide.

Arising from the above emerging concerns, the SC, where necessary, took out media releases on 4 July 2024 titled 'SC Warns Public on Pre-IPO Investment Scams',

on 22 July 2024 titled 'SC Warns Public on Deepfake Investment Scams' and on 9 December 2024 titled 'SC Alerts Public on Fake Investment Letters Using SC's Name'.

Measures Implemented to Curb Scams and Unlicensed Activities

The SC strengthened its monitoring and surveillance of scams and unlicensed activities offered online, including through websites and social media platforms. The SC undertook a proactive approach in combatting scams and unlicensed activities by conducting early intervention and disrupting the activities including inclusion in the SC's Investor Alert List, blocking of the websites and social media platforms as well as collaborating and co-ordinating with the relevant authorities. The SC had also adopted social media intervention strategies where messages will be publicly posted on social media pages of suspected scammers and unlicensed activities operators, to warn the operators that the SC is aware of their activities and that they are in breach of securities laws.

In addition, where the breach of securities laws is established, appropriate enforcement action will also be taken. Enforcement actions are taken based on several factors including but not limited to sufficient and conclusive evidence.

In addition to the above interventions, the SC in 2024 embarked on a new intervention approach namely by issuing notification letters to local banks alerting them regarding possible mule bank accounts involved in unlicensed activity cases uncovered by the SC.

The SC revises Guidance Note on Investment Advice to include Finfluencers

The SC observed concerns on the conduct of financial influencers or commonly known as finfluencers, whose activity (among others) may constitute providing of unlicensed investment advice. To strengthen and intensify investor protection, the SC has among others, updated its Guidance Note on the Provision of Investment Advice. The Guidance Note clarifies which finfluencers' activities may constitute investment advice and, consequently, must comply with the CMSA. Additionally, the SC has issued **warning letters** to the identified third-party Malaysian payment gateway operators involved in facilitating unlicensed activities. Accompanying this, the SC also published an informative infographic with Frequently Asked Questions and a checklist. The SC will continue to address any developments and trends through, among others, issuance of guidance to the public.

TABLE 18
Intervention efforts on scams and unlicensed activities

Actions Taken	2024	2023
Commencement of enforcement action	4	4
Inclusion in the SC's Investor Alert List	273	315
Blocking of websites with assistance from Malaysian Communication and Multimedia Commission (MCMC)	153	146
Facebook and Instagram Accounts Geo-Block	81	95
Request to block Telegram accounts	180	153
Social media interventions	336	420
Lodgement of police reports	141	97
Referrals to other agencies/foreign regulators	235	128
Issuance of Notices of Cease and Desist	3	5

The SC Addresses Regulatory Concerns Over Unregistered Digital Asset Exchange Operators

The offering and trading of digital assets in Malaysia are regulated by the SC. Digital assets, which comprise of both, digital currencies and digital tokens, are prescribed as securities pursuant to the *Capital Markets and Services (Securities Regulations) (Digital Currencies and Digital Tokens) Prescription Order 2019* (Prescription Order), which came into force on 15 January 2019.

Anyone who wishes to trade in digital assets may do so through a Digital Asset Exchange. Any person who operates or maintains a Digital Asset Exchange (DAX) in Malaysia must be registered with the SC as a recognized market operator (RMO). And any person who intends to operate a DAX must comply with the *Guidelines on Recognized Markets* (RMO Guidelines) and will be subjected to ongoing requirements applicable to an RMO pursuant to the said RMO Guidelines.

A DAX that operates in Malaysia i.e. targets Malaysian investors without being registered with the SC will be in breach of the CMSA. The SC considers a DAX to be actively targeting Malaysian investors if its operator or the operator’s representative directly or indirectly promotes the DAX in Malaysia. Examples of such promotions are having MYR denomination as option to trade on their platform, advertising the DAX in any publication in Malaysia, or sending any direct mail or email to Malaysian addresses to market or promote the DAX.

Following the coming into force of the Prescription Order in January 2019 the SC received 996 complaints and enquiries on unregistered DAX operators.

	2020	2021	2022	2023	2024
Complaints and Enquiries	117	241	76	343	219

These are mainly DAX operators that may be licensed or regulated by foreign regulators but were found to be soliciting Malaysian investors. There are instances where the DAX platforms are completely fake, with no real trading activities taking place. Investors are misled into believing they are participating in legitimate trades, while their money is being siphoned off by the scammers. These fraudulent platforms often provide no information about their location or any legitimate company backing, placing them beyond the SC’s regulatory reach and making it difficult to track them down.

The SC received multiple complaints involving monetary losses / dispute from investors who invested through such unregistered DAX operators. Based on the information shared by complainants, most of these operators who targeted Malaysians were not responsive to the emails or calls made by the complainants seeking explanation. Therefore, Malaysians who invest with these operators may not have the requisite protection or recourse in the event of any disputes. For an orderly development of the RMO markets in Malaysia and to ensure investor protection, the SC has in place the requirements for a DAX to be properly registered.

In response to the prevalence of unauthorised DAX operators, the SC adopted a multi-pronged approach to suppress the concern via enforcement actions, investor alerts, blocking of websites (done through the assistance of the Malaysian Communications and Multimedia Commission), cease and desist directives, and investor education initiatives.

To date, the SC has taken enforcement actions against four unauthorised DAXs over the past years with the latest being in November 2024 against ByBit. These DAX operators rank among the largest by trading volume and have a significant global presence but were found to be soliciting Malaysian investors. Consideration on whether enforcement action should be initiated is always based on availability of evidence, the desired outcomes and whether there are alternative means to achieve the same outcome.

In the case of ByBit, the SC reprimanded ByBit pursuant to Section 354(3) of the CMSA and issued directives to disable their websites and mobile applications (in the Apple Store and Google Play Store). They were also required to immediately cease circulating, publishing, or sending any advertisements, whether via email or other means, to Malaysian investors. This action by the SC in 2024 is consistent with the actions that the SC has taken against Binance, Remitano (in 2020) and Huobi (in 2023), following the coming into force of the Prescription Order in January 2019.

The SC will continue to monitor and take such actions as necessary, including enforcement actions to protect Malaysian investors and to serve as a deterrent to those who seek to carry on their business in Malaysia illegally.



While the SC will continue to play its part, including monitoring and undertaking measures to detect and act against such illegal activities involving unregistered DAX, the public should also take responsibility and exercise judgment and caution. Investors who have been solicited to invest in a DAX, located in or outside Malaysia, which is not registered with the SC may report to the SC for appropriate action to be taken.

ENFORCEMENT

TABLE 19

Key enforcement outcomes

Key outcomes	2024	2023
Preliminary investigation		
No. of cases reviewed for enforcement action	39	43
No. of offences reviewed	67	76
Investigation		
No. of investigations commenced	16	19
No. of active investigations	62	55
No. of raids conducted	14 locations	10 locations
Criminal actions		
New criminal actions commenced	16 persons/entities (involving 53 charges)	2 persons (involving 12 charges)
No. of criminal actions completed with no pending appeal	-	7 (involving 14 persons)
No. of ongoing criminal cases	27 cases (involving 36 individuals)	21 (involving 32 persons)
No. of persons convicted/conviction affirmed	1	5
Custodial sentences imposed	Five years	One day to three years
Total value of fines imposed by the Court	RM3.0 million	RM8.675 million
Compounds		
No. of compounds issued	1 (Involving 1 person)	2 (involving 2 persons)
Total compounds imposed	RM805,000	RM269,900
Civil actions		
No. of civil actions commenced including issuance of Letter of Demands	12	15
No. of civil actions completed	3 (involving 4 defendants)	3 (involving 15 defendants)
No. of ongoing civil cases	14 (involving 27 defendants)	11 (involving 21 defendants)
No. of civil actions completed successfully	3 (involving 4 defendants)	3 (involving 15 defendants)
Total value of civil penalties imposed by the Court	RM9,867,999	RM4,813,123

TABLE 19 (continued)

Key outcomes	2024	2023
Regulatory settlements		
No. of regulatory settlements (before the commencement of any court action)	6 (Involving 6 persons)	6 (involving 6 persons)
Total disgorgement	RM12.04 million	RM13.83 million
Restitution		
No. of investors restituted	168	119
Amount restituted	RM1,862,885	RM301,208
No. of investors earmarked for restitution	1,068	658
Amount earmarked for restitution	RM8,779,099	RM4,586,915
Administrative actions		
No. of sanctions imposed:	125	140
• Penalties	(62)	(44)
• Reprimands	(54)	(80)
• Directives	(8)	(16)
• Revocation	(1)	-
Total value of penalties imposed	RM13.72 million	RM19.53 million
Infringement Notices		
No. of Infringement Notices issued	125	124

The SC's Enforcement Priorities 2024 - 2026

The SC's enforcement priorities were introduced in 2020 identifying disclosure breaches, securities fraud and unlicensed activities. Since then, the enforcement priorities

TABLE 20
Breaches of securities law reviewed

Nature of offence [^]	No. of breaches reviewed for 2024
Breaches related to disclosure	10
Securities fraud	7
Breach of SC's LOLA Guidelines	7
Corporate misconduct*	6
Breach of FIMM's Code of Ethics and/or circular	6
Breach of the SC's <i>Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeting Financial Sanctions for Reporting Institutions in the Capital Market</i>	5
Unlicensed Activities	4
Market manipulation	4
Breach of SC's Guidelines on Conduct for Capital Market Intermediaries	3
Insider trading	2
Breach of <i>Securities Industry (Central Depositories) Act 1991 (SICDA)</i>	2
Breach of SC's Guidelines on Compliance Function For Fund Management Companies	2
Breach of SC's Licensing Handbook/ Condition	2
Breach of Bursa Rules, Directive or Listing Requirements	2
Non-compliance of Notice issued by SC's Investigating Officer	1
Breaches concerning unregistered DAX	1
Non-compliance with Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999	1
Breach of SC's Guidelines on Submission of Corporate and Capital Market Product Proposals	1
Breach of SC's Guidelines on Sales Practices of Unlisted Capital Market Product	1
TOTAL	67

Note:

[^] Not including breaches relating to *Take-overs and Mergers*.

* Breach of s.317A CMA only.

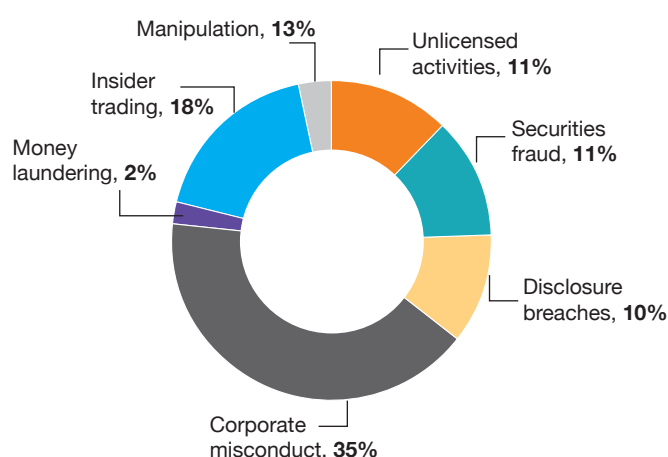
have been reviewed on a yearly basis between 2020 to 2023 and, effective 2024, the SC developed the three-year enforcement priorities which introduced corporate misconduct as an additional enforcement priority, in response to the influx of breaches of such nature (Table 20).

Based on a review of the various breaches of securities law in 2024, 40% of the offences relates to the SC's identified enforcement priorities which resulted from the SC's active surveillance, supervision, and/or complaints received.

Details of the SC's Active Investigation Cases

As of 31 December 2024, there were a total of 62 active investigations cases. The SC, in line with its mandate to protect investors, continued to allocate significant resources in 2024 to investigate cases involving securities fraud, corporate misconduct, unlicensed activities, and disclosure violations, which made up two-thirds of its investigation efforts. The breakdown of the active investigations cases by nature of offences are reflected in Chart 5

CHART 5
Breakdown of active investigations cases



The SC's emphasis on these types of breaches, is also categorised as fraud crimes at the national level, as it is one of the most prevalent and high risk crimes in Malaysia. This focus aligns with the Malaysia National Risk Assessment (NRA) 2023, a comprehensive assessment aimed at identifying and evaluating the country's exposure to money laundering and terrorism financing (ML/TF) risks.

The SC's Investigating Officers are vested with a range of investigative powers designed to support the effective collection of documentary and oral evidence, which are crucial components of the investigative process.

In 2024, the SC's Investigating Officers recorded statements from 373 individuals, with over half obtained from investors/acountholders, professionals such as investment bankers, auditors, and lawyers, as well as employees, directors, and senior management of public-listed companies (Chart 6). This reflects the SC's active investigations targeting securities fraud and corporate misconduct offenses.

CHART 6

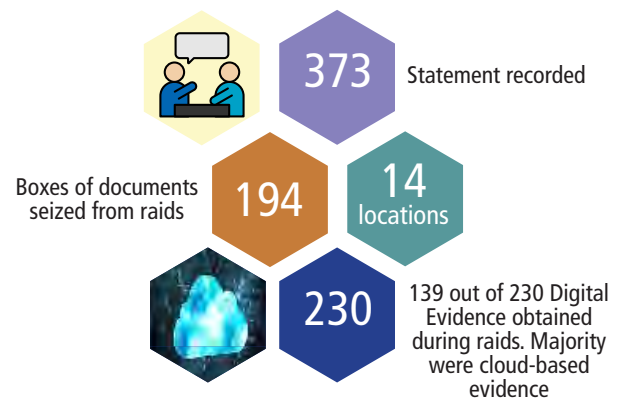
Witness category as at 31 December 2024



Additionally, the SC conducted a series of raids across 14 locations nationwide to gather documentary evidence for ongoing investigations. These operations were met with substantial co-operation from the individuals and companies involved. Further details of the investigation efforts undertaken throughout the year, are illustrated in Figure 1.

FIGURE 1

Breakdown of investigation works carried out

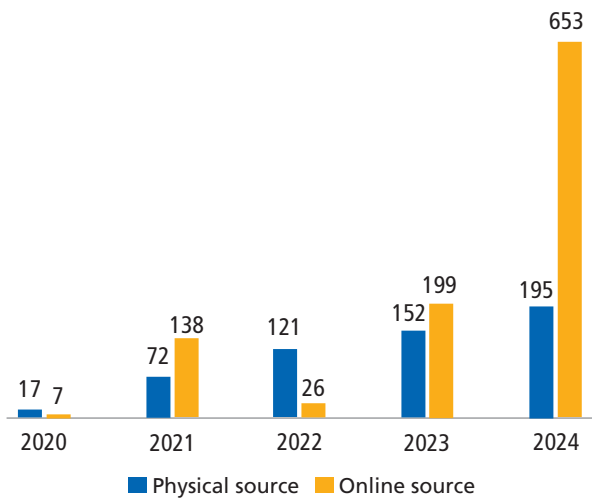


Revolutionising Investigations: How the SC's Digital Forensic Advancements Lead the Shift from Paper to Pixels

The modernisation of the corporate workplace has significantly transformed investigative approaches, with a shift from traditional documentary evidence to a greater reliance on digital evidence. As organisations increasingly adopt digital tools and platforms for communication and record-keeping, the volume of electronic data generated has skyrocketed. Consequently, the SC's investigating officers now prioritise the analysis of emails, instant messages, and digital transactions stored in cloud-based systems as primary sources of evidence.

The SC's investigation team is supported by an in-house, highly skilled digital forensic team that continually enhances its capabilities through the latest technological advancements. This year, the SC established its very own Digital Forensic Lab (DF Lab), a dedicated facility equipped with diverse cutting-edge forensic technology essential for the comprehensive digital evidence extraction and analysis. This establishment comes at a pivotal time, addressing the rising demand for forensic data extraction and analysis, which is evident by the increasing number of digital evidence reviewed and extracted since 2020 as depicted in the Chart 7.

CHART 7
Digital evidence review and extraction



The distinguishing factor of the SC’s DF Lab which sets it apart from the industry, lies in its state-of-the-art e-discovery capabilities, which provides a cutting-edge solution for the SC’s Investigating Officers to swiftly and accurately pinpoint relevant evidence in ongoing investigations, which are often concealed within a vast ocean of digital records.

Since its establishment in 2020, the SC Digital Forensic Team, has expanded its scope beyond investigation matters to providing digital forensic services to various line departments across the SC. These services include online data preservation, computer analysis services, Open-Source Intelligence (OSINT), and social messaging extraction, providing critical support to departments in performing their regulatory functions.

Empowering Digital Forensics: The SC and Cybersecurity Malaysia’s Initiative for Best Practices in Preserving Instant Messages

With the objective of fostering the exchange of best practices among the digital forensic practitioners among the Law Enforcement Agencies (LEAs), an initiative was undertaken between the SC and Cybersecurity Malaysia to improve the overall efficiency and effectiveness of digital forensics in investigations. Cognisant of the fact

that digital evidence becomes abundantly more integral for the completion of a thorough investigation, accordingly, necessitating advanced skills and up-to-date practices among investigators alike.

An early achievement of this initiative is the development and validation of laboratory-designed methods compliant with ISO 17025:2017 standards. This standard emphasises best practices and reliability in forensic processes that are sound with established digital forensic methodologies. Furthermore, the initiative aims to uphold rigorous standards in forensic investigations, ensuring that the digital evidence is robust, reliable, and ultimately admissible in court.

A key outcome from the series of engagements includes the creation of guidelines focused on preserving data from instant messaging and cloud platforms. Of particular significance is the SC’s development and validation of a new guideline for alternative methods of extracting data from WhatsApp. This guideline offers a critical reference point for the SC’s digital forensic team, enhancing capabilities in handling mobile communications devices.

Breaking Borders: The SC’s Global Co-operation via IOSCO MMOU in Cross-Border Investigations

In collecting documentary and oral evidence globally, the SC leverages cross-border co-operation through the IOSCO MMOU on Consultation and Cooperation and Exchange of Information. This is especially important given the frequency of cross-border transactions in SC investigations. In 2024, the SC made 15 requests for investigative assistance to 11 foreign supervisory authorities via the IOSCO MMOU, aiming to secure help in recording statements from overseas witnesses and obtaining documentary evidence, including banking documents, securities transaction records, telephone records, and information on the beneficial ownership of companies (Table 22).

The SC also renders investigative assistance to IOSCO members. In 2024, the SC has provided investigative assistance to five foreign supervisory authorities on their ongoing investigations.

TABLE 21

Requests for investigative assistance to IOSCO members

Jurisdictions	No. of requests
Australia	2
China	1
Denmark	2
Hong Kong	2
India	1
Indonesia	2
Mongolia	1
New Zealand	1
Oman	1
Qatar	1
Singapore	1

Powerful Collaboration: The SC and Law Enforcement Link Up for Breakthrough Success in Capital Market Investigations

The SC recognises that collaboration with other law enforcement agencies is essential for fulfilling its regulatory obligations. The SC actively collaborates with other enforcement agencies and regulatory bodies across Malaysia to gather essential evidence for identifying breaches of securities law. In 2024, these collaborative efforts reached new heights, culminating in the successful arrests of key individuals involved in ongoing investigations. Notably, two individuals under investigation were arrested at the Kuala Lumpur International Airport. This initiative involved collaborations with various LEAs, including the Royal Malaysia Police, Malaysian Anti-Corruption Commission (MACC), Malaysia Airports Aviation Security (AVSEC) and foreign supervisory authorities such as the International Criminal Police Organization, Singapore Police Force's Commercial Affairs Department (CAD Singapore).

Ongoing Criminal and Civil Cases at Various Courts (as at 31 December 2024)

In 2024, there were 41 ongoing cases in court at first instance or appeal stages, involving 63 individuals as listed in Table 23.

The nature of these cases includes corporate misconduct, insider trading, securities fraud, market manipulation,

unlicensed activities as well as money laundering offences.

TABLE 22

Ongoing criminal and civil cases

(as at 31 December 2024)

Types of actions	Court	No. of cases	No. of individuals
Criminal Action	Sessions Court	15	20
	High Court	8	11
	Court of Appeal	4	5
Civil Action	High Court	6	14
	Court of Appeal	6	11
	Federal Court	2	2
TOTAL		41	63

Efforts to Restitute Investors

(as at 31 December 2024)

In 2024, following the successful resolution of civil suits and regulatory settlements, the SC has restituted 168 investors, totalling RM1,862,885.53. Furthermore, an additional RM8,779,099.11 has been earmarked for restitution involving 1,068 investors.

Highlights of the SC's Successful Enforcement Cases (as at 6 February 2025)

The SC Charges Three Individuals and Two Companies with Money Laundering and Unlicensed Fund Management

Between January 2024 to May 2024, the SC charged three individuals and two companies for multiple offences relating to money laundering and unlicensed activities which were carried out in Kuala Lumpur and Selangor between December 2020 to January 2023.

On 10 and 11 January 2024, Ang Jen Chuen (Dexter Ang), former director of Pixelvest Sdn Bhd (Pixelvest), Syaiful Riezal bin Ahmad (Syaiful), former CEO of Infinity Trustee Bhd (ITB) and Chin Wai Lan (Sophia Chin), Pixelvest director were charged separately with a total of 28 money laundering charges under section 4(1)(b) of the *Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001* (AMLATFPUAA).

The charges concerned the receipt of proceeds from unlawful activity between December 2020 to January 2023 involving a collective sum of over RM283.5 million.

Read more on the following media releases, 'SC Charges Former Director, CEO for Over RM119 Mln in Money Laundering'

<https://www.sc.com.my/resources/media/media-release/sc-charges-former-director-ceo-for-over-rm119-mln-in-money-laundering>

'SC Charges Pixelvest Director with Money Laundering involving RM164.5 million'

<https://www.sc.com.my/resources/media/media-release/sc-charges-pixelvest-director-with-money-laundering-involving-rm1645-mln>

Subsequently on 26 February 2024, all three individuals further faced predicate charges under the *Capital Markets and Services Act 2007* (CMSA) by virtue of their positions as CEO/directors of either Pixelvest or ITB at the material time in accordance with section 367(1) of the CMSA. The charges were connected to Pixelvest's conduct in carrying on a business in fund management without holding a *Capital Markets Services Licence* (CMSL) or being a registered person between 15 December 2020 and 31 August 2022. The charges also concerned ITB's conduct of acting in furtherance of Pixelvest's offence between 1 December 2020 and 11 October 2020.

Read more on the following media release, 'SC Charges Three Individuals for Unlicensed Capital Market Activities'

<https://www.sc.com.my/resources/media/media-release/sc-charges-three-individuals-for-unlicensed-capital-market-activities>

Following the charging of the three individuals, SC then proceeded with charges against both companies, Pixelvest and ITB on 30 April 2024 and 10 May 2024. Pixelvest was charged with one charge under section 58(1) of the CMSA for carrying out a business of fund management without holding a CMSL or being a registered person. Separately, ITB was charged with two charges under section 370(b) read together with section 58(1) of the CMSA for acting in furtherance of Pixelvest's offence. Sophia Chin was also preferred with one additional charge under the CMSA by virtue of her position as ITB director at the material time.

Read more on the following media releases, 'SC Charges Pixelvest and Former Infinity Trustee Director with Unlicensed Capital Market Offences'

<https://www.sc.com.my/resources/media/media-release/sc-charges-pixelvest-and-former-infinity-trustee-director-with-unlicensed-capital-market-offences>

All three individuals claimed trial against all the charges. Dexter was granted a collective bail sum of RM8.02 million for all the charges against him, whilst Sophia and Syaiful were granted bail of RM14.01 million and RM200,000 respectively. They were also imposed with additional bail conditions such as surrender of passport and monthly reporting to the SC. As for ITB and Pixelvest, both companies similarly claimed trial to the charge(s) through the company representatives. The matters are currently pending in court.

The SC Charges Ex-bank Analyst with Unlicensed Capital Market Activities

On 23 January 2024, Mohd Arif Fadzlee Mohd Arifin (Arif), a former bank analyst and business owner, was charged with two charges under section 59(1) of the CMSA and section 362(3) of the CMSA relating to unlicensed capital market activities and the misuse of the 'unit trust consultant' title. The alleged offences took place in 2011 at Petaling Jaya and Nilai.

Read more on media release, 'SC Charges Ex-Bank Analyst with Unlicensed Capital Market Activities'

<https://www.sc.com.my/resources/media/media-release/sc-charges-ex-bank-analyst-with-unlicensed-capital-market-activities>

The SC Wins Insider Trading Civil Case Involving Perak Corp Shares

On 13 February 2024, the SC successfully proved its case in the civil suit against Dato' Aminuddin Md Desa (Amin), former Chief Executive Officer of Perbadanan Kemajuan Negeri Perak and Perak Corporation Bhd (Perak Corp) for committing insider trading. The High Court ordered Amin to pay a sum of RM2.46 million being an amount equal to three times the profit made by him as a result of the insider trading breach, to pay the SC a civil penalty of RM1 million and barred him from being appointed as a CEO or director or being involved in the management of a PLC and/or a subsidiary of a PLC for a period of five years. Amin was also restrained from trading in any securities on Bursa Malaysia for a period of five years.

Read more on media release, 'SC Wins Insider Trading Civil Case'.

<https://www.sc.com.my/resources/media/media-release/sc-wins-insider-trading-civil-case>

Former Remisier Charged with Securities Fraud and Unlicensed Capital Market Activities

On 19 February 2024, Peter Chuah Hock Heng (Peter) was charged with one charge under section 179(b) of the CMSA for defrauding an investor by promising a 10% return within a year involving securities of public companies. Peter, a former remisier, was also charged in a separate court with two charges under section 58(1) of the CMSA for holding himself out as carrying on a business in dealing in securities without a licence. The offences allegedly took place between February and April 2014 at Petaling Jaya, Selangor. Peter claimed trial to all the charges and was granted bail at RM80,000 for all three charges. He was also ordered to surrender his passport and report to the SC on a monthly basis.

Read more on media release, 'SC Charges Former Remisier with Securities Fraud and Unlicensed Capital Market Activities'

<https://www.sc.com.my/resources/media/media-release/sc-charges-former-remisier-with-securities-fraud-and-unlicensed-capital-market-activities>

SC Wins Insider Trading Civil Suit Against former CEO and Director of GW Plastics Shares for Communication of Inside Information; Tippee Found Liable for Insider Trading

On 22 April 2024, the SC successfully proved its case in its civil suit against Datuk Lim Kok Boon (Lim), former Chief Executive Officer and Non-Independent Executive Director of GW Plastics Holdings Bhd (GW Plastics) and Cheah Mean Har (Cheah) for insider trading. The High Court found that Lim had breached section 188(3)(a) of the CMSA when he communicated inside information in relation to a proposed share sale agreement and distribution of cash proceeds involving GW Plastics to Cheah. Cheah who subsequently went on to acquire GW Plastics shares following the communication was found liable for insider trading under section 188(2)(a) of the CMSA. Cheah was ordered by the High Court to pay to the SC a sum of RM142,500 which is three times the profit she made from the breach. Lim was also ordered to pay the same amount to the SC as disgorgement. Additionally, Lim and Cheah were also imposed with civil penalties amounting to RM1 million and RM500,000 respectively.

Read more on media release, 'SC Wins Insider Trading Civil Suit Involving GW Plastics Shares'

<https://www.sc.com.my/resources/media/media-release/sc-wins-insider-trading-civil-suit-involving-gw-plastics-shares#:~:text=Lim%20was%20the%20Chief%20Executive%20Officer%20and%20Non-Independent%20Executive%20Director>

Federal Court Rules in SC's Favour, Ricky Wong's Leave Application to Attend and Participate in Ongoing Civil Suit via RCT Dismissed

On 7 May 2024, the Federal Court unanimously dismissed an application by Wong Shee Kai (Ricky Wong), who is currently still at-large, for leave to appeal to the Federal Court against the Court of Appeal's dismissal of his application to attend and participate in the SC's civil suit against him via remote control technology (RCT Application) pursuant to Order 33A of the Rules of Court 2012 (Order 33A).

Read more on media release, 'Federal Court Rules in SC's Favour, Ricky Wong's Leave Application Dismissed': <https://www.sc.com.my/resources/media/media-release/federal-court-rules-in-scs-favour-ricky-wongs-leave-application-dismissed>

Court of Appeal Reinstates Conviction and Sentence Against Ramesh a/l Rajaratnam for Insider Trading

On 6 May 2024, the SC succeeded in its appeal to the Court of Appeal against Dato' Ramesh a/l Rajaratnam (Ramesh)'s acquittal for insider trading. The Court of Appeal held that the High Court had erred in acquitting Ramesh without considering the merits of the case. As such, the High Court's decision in acquitting Ramesh on the first charge was set aside and the earlier conviction and sentence imposed by the Sessions Court was reinstated. The Court of Appeal further directed that the case be remitted to the High Court to be heard on the merits before another High Court judge.

Read more on media release, 'Court Of Appeal Rules in Favour of SC in Insider Trading Case'

<https://www.sc.com.my/resources/media/media-release/court-of-appeal-rules-in-favour-of-sc-in-insider-trading-case>

The SC Charges Man Who Evaded the Law for 15 Years

On 9 May 2024, Wong Jit Kiang (Daniel Wong) was charged with one charge under section 122C(c) read together with section 87A(b) of the *Securities Industries Act 1983* (SIA) for abetting the late Toh Chun Toh Gordon (Toh) in engaging in an act which operated as a fraud on Multi-Code Electronics Industries (M) Berhad (Multi-Code). The offences allegedly took place in March 2007 at Johor Bahru. Daniel claimed trial to the charge and was refused bail by the Sessions Court following

objections by the SC. On revision, the High Court granted his application for bail at RM1 million. He was also given additional bail conditions such as the surrender of his passport and a nightly home curfew. The matter is currently pending in court.

Read more on media release, 'Man, who Evaded the Law for 15 Years, Charged with Abetting Former MD of Multi-Code for Securities Fraud'

<https://www.sc.com.my/resources/media/media-release/man-who-evaded-the-law-for-15-years-charged-with-abetting-former-md-of-multi-code-for-securities-fraud>

Court Revokes Bail of Unlicensed Futures Trader

On 21 May 2024, the Sessions Court allowed the SC's application to revoke Mohd Azhidi bin Laili (Azhidi)'s bail on the basis that he had breached his bail conditions by failing to appear in court on two separate occasions and to report to the SC's Investigating Officer (IO). Pursuant to the Court's order, Azhidi was taken into custody and will be remanded pending the completion of his trial.

Read more on media release 'Court Revokes Bail of Unlicensed Futures Trader'

<https://www.sc.com.my/resources/media/media-release/court-revokes-bail-of-unlicensed-futures-trader>

Dato' Dr. Yu Kuan Chon Sued for Market Manipulation

On 24 June 2024, the SC filed a civil suit against Dato' Dr. Yu Kuan Chon (Yu). Yu is alleged to have breached sections 175 and 176 of the CMSA for market rigging and market manipulation involving shares in Shangri-La Hotels (M) Bhd between 1 March 2018 and 24 July 2018. The SC is seeking, among others:

- (1) A declaration that Yu has breached sections 175(1) and/or 176(1) of the CMSA;
- (2) An order that Yu pays the sum of RM26,572,397.70, being three times the amount of pecuniary gain of RM8,857,465.90 made by him as a result of the breaches, and a civil penalty in the amount of RM1,000,000.00; and
- (3) An order that Yu be restrained from trading in securities on any stock exchange in Malaysia for

a period of five years, and that Yu be barred from becoming a chief executive or director, or being involved in the management, directly or indirectly, of any public company or any subsidiary of a public company in Malaysia for a period of five years.

Read more on media release, 'SC Sues Dato' Dr. Yu Kuan Chon for Market Manipulation'

<https://www.sc.com.my/resources/media/media-release/sc-sues-dato-dr-yu-kuan-chon-for-market-manipulation>

Former Investment Banker Faces 11 Charges in relation to Securities Fraud and Unlicensed Capital Market Activities

On 18 September 2024, Ruwan Amaresh Shaun Ponniah (Ruwan) was charged with ten charges under section 179(b) of the CMSA for defrauding investors into depositing monies totalling RM201,000 for purported shares investments. Ruwan was also charged with one charge under section 58 of the CMSA for holding himself out as carrying on a business in fund management without being licensed or a registered person for fund management under the CMSA. The offences took place between October 2018 and June 2020 at Petaling Jaya.

Read more on the media release, 'SC Charges Former Investment Banker with Securities Fraud and Unlicensed Capital Market Activities'

<https://www.sc.com.my/resources/media/media-release/sc-charges-former-investment-banker-with-securities-fraud-and-unlicensed-capital-market-activities>

Court of Appeal Rules in Favour of the SC in Insider Trading Appeal

On 27 November 2024, the Court of Appeal unanimously dismissed the appeal by Dato' Raymond Yap Wee Hin (Yap) against the decision of the High Court, which found the former deputy chairman of Patimas Computers Bhd liable for insider trading. Yap was ordered to pay the SC a sum of RM4.28 million in disgorgement and civil penalty.

Read more on media release, 'Court of Appeal Rules in Favour of the SC in Insider Trading Appeal'

<https://www.sc.com.my/resources/media/media-release/court-of-appeal-rules-in-favour-of-the-sc-in-insider-trading-appeal>

TABLE 23**Administrative sanctions imposed**

Persons in breach	Sanctions imposed					
	Reprimand	Penalty	Restitution	Directive	Revocation of licence	Suspension of licence
Registered persons	7	9	-	-	-	-
Licensed persons	14	35	-	2	1	-
Other entities/ individuals	29	14	-	6	-	-
RMO	4	4	-	-	-	-
TOTAL	54	62	0	8	1	0

Leveraging the SC's Administrative Actions

Apart from initiating criminal or civil actions, the SC also leverages its statutory powers for administrative actions against 34 persons (as at 31 December 2024), which provides a full spectrum of sanctions and remedies against the persons in breach (Table 23).

As of 31 December 2024, a total penalty of RM13.719 million has been imposed against various persons for their misconduct and breaches under the securities laws and guidelines issued by the SC as follows:

- seven licensed intermediaries for delay in submitting the monthly returns for the relevant wholesale funds;
- two registered persons for delay in submitting the post-issuance reports for their structure products;
- one responsible party for delay in submitting the redemption notices for a programme;
- two individuals who carried on a business of the regulated activity of dealing in securities without holding a CMSL, and who failed to seek recognition by the SC and failed to register with the SC a disclosure document, in relation to making available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase of foreign shares in Malaysia;
- five individuals who engaged in transactions which involved proceeds of unlawful activities;
- one individual who issued falsified documents to his clients, entered into profit-sharing arrangements with his clients, carried out discretionary trading on his clients' accounts despite the participating organisation's prohibition on its dealer's representatives from carrying out any discretionary trading and carried out trading in a client's account based on third-party instructions without any written authorisation from the client;
- one licensed intermediary for failing to have in place adequate systems, policies and procedures to accurately identify, verify and document transactions of its investors, to conduct on-going due diligence and scrutiny of its customers and to clarify the economic background and purpose of any transactions or business relationship as well as failure to report suspicious transactions;
- one director of an unlisted public company for failing to seek SC's authorisation prior to offer for purchase of bonds, failing to register with the SC a disclosure document for the offer of the bonds and making false statements in the offer letters to the investors;
- one unit trust consultant (UTC) for misappropriating monies from four investors, providing statements of accounts to two individuals which contained false information and for engaging in deceptive and misleading acts by procuring and receiving monies from investors based on his deception;
- one recognized market operator (RMO) for failing to adopt and demonstrate application of a risk-

based approach, to conduct on-going due diligence and scrutiny on the business relationship with its customers throughout the course of the business relationship, to reclassify customer as higher risk and consider lodging suspicious transaction report and to ensure that the frequency in implementing on-going due diligence or enhanced due diligence must commensurate with the level of money laundering or terrorism financing risks posed by the customer;

- one unlisted public company and its three directors for failing to register a prospectus with the SC in relation to the issuance or offering for subscription or purchase of convertible redeemable non-cumulative preference shares;
- one licensed intermediary for failing to seek the SC's authorisation prior to selling structured products for four high net-worth individuals and failure to register with the SC a disclosure document for the issuance of the structured product to the said individuals, failure to provide a product highlight sheet to high net-worth individuals and making a misleading statement in a disclosure document;
- one digital asset exchange and its director for operating a recognized market without registering with the SC under Section 34 of the CMSA;
- one UTC for allowing and receiving pre-signed forms, executing 26 unauthorised investments and 23 unauthorised switching transactions in unit trust account, engaging in deceptive and misleading acts by preparing and issuing seven falsified unit holder ledgers and one falsified audit confirmation and exhibiting dishonest behaviour by arranging for another person to attend mandatory annual product fundamental training session to fulfil the pre-requisite CPD points imposed by FIMM to maintain registration as a UTC; and
- one individual for causing one public-listed company shares to be deposited and maintained in two individuals securities account.

Redress via Infringement Notices

In carrying out the SC's surveillance, gatekeeping and supervisory functions, the SC also utilises its non-statutory enforcement tools, to address breaches of securities laws or guidelines that do not warrant the initiation of any formal enforcement actions.

In such instance, the SC may issue the following Infringement Notices to the relevant parties concerned:

- **Supervisory letters with infringement** – issued pursuant to the exercise of the SC's supervisory function or the conduct of an examination under section 126 of the *Securities Commission Malaysia Act 1993* (SCMA).
- **Warning letters** – issued pursuant to the discharge of the SC's gatekeeping function such as the issuance of licenses, approval of corporate proposals and review of prospectuses. Warning letters may be issued to licensed, registered persons or other professionals or experts.
- **Non-compliance letters** – issued pursuant to the discharge of the SC's gatekeeping function for minor breaches.
- **Notice of Cease and Desist** – issued to immediately halt and prevent further violation of any obligations under the securities laws. Failure to comply with the *Notice of Cease and Desist* may attract formal enforcement action by the SC.

As of 31 December 2024, 125 Infringement Notices have been issued by the SC, with the breakdown as in Table 24.

TABLE 24
Type of infringement notices

Type of infringement notices	No. issued
Supervisory letters with infringement	32
Warning letters	71
Non-compliance letters	19
Notice of Cease and Desist	3
TOTAL	125

THE SC'S PRIORITIES

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

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

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

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

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

Expedited IPO Approval Process by the SC and Bursa Malaysia

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

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

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

The SC Broadens Sophisticated Investor Criteria for Greater Market Accessibility

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

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

Ensuring Regulatory Effectiveness to Combat Money Laundering and Terrorist Financing Activities

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

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

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

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

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

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

Detailed statistics

TABLE 1A

 Equity applications and prospectus registrations (*detailed*)*

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

TABLE 2A

 Corporate bonds and sukuk lodgements (*detailed*)*

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

Note:

* Refer to Capital-Raising section.

