PART 2
REGULATORY PERFORMANCE AND OUTCOMES

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INTRODUCTION

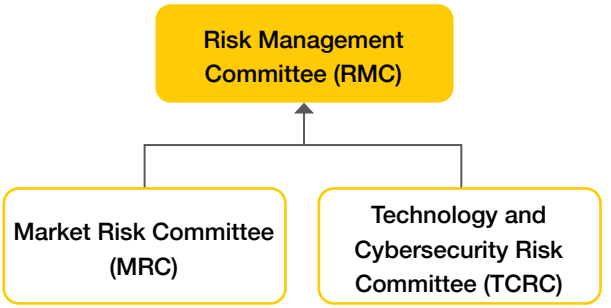
In 2025, the SC continued its mission of promoting and maintaining a fair, efficient, secure and transparent capital market through a comprehensive regulatory framework encompassing rulemaking, gatekeeping, surveillance, supervision and enforcement. This part provides an overview of the SC's key regulatory initiatives and outcomes for 2025, underscoring its commitment towards upholding market integrity and safeguarding investor interests.

MONITORING AND MANAGEMENT OF SYSTEMIC RISK

Headwinds from global economic uncertainty and trade tensions continued to shape both international and domestic financial and capital markets throughout 2025. Although greater clarity on US tariff policies lifted investor sentiment, the Malaysian capital market remained vulnerable to uncertainties over future trade developments, their eventual impact, and the path of US monetary policy, all of which could spill over into the domestic capital market. Against this backdrop, the SC maintained heightened vigilance to proactively identify and manage potential vulnerabilities to the systemic stability of the domestic capital market.

The SC's established systemic risk governance structure (Figure 1) ensures a streamlined and structured escalation of concerns arising from systemic risk surveillance and assessment. The Risk Management Committee (RMC) convened periodic meetings to deliberate on potential risks arising across different segments of the capital market, with the objective of addressing issues before it could escalate into systemic concerns.

FIGURE 1
Systemic risk governance structure



In carrying out its systemic risk management role, the SC actively monitored various components of the capital market including the domestic equity and bond markets, market infrastructures, trading activities, investors' fund flows, investment management and intermediaries' activities to identify potential stress points.

Given the interconnectedness within the broad financial system, the SC also engaged closely with other regulatory authorities, such as BNM and the Labuan Financial Services Authority (Labuan FSA), to identify systemic risk areas that could potentially affect the domestic capital market.

Key issues discussed during these engagements include global market volatility, currency movements, and the latest developments related to the impact of US tariff policies. These discussions support more efficient and well-coordinated inter-agency responses when required, thereby strengthening the resilience of the overall financial system.

In 2025, the SC further strengthened its crisis management capability and preparedness by conducting several programmes to reinforce organisation-wide readiness. These included Capital Market Crisis Simulation Exercise, jointly organised with the Toronto Centre, intended for the SC to practise crisis handling in a safe environment, evaluate the effectiveness and

adequacy of existing protocols and processes, while fostering a culture of proactive crisis management and continuous learning.

The SC also undertook several deep-dive thematic studies on relevant topics, including US tariffs, China's economic recovery, and de-dollarisation and their implications on the Malaysian capital market. These efforts were complemented by engagements with industry stakeholders to obtain insights of current or emerging market risks.

Committed to managing systemic risk proactively, the SC published its fourth *Capital Market Stability Review* in the first quarter of 2026. This publication discusses the risk landscape of the Malaysian capital market, highlighting key systemic risk drivers and providing insights to stakeholders in navigating evolving market conditions.

CAPITAL RAISING

Equity

Malaysia's equity market remained resilient in 2025, with a total of 60 IPOs completed, rising from 55 in 2024. This reflects a solid IPO pipeline as well as continued confidence from issuers and investors in the Malaysian capital market. As a result, Malaysia emerged as the top IPO market in ASEAN in terms of listing numbers, marking the highest annual IPO count since 2005.

Of the new listings in 2025, 11 were on the Main Market, 44 on the ACE Market and five on the LEAP Market.

Notable IPO approvals in 2025

Among the approved IPOs, three were particularly noteworthy:

1. **ECO-Shop Marketing Bhd**, a retailer specialising in groceries and everyday consumer goods, successfully raised RM0.97 billion, making it the fourth-largest fundraising in ASEAN for 2025 and attracting significant regional attention.

2. **Paradigm Real Estate Investment Trust (REIT)**, with a portfolio of three prime retail properties valued at RM2.4 billion and a market capitalisation of RM1.60 billion, raised RM0.56 billion in 2025, marking one of Malaysia's largest REIT IPOs in over a decade.

3. **Cuckoo International Malaysia Bhd**, a multi-channel home and electronic products company, raised RM0.39 billion, earning the position of the eighth-largest IPO in ASEAN for 2025.

The year also saw the successful listing of UMS Integration Ltd, an integrated high-precision engineering and manufacturing firm for the semiconductor and aerospace industries. The company became the first Singapore-listed company to secure a secondary listing on Bursa Malaysia, expanding investor access and enhancing market liquidity.

These milestones underscore the robustness and quality of Malaysia's equity market, reflecting its ability to attract established domestic issuers and regional investor interest. Combined with the highest total number of IPOs in ASEAN, this performance reinforces Malaysia's position as a key investment hub for fundraising and investment activity.

The SC also registered 22 equity prospectuses in 2025, comprising 10 for IPOs and 12 abridged prospectuses (Table 1).

TABLE 1
Registration of prospectus

Equity prospectus registrations	2025	2024
IPO Prospectus	10	11
Abridged prospectus	12	13
Total registrations	**22**	**24**

In 2025, the SC received 24 equity applications, 15 of which were for IPOs and nine for transfer of listings to the Main Market of Bursa Malaysia Securities Bhd. A total of eight applications had been brought forward from 2024 (Table 2). The steady volume of applications reflects continued fundraising momentum and sustained market interest.

On average, six rounds of queries were raised when processing each equity application considered, 97% of which were raised within the time charter (Table 3).

TABLE 2
Equity applications

No. of applications	2025	2024
Brought forward from the previous year	8	9
Received during the year	24	20
Total applications for consideration	**32**	**29**
Approved during the year	21	21
Not approved during the year	1	-
Returned during the year	-	-
Total applications considered	**22**	**21**
Withdrawn during the year	(1)	-
Lapsed (exceeded 6-month validity period)	(1)	-
Carried forward to the next year	8	8

TABLE 3
Service charter performance – equity applications

Service	Measure	Target	Results	
			2025	2024
Processing of equity applications	% of applications processed within time charter[1]	90%	97%	99%

Corporate Bonds and Sukuk

TABLE 4
Corporate bond and sukuk lodgements

Ringgit-denominated	No. of lodgements		Nominal amount (RM billion)	
	2025	2024	2025	2024
Lodgements for the year	82	86	256.97*	165.89
Corporate bonds	26	23	64.33	48.80
Sukuk	50	61	105.15	115.59
Combination	6	2	87.50	1.50
Foreign currency-denominated	**No. of lodgements**		**Nominal amount (billion)**	
	2025	**2024**	**2025**	**2024**
Lodgements for the year	5	1	US$67.00 RMB10.00	US$35.00
Corporate bonds	3	-	US$22.00	-
	1	-	RMB10.00	
Sukuk	1	1	US$45.00	US$35.00
Combination	-	-	-	-

Note:
* Total may not add up due to rounding.

In 2025, the number of corporate bond and sukuk lodgements[2] remained stable with 87 corporate bond and sukuk lodgements made with the SC, consistent with the previous year.

The total size of facilities lodged with the SC in 2025 was substantially larger than in the previous year, comprising ringgit-denominated instruments amounting to RM256.97 billion and foreign currency-denominated instruments amounting to US$67.00 billion and RMB10.00 billion. Sukuk accounted for 59% of the number of lodgements, as well as 41% of the nominal value in relation to ringgit-denominated instruments (sukuk RM105.15 billion; total RM256.97 billion) and 67% of the nominal value for USD-denominated instruments (sukuk US$45.00 billion; total US$67.00 billion) (Table 4).

[1] Based on number of queries issued:
(i) first round of query raised within 10 market days from receipt of complete submission; and
(ii) subsequent queries raised within 5 market days from receipt of complete replies.

[2] Pursuant to the *Lodge and Launch Framework for Unlisted Capital Market Products* (LOLA Framework).

The SC also received one corporate bond application with a nominal amount of RM0.09 billion in 2025. The application had been considered and approved as at year-end (Table 5).

TABLE 5

No. of applications	Corporate bonds		Sukuk	
	2025	2024	2025	2024
Nominal amount (RM billion)	**0.09**	**-**	**-**	**-**
For consideration	**1**	**-**	**-**	**-**
Received during the year	1	-	-	-
Brought forward from previous year	-			
Considered during the year	**1**	**-**	**-**	**-**
Approved	**1**	**-**	**-**	**-**
Not approved	**-**	**-**	**-**	**-**
Returned	**-**	**-**	**-**	**-**
Others	-	**-**	**-**	**-**
Withdrawn	**-**	**-**	**-**	**-**
Carried forward to next year	**-**	**-**	**-**	**-**

TABLE 6
Corporate bond and sukuk-related documents

No. of documents	2025	2024
Lodgement of trust deed/ supplemental trust deed	117	118
Deposit of information memorandum/ lodgement of disclosure document	64	61
Lodgement of product highlights sheet	4	1
Registration of abridged prospectus	1	1
TOTAL	**186**	**181**

A total of 186 documents were received in 2025 compared to 181 documents received in 2024, representing a 3% increase in corporate bond and sukuk-related documents received by the SC.

Take-overs and Mergers

The SC administers the *Malaysian Code on Take-overs and Mergers 2016* and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Take-overs Rules) with the primary objectives of preserving a fair and transparent market. These frameworks ensure equitable treatment of all shareholders and promote adequate disclosure to support informed decision-making in take-over related transactions.

Further, as part of its mandate, the SC reviews take-over policies periodically to ensure the existing requirements and practices remain relevant in providing an orderly framework for take-over and merger activities to be carried out.

TABLE 7
Take-overs, mergers and compulsory acquisitions

Applications and documents considered	2025	2024
Clearance of offer/ scheme documents	19	21
Clearance of independent advice circulars (IACs)	24	29
Clearance of whitewash[3] circulars	6	7
Applications for exemption from mandatory offer obligation	20	22
Other applications	16	18
TOTAL	**85**	**97**

[3] 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.

TABLE 8
Service charter performance – take-overs and mergers

Service	Target	Results	
		2025	2024
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%	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%

In 2025, the SC assessed 85 applications under the Take-overs Rules, compared to 97 applications in 2024. This moderation was partly due to heightened global uncertainty following the sweeping US tariff announcements in early April 2025, which contributed to market volatility and dampened corporate activity.

The SC cleared 19 offer documents with a total offer value[5] of RM11.26 billion, averaging RM592.72 million per offer. This was significantly lower than the previous year's RM18.22 billion across 21 offers (average RM867.69 million per offer). The sharp decline was largely due to absence of exceptionally large transactions seen in 2024, which included the voluntary take-over offer on Malaysia Airport Holdings Bhd valued at RM12.30 billion and the mandatory take-over in LPI Capital Bhd valued at RM2.18 billion. Five of the offers this year were undertaken by way of a scheme, as opposed to only one scheme in 2024.

The largest transaction was the conditional voluntary take-over offer by Genting Bhd to acquire all remaining shares in Genting Malaysia Bhd (GENM Offer). The offer was valued at RM6.74 billion, representing 60% of the total offer value for the year.

This was followed by the voluntary take-over offer on Apex Healthcare Bhd at RM1.88 billion in offer value, which involved foreign parties as the offerors and joint ultimate offerors. The offer garnered sufficient acceptances for compulsory acquisition of the remaining shares to be invoked and for it to be delisted from the Main Market of Bursa Malaysia.

Another notable transaction was the unconditional voluntary take-over offer by Federal Land Development Authority (FELDA) on FGV Holdings Bhd (FGV) at RM1.45 billion in offer value. The transaction marked FELDA's second attempt to privatise FGV. Following the completion of the offer, FGV was delisted from the Main Market of Bursa Malaysia on 28 August 2025.

Of the 19 offers in 2025, 15 were in relation to offeree companies listed on the Main Market, one related to an ACE Market company (Vestland Bhd), two related to LEAP Market companies (one seeking to transfer to the ACE Market (ICT Zone Asia Bhd)), while the other seeking privatisation (Go Innovate Asia Bhd), and one involved an unlisted public company (Nylex (Malaysia) Bhd). In terms of sectors, consumer products and services sector recorded the highest total offer value of RM6.81 billion or approximately 60% of the total offer value in 2025, driven mainly by the GENM Offer.

The SC also cleared 24 IACs in 2025, comprising 18 IACs related to take-over offers or schemes and six IACs pertaining to exemptions from the mandatory offer obligation pursuant to the whitewash procedures (2024: 29 IACs). In line with this, six whitewash circulars relating to the exemptions from the mandatory offer obligation were also cleared during the year compared to seven in 2024.

As for applications in relation to exemptions from having to undertake a mandatory take-over offer, the SC had considered 20 applications in 2025 (2024: 22 applications). Of these, eight involved whitewash exemptions pursuant to corporate proposals, while another 11 related to share acquisitions or transfer of shares among parties acting in concert. Further, there was one application for exemption from the mandatory offer obligation sought on the basis of written undertakings obtained not to accept an offer, if such offer was made.

4 Includes one application where extension of time was granted to dispatch the IAC in relation to a voluntary offer to shareholders.
5 The value of the total number of securities subject to the offer/scheme based on the offer price.

The SC had also considered 16 other applications (2024: 18 applications) for various exemptions or waivers from compliance with the Take-overs Rules. These included requests for extensions of time, approvals for directors' appointment or resignation during an offer period, and applications to act as adviser or independent adviser for take-over proposals.

INVESTMENT MANAGEMENT AND PRODUCTS

Collective Investment Schemes and Private Retirement Schemes

TABLE 9

Applications and lodgements for collective investment schemes (CIS[6]) and private retirement schemes (PRS)

(i) Applications	Considered		Pending Consideration	
	2025	2024	2025	2024
Authorisation of collective investment schemes	**27**	**40**	**10**	**9**
– Unit trust funds	26[7]	39[8]	10	8
– Exchange-traded funds	0	1	-	-
– Real estate investment trusts	1	-	-	1
Authorisation of private retirement funds	3	-	-	-
Exemption/variation from guidelines	2	5	1	2
Other applications	16[9]	28[10]	2	1
Registration of prospectuses/ disclosure documents	133	133	17	18
Registration of deeds	70	100	13	11
TOTAL	**251**	**306**	**43**	**41**
(ii) Lodgements	**Lodged**		**Launched**	
	2025	**2024**	**2025**	**2024**
Wholesale funds	73	59	67	61

6 Consists of unit trust funds, exchange-traded funds, real estate investment trusts and wholesale funds.
7 Includes one fund which was also qualified as SRI funds
8 Includes three funds which were also qualified as SRI funds
9 Includes four applications seeking qualification as SRI funds
10 Includes nine applications seeking qualification as SRI funds

TABLE 10
Service charter performance – CIS

Service	Measure	Target	Result
Authorisation of collective investment schemes	Decision issued within: For unit trust funds • 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. For exchange-traded funds and real estate investment trusts • 3 months from the date of receiving the complete submission, subject to all issues being satisfactorily addressed.	90%	100% (2024: 100%)

In 2025, the SC considered a total of 251 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses and disclosure documents, register deeds and other ancillary matters.

SC also received 73 lodgements in relation to wholesale funds under the LOLA Framework for sophisticated investors.

Investment Products

TABLE 11
Structured warrants considered

Structured Warrants	2025	2024
No. of eligible issuers	8	7
No. of base prospectuses registered	8	7
No. of supplementary prospectuses registered	29	26
No. of term sheets registered	2,201	1,811

In 2025, the SC registered 2,201 term sheets for the offering of structured warrants, representing a 22% increase from 1,811 term sheets registered in 2024. Additionally, the SC registered 29 supplementary prospectuses in the same year, marking a 12% increase compared to 2024 (Table 11).

TABLE 12
Service Charter Performance – Structured Warrants

Service charter	Measure	Target	Result in 2025
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% (2024: 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		
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		

GATEKEEPING

As part of its mandate to foster innovation and support new market participants, the SC continues to implement initiatives that streamline regulatory processes and enhance efficiency. This commitment was reinforced in 2025, following the introduction of the Focused Scope Assessment (FSA) framework in 2024.

Facilitative, Open Dialogue for Market Participants

To assist applicants, the SC adopts a facilitative mechanism that encourages prospective applicants to engage in pre-submission consultations (PSC) with the SC. These consultations enable the SC to gain a better understanding of the applicants' business proposal and assess their alignment within the permitted framework. Through this open dialogue, applicants are given the opportunity to refine their business proposals, documentation, and governance structures, ensuring that they are well-prepared and aligned with the SC's requirements and expectations prior to submitting a formal application. The SC has observed strong participation in these consultations, reflecting applicants' proactive approach to meeting regulatory expectations.

In 2025, the PSC facilitation resulted in 49 formal applications, 40 of which were successfully processed. The PSC facilitation had been effective in reducing the time taken towards submission as well as enhancing the quality of the applications submitted by the applicants. Among others, it is noted that applications in 2025 were of better quality as more than 60% of the processed applications came from 2025 PSCs (i.e. 25 PSCs from the 2025 cohort representing 43% of 2025 PSCs) whilst the balance came from the 2023-2024 PSCs.

For applications to be assessed in accordance with the SC's client charter, the submission made must be complete, valid, accurate with full disclosure and satisfy the relevant licensing or registration requirements. In 2025, all the Capital Markets Services Licence (CMSL) and Capital Markets Services Representative's Licence (CMSRL) applications were processed within the committed client charter (Table 13). Additionally, the SC has successfully achieved a time-to-market of less than three months for all applications received under the FSA framework in 2025.

TABLE 13
Client charter performance – licensing of CMSL and CMSRL

Service	Measure	Target	Results	
			2025	2024
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%

During this period, eight new CMSL holders were approved for the following regulated activities:

- Fund management (five companies);
- Advising on corporate finance (one company);
- Dealing in securities (one company); and
- Financial planning (one company).

In addition, 21 new registered entities were approved, comprising 20 venture capital and private equity (VC/PE), and one capital market service provider (CMSP). During the same period, the SC also registered four recognized market operators (RMOs), both operating P2P financing platforms.

For the year 2025, the SC approved 958 CMSRL applications, bringing the total number of CMSRL holders to 10,269.

TABLE 14
Status of licensing and registration application

Application for new CMSL	2025	2024
New applications received	6	7
Brought forward from previous year	4	5
Approved	8	7
Returned, withdrawn or rejected	0	1
Application for registration (VC/PE, Digital Asset Custodian and CMSP)	**2025**	**2024**
New applications received	30	17
Brought forward from previous year	3	2
Approved	21	15
Returned, withdrawn or rejected	5	1
Application for registration of RMO	**2025**	**2024**
New applications received	4	5
Brought forward from previous year	2	5*
Approved	4	3
Returned, withdrawn or rejected	2	5*
Application for new CMSRL	**2025**	**2024**
New applications received	1,004	966
Brought forward from previous year	43	52
Approved	958	937
Returned, withdrawn or rejected	24**	38**

Notes:
* Include applications submitted by an entity seeking to be registered for two different entities.
** Include one rejected application.

During 2025, four CMSL holders and 1,010 CMSRL holders surrendered their licenses. (Table 15).

TABLE 15
License or registration ceased, revoked and suspended

CMSL holders	2025	2024
Ceased, revoked or suspended	4	4
CMSRL holders	**2025**	**2024**
Ceased, revoked or suspended	1,010	889
Application for registration	**2025**	**2024**
Ceased, revoked or suspended	0	5

Compliance Dialogue with CMSL Holders

On 19 August 2025, the SC held a Compliance Dialogue aimed at fostering a strong culture of compliance and enhancing understanding of licensing requirements and obligations among CMSL holders in the following regulated activities:

i. Boutique portfolio management;
ii. Investment advice;
iii. Financial planning; and
iv. Advising on corporate finance.

The Compliance Dialogue forms part of the SC's on-going efforts to elevate the professionalism and enhance governance and conduct standards among our capital market intermediaries. The session provided insights highlighting common non-compliance issues observed in applications, notifications and submissions received by the SC, with the objective of improving industry practices and reinforcing regulatory adherence.

The half-day dialogue was attended by 147 participants comprising Chief Executives, Licensed Directors and responsible persons for compliance registered with the SC.

SURVEILLANCE

Upholding Market Integrity Through Strong Oversight of PLCs and Proactive Trading Surveillance

Maintaining investors' trust in Malaysia's capital market and preserving its integrity is essential for sustainable economic growth. The SC supports this mandate by monitoring and regulating PLCs, as well as undertaking surveillance of trading activities to ensure the capital markets operate with transparency, fairness, and accountability.

Corporate Surveillance and Governance Oversight

The SC proactively reviews company disclosures, financial statements and transactions to ensure listed companies comply with securities laws and financial reporting standards. The SC's corporate surveillance function aims to protect investors and shareholders from risks associated with misinformation or misconduct.

The SC's surveillance approach is driven by data and insights from company announcements, media coverage, and stakeholder feedback. In 2025, our monitoring highlighted several key observations, notably potential wrongful loss, financial misrepresentations, and other emerging risks. These findings underscore the importance of early detection and proactive intervention to safeguard investor interests and maintain market integrity. This enables us to identify potential issues at an early stage and act swiftly to prevent them from escalating. We regularly engage with company directors, auditors, and other key stakeholders to strengthen board accountability and promote sound corporate governance.

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

Towards ensuring compliance of the securities laws, the SC closely monitors compliance of, among others, the take-over requirements to detect misconduct and breaches which could jeopardise the interests of the investing public.

In line with its principle of being an open and engaging regulator, the SC encourages early engagement by relevant parties or their advisers before undertaking transactions with take-over implications. Consultations during 2025 covered matters such as identification of ultimate offeror and persons acting in concert, exemptions from the mandatory offer obligation involving foundations and restructuring of holdings, conditions and pre-conditions to offers, and actions that may be tantamount to favourable deals or frustration of offer. This approach fosters a conducive environment for stakeholders to seek guidance from the SC through its consultation process where we aim to encourage greater compliance with the regulatory requirements for take-over and merger transactions.

The SC and Bursa Malaysia also engaged in numerous discussions and dialogues during the year with the board of directors of companies to be listed on the Main Market or the ACE Market covering pertinent requirements to be observed by listed companies and their directors, including the key take-over regulations. This initiative aims to foster better understanding and support newly listed companies as they embark on their new chapter on Bursa Malaysia.

In addition to regulatory consultations, the SC hosted its annual dialogue on 13 October 2025 to discuss emerging trends and clarify expectations for greater regulatory alignment. The dialogue was attended by 60 representatives from 28 corporate finance advisory firms including members of Malaysian Investment Banking Association (MIBA) and members of Association of Corporate Finance Advisers (ACFA) involved in take-over proposals.

International benchmarking and collaboration with fellow takeover regulators remain vital in shaping the take-over regulations and policies in Malaysia. The SC maintains strong relationships with its counterparts through open channels of communication, enabling the exchange of insights and best practices to achieve effective regulatory outcomes.

The multi-pronged approach underscores the SC's commitment in fostering a fair, efficient and transparent market, while ensuring that the take-overs regulations in Malaysia remain relevant and effective within an evolving capital market landscape.

Promoting High Quality Audited Financial Statements Through Oversight of Auditors of Public-Listed Companies and Schedule Funds

The SC's Audit Oversight Board (AOB) enhances confidence in financial markets by ensuring that audited financial statements, particularly those of public-listed companies and schedule funds, meet the highest standards of quality.

AOB carries out risk-based inspections on audit firms and audit engagements on AOB registered auditors. Firm level inspection evaluates the audit firm's overall system of quality management, governance, and compliance with auditing and ethical standards. This includes assessing leadership commitment, resource adequacy, and internal monitoring mechanisms.

Engagement level inspection examines audit engagements to determine whether auditors exercise professional scepticism, obtained appropriate audit evidence, and issue audit opinions that are appropriate. When findings are identified, auditors are required to remediate weaknesses and ensure that improvements are made on a timely manner.

The AOB's inspection findings and observations are shared annually in the AOB's *Annual Inspection Report* (AIR) which is also shared with the audit committees (ACs) of public-listed companies. These findings are translated into practical recommendations, enabling ACs to strengthen governance oversight and ensure that common audit issues receive the necessary attention. By doing so, AOB helps ACs uphold audit quality, reinforce accountability, and safeguard investor confidence in financial reporting.

Please refer to the AOB's Annual Report for details of AOB's oversight activities

Strengthening Market Integrity

On the trade surveillance front, the SC works closely with Bursa Malaysia and digital assets exchanges in the monitoring of trading activities across equities, derivatives, corporate bonds and digital assets. Throughout the year, regular engagements were held to identify and address dubious trading practices early through pre-emptive measures.

Capital market intermediaries play a vital role in upholding market integrity and share a collective responsibility with regulators to maintain fair and orderly trading. To complement Bursa Malaysia's ongoing engagements with the industry on market integrity, capital market intermediaries were provided feedback on their front-line trade surveillance activities. This communication highlights patterns and trends observed, addresses gaps in monitoring activities and encourages intermediaries to strengthen their surveillance functions as the first line of defence against potential market abuse or irregular trading behaviour.

In 2025, the SC conducted 1,649 assessments on trading anomalies (2024: 1,477) and carried out detailed reviews of potential market abuse cases, including insider trading and market manipulation. Regarding corporate conduct, 38% of completed reviews involved conduct that could result in wrongful loss to the company, 24% involved false or misleading disclosures, and 29% concerned schemes to defraud. When possible corporate transgressions or trading misconduct are identified, the SC applies a consistent regulatory response — ranging from investigations and enforcement actions to referrals to Bursa Malaysia. This ensures that all concerns are addressed proportionately and strategically in line with the SC's mandate to protect investors and preserve market integrity.

The SC also takes proactive steps through public communication in addressing incidents which may undermine market integrity. Joint public statements with Bursa Malaysia were issued to alleviate investor concerns pertaining to unauthorised access to trading accounts. Intermediaries were advised to strengthen security measures, such as multi-factor authentication and stricter password policies, and to alert clients to reset login credentials to safeguard accounts and reduce risks to market integrity.

Another crucial aspect of the SC's surveillance activities involves mutual sharing of experience and knowledge with peer regulators and global bodies. This collaboration ensures our approach is guided not only by domestic regulatory requirements but also by global best practices. As a signatory of the International Organisation of Securities Commissions (IOSCO) Enhanced Multilateral Memorandum of Understanding (EMMoU), the SC is committed to fostering close collaboration with peer regulators and other stakeholders. Through active participation in global information-sharing platforms, particularly on regional surveillance practices, the SC

works to address cross-border corporate and trading misconduct. Malaysia's regulatory approach thus remains aligned with international best practices.

To strengthen the efficiency and reliability of surveillance activities, the SC continues to leverage technology solutions for swifter outcomes. Looking ahead, we are exploring the use of generative AI to enhance our surveillance toolkit, particularly in strengthening detection capabilities and enabling more risk-based surveillance. These tools will support earlier identification of potential issues through advanced data analytics and pattern recognition, improve prioritisation by directing supervisory attention towards higher-risk entities and activities, and enhance our ability to efficiently monitor sustainability-related disclosures. Drawing on the experiences of international counterparts, we proactively look for advanced analytics use cases to strengthen our ability to detect and assess irregular financial transactions and trading misconduct in today's complex market environment. Through continuous refinement of tools, processes, and focus areas, we remain committed to safeguarding corporate and market integrity, transparency, and accountability – values that underpin investor trust and drive sustainable capital market growth.

Ongoing Monitoring and Surveillance over Corporate Bond and Sukuk Issues

Monitoring Credit Risks in the Corporate Bond and Sukuk Market

As part of the SC's continuous efforts to oversee the corporate bond and sukuk market, the SC actively identifies and monitors issuers facing credit stress. At present, these issuers represent less than 2% of the market and are primarily from the transportation, real estate, and financial sectors. Some of these issuers have sought investors' consent for measures such as extensions to meet financial covenants, delays in coupon or principal repayments, or other refinancing arrangements to better manage their financial obligations. Overall, Malaysia's corporate bond market remains resilient, dominated by highly-rated corporate bond issuers from the financial, real estate, and infrastructure and utilities sectors.

Within the corporate bond and sukuk market, market participants play a critical role in preserving market integrity by adhering to regulations and safe investors' interests. To support this objective, the SC actively engaged with key stakeholders, such as credit rating agencies, bond pricing agencies, and bond and sukuk trustees, throughout 2025. These engagements focused on sharing expertise, exchanging perspectives, and addressing both current and emerging challenges.

SUPERVISION

Supervision of Technology

Strengthening Cyber Resilience as Sector Lead under the Cyber Security Act 2024

The year 2025 marked a pivotal point of consolidation and execution for the SC in advancing Malaysia's national cyber resilience agenda. Building on the significant regulatory milestones achieved in 2024, particularly the implementation of the revised *Guidelines on Technology Risk Management* (GTRM) and the *Cyber Security Act 2024* (Cyber Security Act), the SC's focus was on effective implementation, enhanced supervisory engagement, and operationalising its expanded mandate as sector lead for banking and finance.

2025 marks the first full supervisory cycle under the enhanced requirements, following the enforcement of GTRM in August 2024. The SC has intensified its oversight of capital market entities to ensure alignment with GTRM standards across governance structures, reporting mechanisms, third-party risk management practices, technology audits, and board oversight responsibilities. This includes targeted thematic assessments, engagement with boards and senior management, and continuous monitoring to strengthen accountability and resilience against evolving technology and cyber threats.

Since the gazettement of the *Cyber Security Act* in June 2024 and the SC's appointment as sector lead for the banking and finance sector by Prime Minister Dato' Seri Anwar bin Ibrahim in September 2024, the SC has commenced operationalising its responsibilities as sector lead, including conducting initial assessment and designating National Critical Information Infrastructure (NCII) entities, developing a sector-specific *Cyber Security Code of Practice* (Code of Practice), and establishing sectoral compliance monitoring and incident coordination mechanisms. These initiatives are critical to ensuring that Malaysia's financial infrastructures operate under coherent, sector-wide baseline standards for cyber security.

With the NCII designation exercise completed in late 2024, the SC's priority in 2025 was to supervise and support compliance with by designated entities. Developed in alignment with the GTRM, industry best practices, and statutory requirements under the *Cyber Security Act*, the Code of Practice sets minimum security controls and processes expected of NCII entities. Throughout the year, the SC worked closely with regulated entities to guide implementation, strengthen supervisory structures, and ensure incident reporting and robust response mechanisms.

In parallel, the SC is advancing Malaysia's capital market preparedness for quantum threats through active collaboration with the National Cyber Security Agency (NACSA) and the *Pusat Teknologi dan Pengurusan Kriptologi Malaysia* (PTPKM) on a national Post-Quantum Cryptography (PQC) migration plan. Building on engagements with NACSA in 2025, the SC is now focusing on sector-specific planning to ensure that critical capital market systems are well positioned for future cryptographic transitions, consistent with global developments.

Collectively, these initiatives encompassing the GTRM implementation, activation of sector lead functions, NCII compliance operationalisation, and advancement of PQC resilience, underscore the SC's role in 2025 as a key enabler and national leader in technology risk oversight and cyber governance. Through the integration of its regulatory mandate with its expanded national role under the Cyber Security Act, the SC is driving systemic cyber resilience across the financial sector and contributing meaningfully to Malaysia's broader national cyber security objectives.

Technology Oversight and Supervisory Approach

In 2025, the SC continued to advance its supervisory agenda with a heightened focus on technology and cyber governance to enhance resilience across the capital market. Recognising the rapid evolution of technology and the increasing complexity of technology risks, the SC continued its assessment of new applicants and selected capital market entities to ensure a secure and well-governed capital market ecosystem.

The SC adopted a multi-pronged supervisory approach to assess technology and cyber risk management practices across the capital market. A total of 233 assessments were conducted in 2025, covering key areas of technology governance, risk management, and compliance, through:

Structured Assessments

Three assessments were carried out using a planned, risk-based supervisory approach to identify entities with elevated risk profiles. This systematic process enabled the SC to evaluate technology and cyber risk management practices based on the level of risk exposure.

Thematic Reviews

Reviews were triggered by major incidents and focused on common risk areas across affected entities. These helped to identify systemic gaps and reinforced technology and cyber resilience to mitigate future threats.

For-Cause Assessments

A total of 230 assessments were initiated following incidents that raised supervisory concerns. These targeted assessments were conducted on specific entities to address the misconduct and strengthen accountability across the market.

Supervisory reviews have highlighted key areas for further development, including–

- improving alignment with internal technology risk frameworks to ensure consistent coverage across all operations;
- enhancing oversight of outsourced technology services to reinforce resilience;
- modernising production systems to optimise performance and safeguard against emerging cyber threats; and

- advancing analytical capabilities and incident response readiness to strengthen preparedness for future threats.

These assessments are intended to ensure entities implement strong governance structures and robust technology and cyber risk management practices in line with the SC's GTRM. Entities were also encouraged to adopt industry best practices to further enhance their technology and cyber resilience.

Capital Market Cyber Simulation

As part of the SCxSC initiative, the SC conducted the Capital Market Cyber Simulation (CMCS) 2025 with the participation of 115 entities. These entities were selected according to their level of reliance on technology in daily operations.

Held in collaboration with NACSA and CyberSecurity Malaysia (CSM), the CMCS 2025 underscores the SC's commitment to strengthening technology governance and cyber resilience across the capital market.

The simulation was designed to–

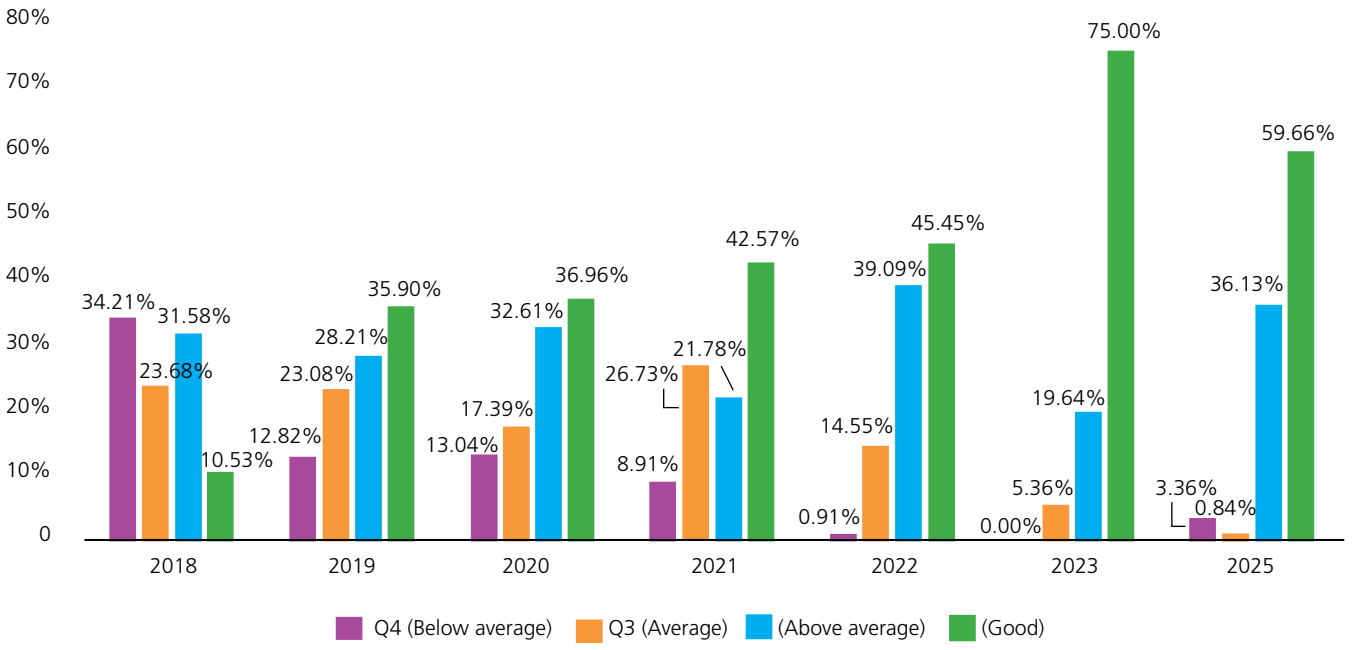
- assess participants' incident response and recovery capabilities;
- identify potential gaps in technology capabilities within the capital market;
- enhance industry preparedness for effective incident escalation procedures; and
- promote the use of the SC Vault portal for structured and timely incident reporting.

The theme for CMCS 2025, *Silent Theft: Tracing the Invisible Intruders*, featuring three scenarios – supply chain attack, lateral movement, and data breach – was designed to test the industry's readiness in managing complex incidents.

Key Outcomes

Despite the increased complexity of scenarios, questions, and artefacts, participating entities demonstrated

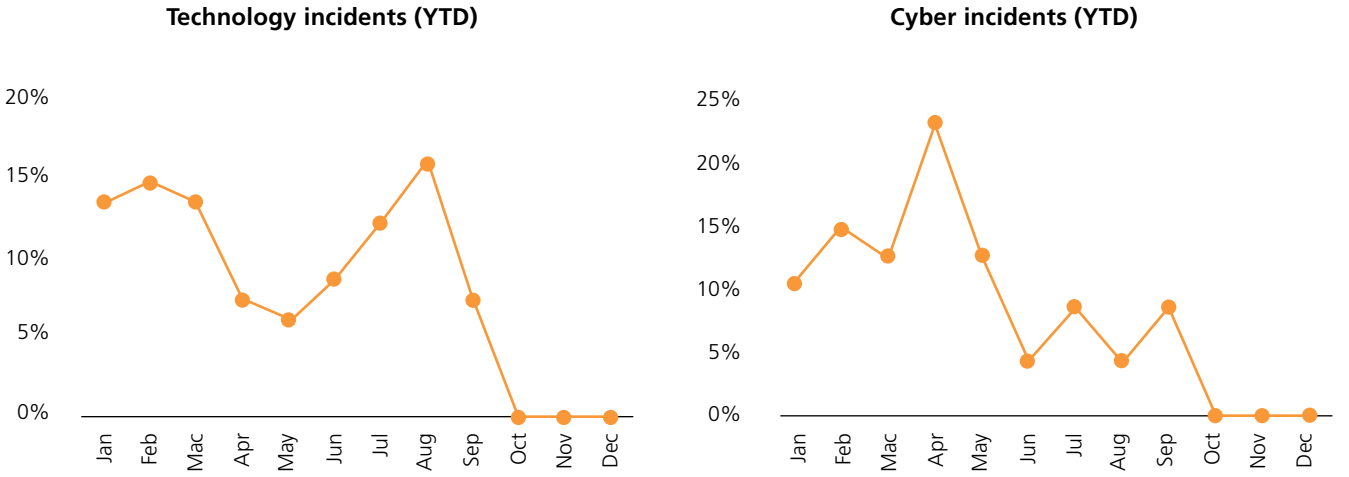
CHART 1
Outcomes of CMCS 2025



notable improvements in incident response maturity. Most entities successfully identified critical findings within a reasonable timeframe, indicating stronger preparedness and more effective response capabilities.

However, the exercise also highlighted gaps in advanced technical capabilities, underscoring the need for continued investment in cyber security skills and infrastructure to address more sophisticated threats.

CHART 2



Technology and Cyber Incidents Trends

The SC Vault recorded a significant increase in reported incidents, reflecting heightened vigilance and improved reporting practices across the capital market. Of all incidents logged, 68.6% were technology-related, while 31.4% were classified as cyber incidents. This distribution highlights ongoing operational challenges within the technology landscape and reinforces the need for robust cyber defences.

Monthly Highlights

- The month of August marked the highest number of technology incidents reported, primarily driven by network and communication failures.
- In contrast, April 2025 saw the highest number of cyber incidents reported, largely driven by a series of unauthorised access and intrusions which affected multiple brokers.

In response, the SC launched comprehensive investigations and strengthened supervisory engagement, placing greater emphasis on third-party risk management as a critical component of technology and cyber security strategies. These actions aim to safeguard operational resilience and protect market integrity against evolving threats.

Supervision of Capital Market Intermediaries

The SC continued its off-site monitoring of capital market intermediaries through regulatory submissions, data analysis and ad-hoc engagements. Complementing these efforts, a range of on-site supervisory tools were deployed, including regular structured supervisory assessments, thematic reviews and targeted for-cause assessments initiated in response to complaints and referrals.

Structured Supervisory Assessment

The SC conducted 29 structured supervisory assessments on selected capital market intermediaries over the year. The assessments were guided by a risk-focused supervisory approach, where intermediaries were selected based on their risk profile – considering inherent risks, risk appetite and strategies, and the effectiveness of governance and internal controls. This approach ensures supervisory resources are allocated to areas of higher risk for greater impact.

Two thematic assessments were undertaken to address identified trends, emerging risks and compliance gaps across intermediaries. These reviews enabled the SC to move beyond a firm-centric approach, focusing instead on sector wide outcomes and systemic risk mitigation.

A total of 180 for-cause assessments were conducted following complaints and referrals related to misconduct. These targeted reviews reinforce accountability and safeguard market integrity.

TABLE 16
Supervisory assessments on intermediaries

Assessment Type	Number of Completed Assessments	
	2025	2024
Structured supervisory assessments	29*	41
For-cause assessments	180	169
Thematic industry reviews	2**	2

Notes:
* The number of intermediaries identified for these assessments are determined through the evaluation of predefined risk factors.
** The two reviews involved assessments on marketing and distribution of unit trust products and structured products by banks and a thematic review on unit trust trustees.

Concerns identified through the various supervisory activities were promptly communicated to intermediaries through multiple channels to ensure their conduct remains aligned with our regulatory expectations.

TABLE 17
Supervisory outcomes

Supervisory Outcomes	2025	2024
Referral for administrative enforcement action	10	5
Industry communication/ engagement	8	9
Issuance of Infringement Notice	34	28
Issuance of supervisory letter	6	6
Issuance of show cause letter	4	4
Issuance of sanction letter	5	1

Separately, the SC is conducting a review of stockbroking companies (SBCs) to evaluate the effectiveness of their technology operations and cybersecurity risk management, including the oversight of third-party service providers, in compliance with the GTRM.

Building on existing requirements, the SC will issue additional guidance to further strengthen SBCs' governance of technology and cyber risks. This guidance will place greater emphasis on the oversight of third-party service providers and assurance of the robustness of technology systems and control environments.

1. Thematic Review on the Monitoring Role of Trustees for Unit Trust Schemes

Trustees of a unit trust (UT) fund are appointed to act in the best interests of unitholders and operate under a trust deed that defines the roles and responsibilities of trustees, the unit trust management company (UTMC), and unitholders, including trustees' monitoring duties.

To assess the adequacy and effectiveness of these monitoring roles, the SC issued a questionnaire to all UT trustees and conducted on-site assessments on selected trustees, focusing on risk management controls and compliance with securities laws and regulations.

Key Observations

Onboarding Procedures

Trustees generally maintain robust onboarding process for new funds. These involve collaboration between business development, compliance, legal, and operations teams, with committee-level approvals to ensure proper checks and balances. Key steps include completing conflict of interest and related party trustee checklists, conducting anti-money laundering screening, and reviewing trust deeds and prospectuses.

01

Monitoring Responsibilities

Trustees' monitoring responsibilities cover oversight of the creation and cancellation of units, investment placements, and settlements. They actively engage with UTMCs to address issues such as non-standardised data or practices, breaches of investment limits, and valuation discrepancies.

02

Enhanced Monitoring Practices

Some trustees have strengthened oversight by increasing reconciliation frequency to daily and conducting independent on-site reviews, moving beyond reliance on questionnaires. These measures enhance transparency, accountability, and the integrity of fund operations.

03

Internal Audit Assurance

Several trustees conduct annual internal assessment of their unit trust business segments, providing independent and objective assurance on operations, compliance, and governance.

04

Outcomes

The assessments provided strong assurance that the UT trustees are effectively fulfilling their monitoring responsibilities in line with regulatory expectations. In addition, several trustees demonstrated proactive measures beyond minimum requirements, reinforcing their fiduciary duty to act in the best interest of UT holders. These initiatives reflect a commitment to enhancing governance, transparency and operational integrity across the unit trust industry.

2. Assessment on the Adoption of Environmental, Social, and Governance Factors in the Investment Process of Fund Management Companies

The SC continues to integrate environmental, social, and governance (ESG) factors within fund management companies (FMCs), covering investment processes, risk management and stewardship activities.

In June 2022, the SC issued the *Guidance Note on Managing ESG Risks for Fund Management Companies*, outlining expectations for ESG risk management and stewardship of investee companies. To monitor progress, an industry-wide self-assessment was conducted in 2023.

Building on this, a targeted review was carried out in 2025 on selected FMCs to validate the implementation of the ESG Guidance Note and compliance with the SC's *Guidelines on Sustainable and Responsible Investment Funds* (SRI Funds Guidelines). The review focused on key areas including alignment of SRI fund names with their sustainability attributes, disclosure of SRI qualifications in offering documents, and ensuring that at least two-thirds of the net asset value (NAV) are invested in instruments adhering to sustainability criteria.

The initiative reinforces the SC's commitment to promoting responsible investment practices and strengthening investor confidence in Malaysia's sustainable finance ecosystem.

Key Observations

The 2025 review revealed encouraging progress in ESG integration across the fund management industry, particularly among larger FMCs. Notable findings include:

- Most large FMCs (AUM > RM10 billion) and some smaller ones, have implemented ESG frameworks to guide investment and risk decisions.
- Most FMCs have dedicated committees overseeing responsible investment strategies.
- ESG risk assessments are becoming more robust using in-house scores, third-party ratings, and independent evaluations.
- Stronger stewardship through ESG engagement to enhance sustainability and long-term resilience.
- Large FMCs use independent validation to improve transparency and reduce greenwashing risks.
- FMCs are strengthening ESG capacity through dedicated hires, training, and professional qualifications.
- Aligning with global standards such as the UN Principles for Responsible Investment (UNPRI) and the Task Force on Climate-related Financial Disclosures (TCFD) can strengthen ESG practices.
- FMCs managing SRI funds comply with the SRI Funds Guidelines, ensuring proper fund naming, clear SRI disclosure, and maintaining at least two-thirds of NAV invested in sustainable instruments.

Outcomes

Overall, ESG considerations are increasingly becoming a standard practice in the fund management industry, particularly among the large FMCs. Smaller FMCs are encouraged to accelerate their adoption of ESG practices to remain competitive and attract new generation of investors who prioritise ethical and sustainable business models. The SC remains committed to advancing this agenda by providing clear guidance and clarity in strengthening regulatory expectations and supporting continuous improvements in ESG capabilities across the industry. These efforts aim to position Malaysia as a leading market for responsible and sustainable investment.

Supervision of Exchanges and Financial Market Infrastructures

Supervision of Bursa Malaysia Bhd

As Malaysia's sole integrated exchange group, Bursa Malaysia carries statutory obligations to ensure fair and orderly markets, safeguard investor interest, exercise prudent risk management, and maintain sufficient financial, human and technological resources. This includes automated systems with sufficient capacity and robust security measures to support market activity.

Technology remains an integral component of Bursa Malaysia's infrastructure. With systems becoming increasingly automated and interconnected, ensuring the reliability and resilience of Bursa Malaysia's critical systems is paramount for the effective discharge of its role.

In 2025, the SC completed its regulatory assessment (RA) focusing on Bursa Malaysia's technology risk management framework. The review focused on the board of directors' governance over strategic and risk aspects, technology and cybersecurity management, human capital management, and oversight of third-party service providers. The review also assessed Bursa Malaysia's response to crisis-handling protocols in response to certain incidents.

Bursa Malaysia's IT infrastructure and systems are generally adequate to meet the current needs. To further strengthen the resilience and support long-term growth, several areas have been identified for improvements, focusing on future readiness and operational excellence. Areas for consideration include:

- Enhancing monitoring of trading systems capacity and early warning mechanisms.
- Broadening supervisory reach and monitoring of third-party service

In August 2025, the SC held a high-level dialogue with Bursa Malaysia's board regarding the RA findings, emphasising the board of directors' role in exercising effective oversight and fulfilling their responsibilities in addressing the identified issues.

Reassessment of the Proposal for Bursa Malaysia Regulatory Subsidiary

In 2020, the SC and Bursa Malaysia jointly announced the proposal to establish Bursa Malaysia regulatory subsidiary (Bursa RegSub) to assume the regulatory functions undertaken by Bursa Malaysia. The primary objective of the establishment of Bursa RegSub was to further strengthen Bursa Malaysia group's conflict of interest (COI) governance framework with clearer delineation of its regulatory functions and commercial operations.

Nevertheless, pending legislative changes towards the establishment of Bursa RegSub, Bursa Malaysia has systemically strengthened its COI framework including incorporating recommendations relating to the proposed Bursa RegSub in its governance model in 2021.

In light of this development, it has been agreed that there is no immediate need for the establishment of Bursa RegSub at this juncture and the SC will continue to monitor and supervise Bursa Malaysia group, ensuring that any governance concerns are effectively addressed or mitigated.

Supervision of Recognized Market Operators

The SC's regulatory framework on RMOs – covering ECF, P2P financing, digital asset exchange (DAX), e-services platform and initial exchange offering (IEOs) platforms – are designed to foster responsible financial innovation while maintaining a balanced supervisory approach. This framework ensures that operators uphold proper conduct, safeguard investor interests, and preserve market integrity.

To achieve this, the SC adopts a risk-based supervisory approach, leveraging data points such as specific risks associated by types of operators and its activities, and complaints trends. Supervisory tools deployed include regular interactions with operators, ongoing reviews of regulatory submissions, thematic reviews, RAs and complaints handlings. These reviews cover governance, operations, cybersecurity and system integrity. In 2025, the SC's supervisory focus was primarily on anti-money laundering and countering financing of terrorism (AML/CFT) due to the growing inherent risks observed across the RMO ecosystem.

The SC continued to refine its supervisory approach in line with the market's growing maturity, where RMOs are expected to uphold higher standards of governance, compliance, and risk management practices. These efforts aim to ensure that the SC's supervisory framework evolves alongside with the growth trajectory of this space and the expanding role of RMOs within the broader capital market ecosystem. The supervisory efforts undertaken include:

- Conducted nine RAs which focused on compliance with anti-money laundering requirements and the adequacy and effectiveness of ongoing due diligence frameworks;
- Completed one thematic assessment to review compliance with the *Guidelines on Advertising for Capital Market Products and Related Services* (Advertising Guidelines); and
- Carried out 63 ad-hoc assessments following monitoring exercises, complaints, and referrals received from the public and other regulatory agencies.

The SC observed several key areas for improvement to strengthen compliance culture and operational efficiency among RMOs. These include consistent implementation of policies and procedures, improved record-keeping practices, and strengthened board governance and oversight.

TABLE 17

Supervisory outcomes following assessments of RMOs

Supervisory Outcomes	2025	2024
Referral for administration enforcement action	1	-
Industry communication/ engagement	5	3
Issuance of infringement notice	9	3
Issuance of supervisory letter	2	2
Issuance of show cause letter	-	1
Issuance of sanction letter	-	1

Supervision of Self-Regulatory Organisation

The SC's oversight on Federation of Investment Managers Malaysia (FIMM) is aimed at ensuring FIMM effectively discharges its role as a self-regulatory organisation (SRO) to safeguard public interest and protect investors.

In 2025, the SC engaged FIMM on strategic matters including regulatory priorities, operational effectiveness, and sustainability. These engagements were supported by ongoing reviews of regulatory submissions to ensure FIMM's continued compliance with statutory requirements and alignment with regulatory expectations.

The SC participated in FIMM's key events to gain insights into industry developments and best practices. At the International Investment Funds Association Conference 2025, the SC observed collaborative efforts and discussions among global members on shared challenges within the investment fund industry. Additionally, during FIMM's annual convention, the SC noted on emerging trends in fund management, particularly in marketing, distribution and sales practices related to the unit trust and private retirement schemes.

Beyond FIMM's regulatory and industry development efforts, the SC observed that FIMM continues to prioritise industry profiling, revenue generation and capacity building. These efforts are aimed at strengthening its position as an SRO, improving operational efficiency, and enhancing the industry's understanding on regulatory requirements and expectations.

Supervision of Private Pension Administrator

The SC supervises the private pension administrator (PPA) to ensure it effectively fulfils its role as the central administrator for private retirement scheme (PRS), including offering education on investment and retirement saving through PRS.

In 2025, PPA continued to facilitate enrolment and top-up services via the PRS Online platform for both members and the public. It also undertook efforts to enhance its operations and supplemented investor education through system enhancements, marketing initiatives, and promotional campaigns. These efforts are critical to improve PPA's operational efficiency, increase public awareness, and enhance financial literacy, thereby supporting the sustainable growth of the PRS industry.

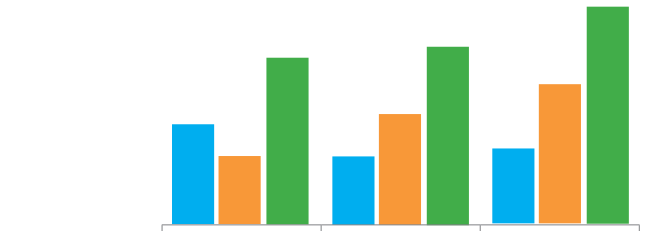
COMPLAINTS AND ENQUIRIES

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 2025, the SC received a total of 6,893 cases, consisting of 2,462 complaints and 4,431 enquiries. This represents a 22% increase from 2024 (Chart 3).

Of the total complaints and enquiries received in 2025, 61% and 70% of enquiries were on unlicensed activities and scams (Chart 4 and Chart 5).

CHART 3
Complaints and Enquiries (2023-2025)



	2023	2024*	2025
Complaints	3,145	2,128	2,462
Enquiries	2,173	3,516	4,431
Total	5,318	5,644	6,893

Note:
* The figures reflect the number of complainants and enquirers compared to the figures reported in the *SC Annual Report 2024* which were calculated based on number of complaints and enquiries received.

CHART 4
Classification of complaints

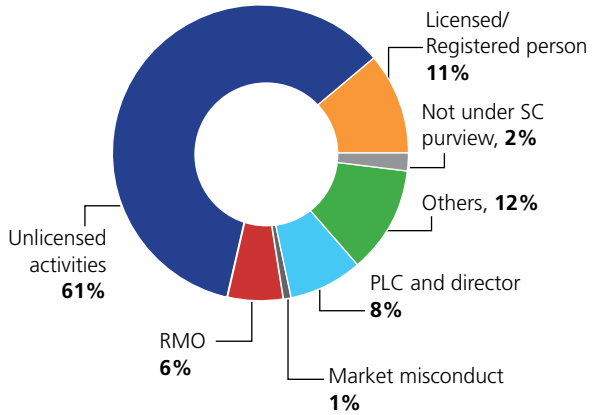
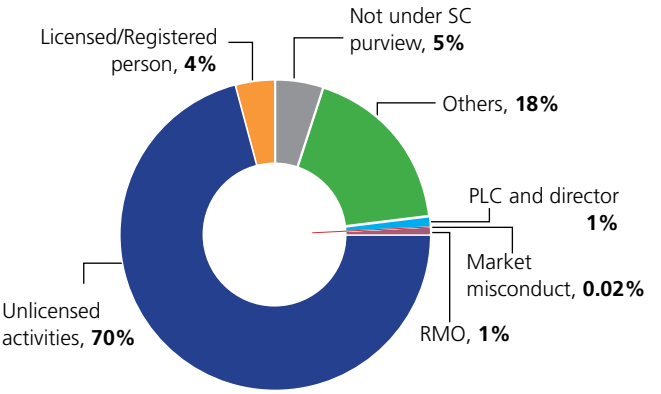


CHART 5
Classification of enquiries

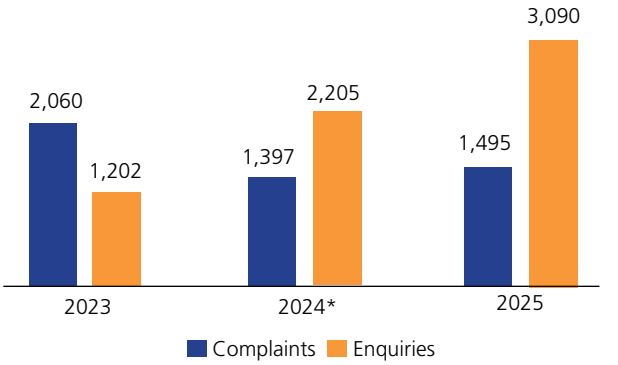


Unlicensed Activities and Scams

The SC observed an increase in the total number of enquiries received in 2025. Compared to 2023, the number of enquiries received in 2025 saw an increase of 157%.

The SC finds this encouraging as this reflects greater public awareness and scepticism where the public is mindful to check with the SC before investing.

CHART 6
Complaints and enquiries on unlicensed activities and scams



Note:
* The figures reflect the number of complainants and enquirers compared to the figures reported in the *SC Annual Report 2024* which were calculated based on number of complaints and enquiries received.

Broad Types Identified

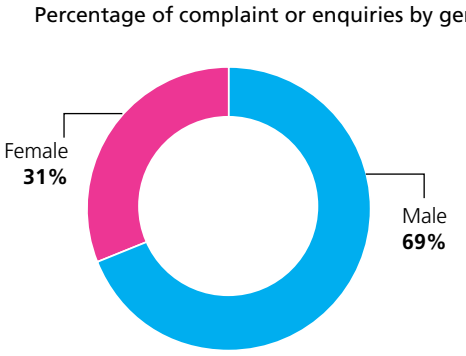
The complaints and enquiries received by the SC and proactively identified through our surveillance can generally be divided into two categories:

- **Scams** – including various types of scams, such as those involving non-existent investment products.

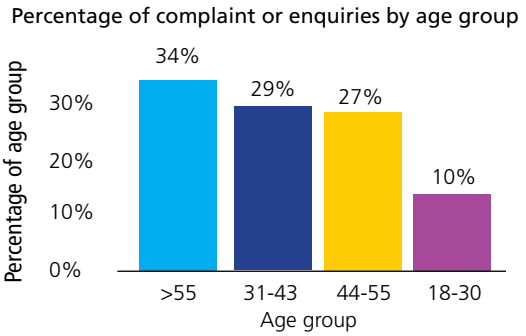
- **Unlicensed activities** – where individuals or entities conduct regulated business without being licensed or registered with the SC.

Demographic of Unlicensed Activities and Scams

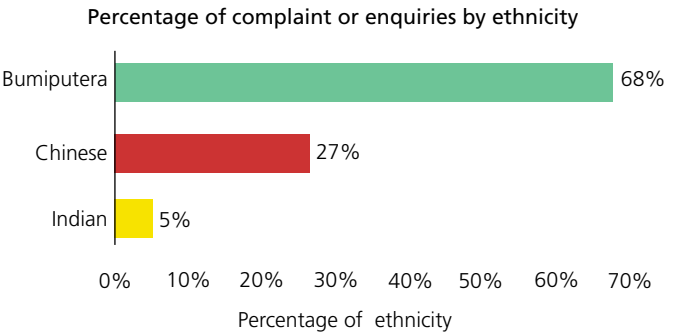
Gender



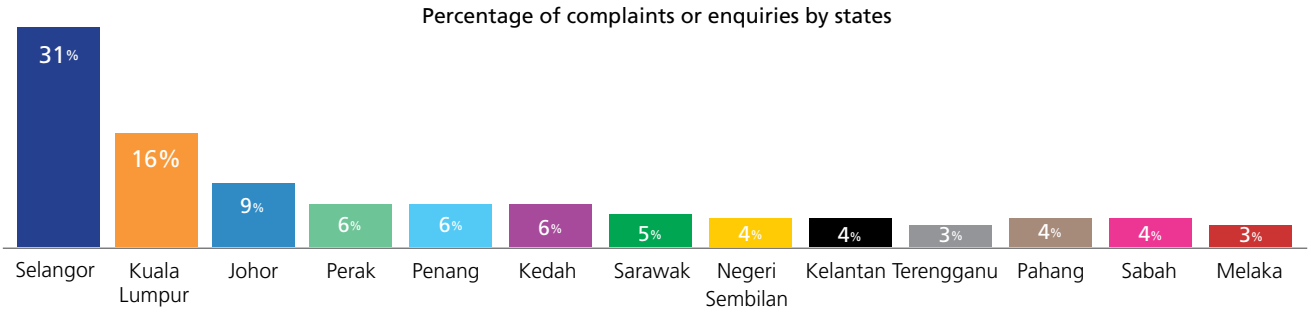
Age



Ethnicity



States



Source: 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 fraudulent activity. For instance, in an investment scam, the deception revolves around financial investments where promises of high returns or low-risk opportunities either do not exist or are misrepresented. They exploit people's desire for financial gain by misleading them about the nature, profitability, or legitimacy of the investment.

Scammers have continued to evolve their tactics and exploit behavioral biases to deceive the investing public. The SC's analysis of complaints and enquiries findings in 2025 revealed that scammers systematically employed psychological manipulation techniques, forming a scammers' playbook, as follows:

Manipulating Greed and Fear of Missing Out (FOMO)

Scammers manipulate investors' desire for quick profits by promising high returns with minimal or no risk. They often create a false sense of urgency claiming that the opportunity is limited or time-sensitive to pressure victims into making hasty decisions without proper verification. This combination of greed and fear of missing out remains one of the most common psychological levers exploited.

Fabricating Credibility and Social Proof

Fraudsters impersonate licensed entities, misuse images of regulators or public figures, and display fake credentials to appear credible. They also forge legitimacy through fabricated testimonials, online reviews, and group chats designed to create the illusion of successful investments and community trust. These tactics effectively mislead investors into believing the schemes are genuine, increasing susceptibility to fraudulent offers.

Personalised Outreach and Relationship-Based Manipulation

Scammers increasingly employ direct messaging and personalised engagement through platforms such as WhatsApp and Facebook to approach potential victims. By cultivating trust through perceived friendships, mentorships, or romantic relationships, these fraudsters gradually establish emotional dependence before introducing fraudulent investment opportunities. Such tactics often lead victims to disregard red flags and make financial decisions driven by emotions rather than due diligence.

Exploiting Trending Products and Investor Vulnerabilities

Scammers often capitalise on trending products such as digital assets, AI-driven trading, or pre-IPO shares to attract public interest. These schemes prey on individuals with limited investment knowledge who may not fully understand the associated risks or recognise the red flags of fraudulent offerings. Based on SC's survey findings, many investors continue to rely on informal sources such as friends, family, or social media for investment decisions, making them more vulnerable to misinformation and manipulation.

Use of Unregulated Platforms and Deceptive Applications

Scammers increasingly operate through unregulated websites and fraudulent trading apps that mimic legitimate platforms. These fake interfaces display fabricated investment balances and return to create an illusion of authenticity. In some cases, their presence on mainstream app stores further reinforces credibility, misleading investors into believing that the platforms are genuine and regulated.

Emerging Scam Trends

The SC continues to monitor evolving scam typologies to detect new methods and ensure timely intervention. In 2025, scammers became more sophisticated in exploiting digital platforms and social engineering tactics. Several new trends were observed through the SC's monitoring and complaints received, as outlined below:

Fake Investment Lesson Advertisements on Social Media

This scam typically originates from advertisements on social media platforms such as Facebook or Instagram, promoting free investment classes or financial literacy sessions. Once individuals register their interest, they are invited to join WhatsApp groups purportedly led by investment 'mentors' or 'experts'. Within these groups, scammers gradually build credibility by sharing market updates and simulated investment tips. As the engagement progresses, participants are told that the Malaysian stock market is underperforming and are persuaded to invest through links to download mobile applications or APK files. These applications are in fact fraudulent trading platforms designed to defraud or to obtain personal information.

Clone of the SC's Investment Checker and Public Registrar of Public Register of Licence Holders and Registered Persons

Scammers created fake versions of the SC's Investment Checker and Public Registrar, as well as fake email communications purportedly issued by the SC. These tactics were aimed at convincing victims that the fraudulent investment opportunity by the scammers were legitimate or endorsed by the regulator. Arising from this, the SC issued a media release on 11 April 2025 titled *SC Alerts Public on Impersonation Scam involving Fake Guarantee Deposits*. This was issued to warn the public of such impersonation scams. The SC reiterated that it does not offer or solicit investments from the public, nor does it issue guarantee deposit

letters or appoint any individuals or companies to collect funds on its behalf. As the regulator of Malaysia's capital market, the SC's role is to oversee and regulate market participants, not to provide investment opportunities.

Misuse of Cryptocurrency for Fund Transfers

The SC observed an increasing trend where scammers utilised cryptocurrency as a medium to receive or transfer illicit funds. Victims were often instructed to convert their money into digital assets or transfer funds to wallets controlled by the scammers, making recovery and tracing of funds more difficult. This trend reflects scammers' growing sophistication in exploiting the anonymity of digital assets to evade detection.

Use of SSM-Incorporated Companies' Bank Accounts to Receive Illicit Funds

In 2025, the SC observed scams involving the misuse of company bank accounts to receive illicit funds. Scammers use bank accounts of companies that have ceased operating to receive ill-gotten monies. They also incorporate companies with names that contain words that may suggest that it's carrying out regulated activities which do not correlate with the business activities contained in Companies Commission of Malaysia's (SSM) records. They will then convince victims to transfer monies into the bank account of such companies to lend credence to their illegal activities.

Unlicensed Activities

Unlicensed activities entail regulated activities that are carried out by a person or an entity without a licence or is not registered with the SC. There are eight types of regulated activities, and they are contained in Schedule 2 of the *Capital Markets and Services Act 2007* (CMSA) which includes dealing in securities, dealing in derivatives, fund management and investment advice.

We observe that there are many entities that claim to be properly licensed in other jurisdictions that target Malaysian investors. Any entity offering capital market products or services to the Malaysian public must be licensed or registered with the SC, regardless of their regulatory status elsewhere.

Unlicensed Investment Advice / Finfluencer

The SC observed promotion of unlicensed investment advice by individuals who claim to be self-styled 'investment gurus'. This was done through seminars, WhatsApp and Telegram Groups. In July 2024, the SC revised and issued the Guidance Note on the Provision of Investment Advice to address the concern on financial finfluencers promoting and giving recommendation on capital market products and services that may be tantamount to unlicensed investment advice.

Further to this, the SC revised its Advertising Guidelines in 2025, incorporating requirements for finfluencers to be regarded as advertisers and consequently, be accountable for their actions.

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, among others, 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 coordinating with the relevant authorities. The SC also issued notification letters to local banks to alert them of possible mule bank accounts linked to unlicensed activities. The SC further implemented social media intervention strategies, where warning messages were publicly posted on the social media pages of suspected scammers and unlicensed operators to notify them that the SC is aware of their activities and that they are in breach of securities laws.

TABLE 17
Intervention efforts on scams and unlicensed activities

Actions Taken	2025	2024
Commencement of enforcement action	4	4
Inclusion in the SC's Investor Alert List	249	273
Blocking of websites with assistance from Malaysian Communication and Multimedia Commission (MCMC)	175	153
Facebook and Instagram Accounts Geo-Block	35	81
Request to block Telegram accounts	208	180
Social media interventions	215	336
Lodgement of police reports	66	141
Referrals to other agencies/ foreign regulators	174	235
Issuance of Notices of Cease and Desist	4	3
Notification Letter to Banks	22	7

In addition to the above interventions, the SC in 2025 embarked on a new intervention approach by issuing requests to the MCMC to suspend phone numbers involved in investment scam activities uncovered by the SC.

Media Releases to Alert Public on Scams

In 2025, the SC issued media releases to alert the public on scams involving impersonation of the SC. These included fraudulent schemes related to fake 'guarantee deposits' and the cloning of the SC's Public Registry. The alerts served to remind investors to remain vigilant, verify any information through SC's official channels, and report suspicious activities through the SC's complaints and enquiries portal.

- https://www.sc.com.my/resources/media/media-release/sc-alerts-public-on-impersonation-scam-involving-fake-guarantee-deposits
- https://www.sc.com.my/resources/media/media-release/sc-warns-public-on-cloned-public-register-scam

MOU with MCMC

The SC has also explored opportunities to streamline coordination between the SC and MCMC to ensure rapid response to address the growing proliferation of investment scams and unlicensed activities. Through this collaboration, the SC and MCMC will among others, work closely with service providers and relevant stakeholders to expedite scam detection and take down such content(s) immediately.

Enhancements to the Investor Alert List

Enhancements were made to the Investor Alert List in 2025 to include images of fake letters, forged certificates, and marketing materials that misused the SC's name and logo. This initiative aims to help the public more easily verify the authenticity of documents and identify potential scams by cross-checking against examples published on the SC's website.

National Scam Response Centre

In July 2025, the SC also became a member of the National Scam Response Centre (NSRC), which is a joint venture between, among others, the National Anti-Financial Crime Centre (NFCC), the Royal Malaysia Police (PDRM), BNM, MCMC. The NSRC brings together these key enforcement and regulatory bodies to strengthen Malaysia's scam response framework. Through the NSRC, the SC plays an important role in addressing capital market related fraud.

IOSCO's International Securities and Commodities Alerts Network

Given the borderless nature and cross-jurisdictional characteristics of investment scams, the SC regularly populates the International Securities and Commodities Alerts Network (I-SCAN). The portal allows all members of IOSCO to populate alerts and warnings, creating global awareness on such scams.

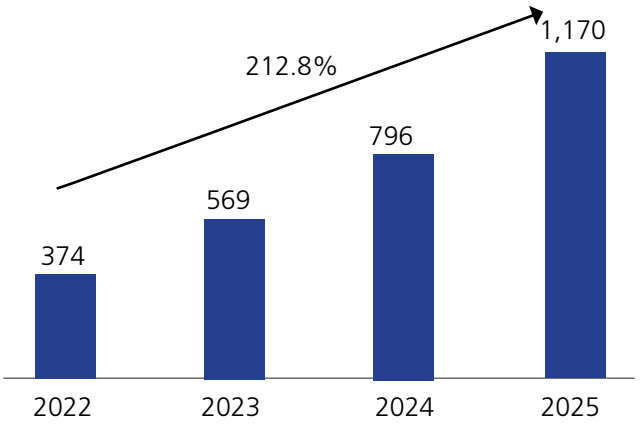
In 2025, the SC has included 60 names into I-SCAN.

Surveillance of Unlicensed Activities

Protecting Investors Through Proactive Surveillance and Early Intervention Against Online Scams and Unlicensed Activities

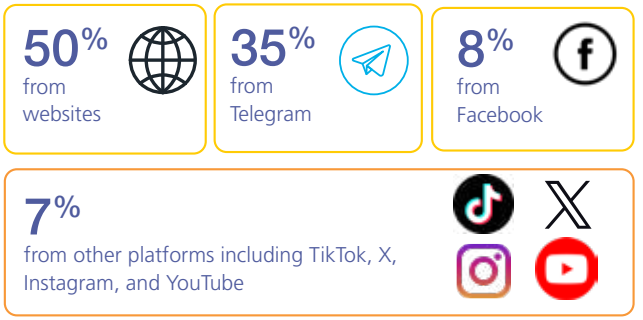
The SC continued to conduct proactive surveillance of possible online investment scams and unlicensed capital market activities and undertake early intervention to protect unsuspecting investors from falling prey to such nefarious activities.

CHART 7
Number of URLs detected



As of 31 December 2025, the SC identified a total of 1,170 URLs (2024: 796 URLs) across various websites and social media platforms that were potentially involved in scams or the offering of unlicensed products and services to Malaysians.

The distribution of the URLs was as follows:



Upon detection, the SC undertook various measures to mitigate public exposure to these harmful sources.

TABLE 18
Measures taken to mitigate public exposure to harmful sources

Actions Taken	Number of URLs
Disruptive Actions (e.g., geo-blocking, content blocking)	483
Inclusion in SC Alert List	498
Social Media Intervention	406
Other Measures (e.g., warning letters, referrals, cease and desist notices)	305

Based on the SC's surveillance, current methods observed in relation to online scam and unlicensed operators include:

- **Increasing use of mule corporate bank accounts**: In order to lend legitimacy to the scam or unlicensed operations and avoid suspicion, potential victims are asked to make payments into corporate bank account numbers instead of individual bank accounts.

- **Use of Alternative Payment Channels**: Unlicensed operators increasingly adopted the use of popular e-wallets such as Touch 'n Go and Shopee Pay to receive payments instead of bank accounts.

- **Rise in Crypto-Related Scams**: A total of 73% of suspicious URLs detected involved crypto assets. This reflects the increasing trend of unlicensed offerings of crypto products and services in addition to traditional asset classes such as shares, forex, indices, commodities, and contracts for difference (CFDs).

The SC continues to explore and implement AI-driven technology solutions by leveraging Large Language Models (LLMs) to detect suspected online scams and unlicensed activities. SC's ongoing technology initiatives aim to make efficiency improvements by automating key surveillance processes.

ENFORCEMENT

TABLE 19
Key Enforcement Outcomes

Key Outcomes	2025	2024
Preliminary Investigation		
No. of cases reviewed for enforcement action	39	39
No. of offences reviewed	62	67
Investigation		
No. of investigations commenced	13	16
No. of active investigations	64	62
No. of raids conducted	10 locations	14 locations
No. of Notices[11] and/or Letters issued by SC Investigating Officers	1,561	1,762
No. of documents reviewed by SC Investigating Officers pursuant to the Notices and/or Letters issued	5,244	5,655
Criminal Actions		
New criminal actions commenced	16 persons (involving 96 charges)	16 persons/entities (involving 53 charges)
No. of criminal actions completed with no pending appeal	10	-
No. of ongoing criminal cases	33 cases (39 individuals)	27 cases (36 individuals)
No. of persons convicted/conviction affirmed	9	1
Custodial sentences imposed	1 day to 3 years	5 years
Total value of fines imposed by the Court	RM13.1 million	RM3.0 million
Civil Actions		
No. of civil actions commenced including issuance of Letter of Demands	1	12
No. of civil actions completed	5 (involving 5 defendants)	3 (involving 4 defendants)
No. of ongoing civil cases	11 (involving 23 defendants)	14 (involving 27 defendants)
No. of civil actions completed successfully	5 (involving 5 defendants)	3 (involving 4 defendants)
Total value of disgorgement and civil penalties imposed by the Court	RM2,067,500	RM9,867,999

[11] Notices are issued pursuant to section 128(5) and s.134 of the *Securities Commission Malaysia Act 1993* (SCMA).

Regulatory Settlements		
No. of regulatory settlements (before the commencement of any court action)	9 (involving 9 persons)	6 (Involving 6 persons)
Total disgorgement	RM9,076,349.82	RM12,040,006.8
Restitution		
No. of investors restituted	239	168
Amount restituted	RM1,981,411,51	RM1,864,907.58
No. of investors earmarked for restitution	993	1,068
Amount earmarked for restitution	RM8,634,625.63	RM8,779,099.11
Administrative Actions		
No. of sanctions imposed: • Penalties • Reprimands • Directives • Revocation • Suspension • Restitution	 43 44 9 0 2 1	 62 54 8 1 0 0
Total value of penalties imposed	RM8.28 million	RM13.72 million
Infringement Notices		
No. of Infringement Notices issued	112	125

Review of Cases Pursuant to SC's Enforcement Priorities

SC's enforcement priorities have been introduced since year 2020. For years 2024 to 2025, having undertaken a review exercise on the existing enforcement priorities, corporate misconduct has been identified as the new enforcement priority given the influx of cases of such nature. Additionally, existing enforcement priorities on cases concerning disclosure breaches, securities fraud and unlicensed activities continue to be pursued.

Based on a review of the various breaches of securities law in 2025, 42% (as of 31 December 2025) of the offences relate to the SC's identified enforcement priorities. These were identified through SC's active surveillance, supervision, and/or complaints received.

TABLE 20

Nature of Offence	No. of breaches reviewed as of 31 Dec 2025
Securities fraud	10
Corporate misconduct*	6
Unlicensed Activities	5
Breaches related to disclosure	5
Breach of SC's LOLA Guidelines	9
Market manipulation	8
Breach of *Securities Industry (Central Depositories) Act 1991* (SICDA)	4
Insider trading	2
Breach of Bursa Rules, Directive or Listing Requirements	2

* Breach of s.317A of the CMSA only.

TABLE 20 *(Continued)*

Nature of Offence	No. of breaches reviewed as of 31 Dec 2025
Breach of the SC's *Licensing Handbook* / Condition	2
Breach of SC's *Guidelines on Conduct for Capital Market Intermediaries*	2
Breach of SC's *Guidelines on Submission of Corporate and Capital Market Product Proposals*	1
Breach of SC's *Guidelines on Market Conduct and Business Practices for Stockbrokers and Licensed Representatives*	1
Breach of SC's *Guidelines on Technology Risk Management*	1
Breach of SC's *Guidelines on Compliance Function for Fund Management* Companies	1
Non-compliance with *Securities Industry (Compliance with Approved Accounting Standards) Regulations 1999*	1
Breaches concerning the SC's *Code on Take-Overs and Mergers*	1
Breaches concerning the SC's requirements on withdrawal from trust account	1
TOTAL	**62**

CHART 8
Breakdown of Active Investigation Cases

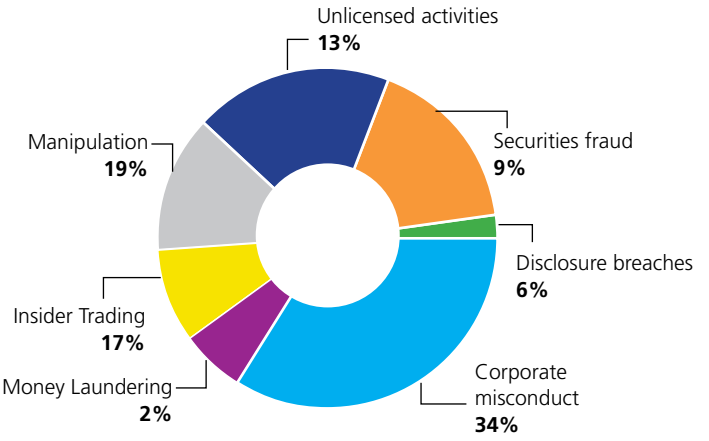
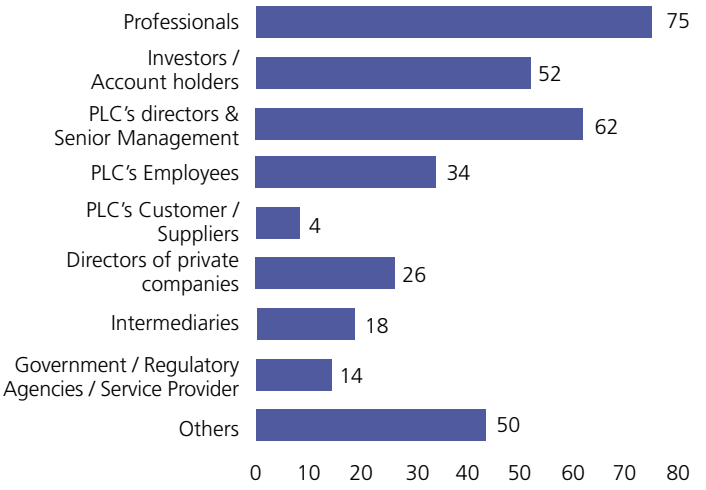


CHART 9
Witness Category as at 31 Dec 2025



Details of SC's Active Investigation Cases

As of 31 December 2025, there were 64 active investigation cases, with the breakdown by nature of offence as illustrated in Chart 8. With the mandate to maintain a fair and orderly market and ensure investor protection, cases under SC's investigation include corporate misconducts, market misconducts as well as securities fraud and unlicensed activities. 62% of the cases under active investigation relate to SC's Enforcement Priorities.

The SC's Investigating Officers are empowered through the SCMA with the necessary investigative powers to gather all relevant admissible evidence. The statutory powers allow for the collection of both documentary and oral evidence, which are essential to SC's investigative process.

In 2025, SC's Investigating Officers recorded statements from 335 individuals. More than two-thirds of the statements recorded were from directors, senior management, and employees of public-listed companies, professionals such as investment bankers, auditors, and lawyers, investors/accountholders, as well as licensed persons (Chart 9).

Apart from statement recordings undertaken, SC Investigating Officers also rely heavily on documentary evidence to establish a case. Throughout the year, 1,152 Notices to produce documents were issued and 10 raids were conducted to procure documents across various locations in Malaysia.

Further breakdown of the SC Investigating Officer's efforts for the year 2025 is illustrated in Figure 1.

FIGURE 1
Breakdown of Investigation Works Carried Out

The SC's Digital Forensic Unit is equipped with a range of tools encompassing data acquisition to thorough data analysis of digital evidence. In 2025, the SC Digital Forensic Team had preserved evidence from 323 digital sources, a large majority of which are composed of 210 online sources (email accounts and cloud workspace storage) while the remaining are from 113 local storage sources (computers, mobile phones and tablets).

The preservation of digital evidence such as emails and text messages is crucial to SC's investigations, as trading and banking activities are now predominantly performed via online platforms. The integration of digital forensic capabilities enhances efficiency by facilitating the analysis of preserved digital evidence in investigations.

In 2025, the SC's Digital Forensic Unit handled over 178 requests, more than half of which were requests for on-site services, including digital forensic for first responder. Other services include intelligence gathering, Open-Source Intelligence (OSINT) data preservation, examination and extraction of devices on-lab. Apart from digital forensic services, the SC Digital Forensic Team also played an important role in legal proceedings, appearing as an expert witness to attest to their rendered service.

The SC's Participation in the Development of CSM Guidelines on Collecting Digital Evidence

With a view of ensuring admissibility of digital evidence in legal proceedings, the SC actively participated in the discussions, contributions and development of the *Guidelines on Collecting Data from Digital Evidence* (Digital Evidence Guidelines), published in August 2025. This initiative, led by CyberSecurity Malaysia, involved collaboration with the Commercial Crime Investigation Department of the PDRM, the MCMC, the Pharmacy Enforcement Division of the Ministry of Health, the Attorney General's Chambers (AGC), and the Digital Forensics Workgroup.

The Digital Evidence Guidelines intends to provide guidance and promote best practices for the collection of data from digital evidence as part of efforts to address challenges in conducting forensic investigation in today's day and age.

Breaking Borders: The SC's Cross-Border Investigation Efforts

Apart from the SC's investigative efforts to gather evidence locally, in cases involving cross border transactions, the SC utilises avenues such as the IOSCO Multilateral Memorandum of Understanding (MMOU) on Consultation and Co-operation and Exchange of Information and EMMOU, Mutual Legal Assistance via the AGC and/or seek cooperation from the International Criminal Police Organization (INTERPOL) via the PDRM.

Notably, the SC had in May 2025 signed the IOSCO EMMOU that has expanded its power in obtaining audit papers, compel testimonies, freeze assets, and access internet and telephone records from other EMMOU signatories. This enhanced cooperation framework

enables the SC to conduct more effective investigations involving cross-border transactions, particularly in cases where critical evidence and witnesses are located outside Malaysia.

In 2025, the SC made 10 requests for investigative assistance to eight foreign supervisory authorities under the IOSCO MMOU (Table 21), seeking their assistance to record statements from overseas witnesses and to obtain documentary evidence such as banking documents, securities transactions, telephone records, and information on beneficial ownership of companies (Table 21).

The SC also renders investigative assistance to IOSCO members. In 2025, the SC provided investigative assistance to four foreign supervisory authorities on their on-going investigations.

TABLE 21
Requests for Investigative Assistance to IOSCO Members

Jurisdiction	No. of Request
Abu Dhabi	1
China	1
Dubai	1
Hong Kong	2
New Zealand	2
Oman	1
Qatar	1
Singapore	1
TOTAL	**10**

For other cross border transactions, the SC also works closely with the Attorney General's Chambers to seek assistance through the Mutual Legal Assistance (MLA) route, particularly to access and secure evidence and witness testimonies from foreign jurisdictions. In 2025, the SC made one MLA request to one jurisdiction. For the purpose of intelligence gathering and investigation support, the SC had also made two requests through PDRM and the INTERPOL, to work together to resolve cases with cross borders exposure.

Wanted Persons: Social Media and Public Support

The era of the internet has allowed for the rapid dissemination of information, updates and alerts, going beyond what was offered by newspapers and websites previously.

Leveraging this, for year 2025, the SC took the initiative to utilise its social media platforms for the purpose of investigations by listing either persons subject to a warrant of arrest or persons sought to assist in investigations on such platforms.

The three postings on SC's social media platforms for year 2025 were highly effective as the general public have assisted and responded by providing numerous tips and details on the persons sought. The information provided by the general public have assisted the SC in either executing the warrant of arrest or contacting the person required to assist in investigations.

Ongoing Criminal and Civil Cases at Various Courts (as at 31 Dec 2025)

For year 2025, there were 44 ongoing cases in court at first instance or appeal stages, involving 62 individuals, as listed in Table 22.

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 Dec 2025)

Types of actions	Court	No. of cases	No. of Individuals
Criminal Action	Sessions Court	22	24
	High Court	8	9
	Court of Appeal	4	7
Civil Action	High Court	5	11
	Court of Appeal	5	11
	Federal Court	1	1
TOTAL		**44**	**62**

Efforts to Restitute Investors
(as at 31 Dec 2025)

The SC remains committed in protecting investors. Following the outcome of the SC's successful civil suits and regulatory settlements entered, the SC has restituted 239 investors in 2025 in the amount of RM1,981,411.51. Additionally, a further RM8,634,625.63 has been earmarked for restitution involving 993 investors.

Enforcement Highlights
(as at 31 Dec 2025)

High Court Allows Forfeiture of Luxury Condominium and Cash

On 22 January 2025, the High Court allowed the Public Prosecutor's application against Havana Bayview Sdn Bhd and Wong Shee Kai (Ricky Wong) to forfeit a luxury condominium unit at Four Seasons Place in Kuala Lumpur and a sum of RM445,039.28 held in Ricky Wong's personal fixed deposit account. The forfeiture application under section 56 of the *Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001* (AMLATFPUAA) was conducted by the SC on behalf of the Public Prosecutor. The forfeiture application was in relation to proceeds raised by Bright Packaging Industry Bhd (BPI) through its corporate exercises conducted between October 2013 and July 2014. The SC's investigation revealed that a total of RM56.07 million was siphoned out of BPI and a portion thereof was used as part payment for the purchase of the condominium. The sum of money in the fixed deposit account was interest generated from a portion of the proceeds as well.

Read more on 'High Court Allows Forfeiture of Luxury Condo and Cash' at www.sc.com.my/resources/media/media-release/high-court-allows-forfeiture-of-luxury-condo-and-cash

Court of Appeal Upholds Director's Conviction and Sentence

On 5 March 2025, the Court of Appeal dismissed the appeal of Amirruddin bin Nin, a director of CTB Solutions Sdn Bhd, against his conviction and sentence for failure to appear before the SC's investigating officer in relation to a money laundering investigation. Amirruddin was convicted of three offences under section 32(8)(a) of the AMLATFPUAA and was sentenced to one day's imprisonment and fined RM100,000 for each charge, with an additional daily fine of RM2,000.00 for 979 days amounting to RM1,958,000 for the continuing offence. The Court of Appeal also allowed the SC's cross-appeal and reinstated Amirruddin's conviction and sentence for the second and third charges, as well as the daily fine for the continuing offence.

Read more on 'Court of Appeal Upholds Director's Conviction and Sentence for Failure to Appear before SC's Investigating Officer for a Money Laundering Investigation' at www.sc.com.my/resources/media/media-release/court-of-appeal-upholds-directors-conviction-and-sentence-for-failure-to-appear-before-scs-investigating-officer-for-a-money-laundering-investigation

Former Head of Dealing Charged with Securities Fraud and Money Laundering

On 19 March 2025, the SC charged Lau Min Thung, former Head of Dealing at CIMB Investment Bank, Melaka, with six offences relating to securities fraud and money laundering. He faced three charges under section 179(b) of the CMSA for defrauding three investors of RM808,000 through fictitious bond investments between February 2013 and April 2014. The monies were instead used to purchase shares in trading accounts belonging to other individuals unconnected to the investors. Lau also faced three charges under section 4(1)(a) of the AMLATFPUAA for engaging in money laundering during the same period. Lau claimed trial to all six charges and the matter is currently pending in court.

Read more on 'SC Charges Former Head of Dealing with Securities Fraud and Money Laundering' at https://www.sc.com.my/resources/media/media-release/sc-charges-former-head-of-dealing-with-securities-fraud-and-money-laundering

Federal Court Rules in SC's Favour in Landmark Decision, Former Corporate Lawyer Fails in Bid to Overturn Insider Trading Judgment

On 9 April 2025, the Federal Court dismissed the appeal by Dato' Sreesanthan Eliathamby against the decision of the Court of Appeal, which had affirmed the High Court's finding that he was liable for insider trading of

Worldwide Holdings Bhd shares. Sreesanthan was ordered to pay the SC RM1.99 million, being three times the profits gained from the breach and a civil penalty of RM1 million. He was also barred from being a director of any public-listed company for a period of 10 years.

Read more on 'Federal Court Rules in SC's Favour, Dismisses Dato' Sreesanthan's Civil Appeal on Insider Trading' at www.sc.com.my/resources/media/media-release/federal-court-rules-in-scs-favour-dismisses-dato-sreesanthans-civil-appeal-on-insider-trading

Businessman Charged with Securities Fraud and Unlicensed Capital Market Activities

On 7 May 2025, the SC charged Razrul Anwar bin Rusli with 10 offences under the CMSA. He faced eight charges under section 179(b) of the CMSA for defrauding five investors of RM3.16 million through a fictitious investment scheme known as *'Amal Trust'*, which purportedly offered Shariah-compliant bonds with high returns. In addition, he faced one charge under section 58(1) of the CMSA for holding himself out as carrying on a business of a regulated activity of dealing in securities without a licence, and one charge under section 362(3) of the CMSA for creating the belief that the *Amal Trust* scheme was licensed when it was not. The offences took place between April 2019 and April 2021 in Kuala Lumpur, Selangor and Penang. Razrul claimed trial to all 10 charges and the matter is currently pending in court.

Read more on 'SC Charges Businessman with Securities Fraud Involving RM3.159 million and Unlicensed Capital Market Activities' at https://www.sc.com.my/resources/media/media-release/sc-charges-businessman-with-securities-fraud-involving-rm3159-million-and-unlicensed-capital-market-activities

Former CEO of London Biscuits Charged for False Financial Statement and Falsification of Records

On 16 May 2025, the SC charged Dato' Sri Liew Yew Chung, former Executive Director and Group CEO of London Biscuits Bhd (LBB), with offences relating to the furnishing of a false financial statement to the stock exchange and falsification of records of a listed corporation. Liew was charged with one charge under section 369(b)(B) of the CMSA for furnishing a false financial statement to Bursa Malaysia on 30 August 2019. The false statement was in relation to LBB's cumulative revenue amounting to RM285,985,000, which was contained in the company's quarterly report, in the third quarter of its financial period ended 30 June 2019. In addition, Liew faced 12 charges under section 368(1)(a) of the CMSA for instructing the creation of false transactions concerning company sales in the company's accounting records between October 2018 and March 2019. Liew claimed trial to all 13 charges and the matter is currently pending in court.

Read more on 'SC Charges London Biscuits Berhad's Former ED/Group CEO For False Financial Statement and Falsification of Company's Accounting Records' at https://www.sc.com.my/resources/media/media-release/sc-charges-london-biscuits-berhads-former-edgroup-ceo-for-false-financial-statement-and-falsification-of-companys-accounting-records

Federal Court Rules in the SC's Favour in Insider Trading Civil Appeal

On 21 May 2025, the Federal Court dismissed the application for leave to appeal by Dato' Raymond Yap Wee Hin (Yap), former Deputy Chairman of Patimas Computers Bhd, against the decision of the Court of Appeal, which had affirmed the High Court's finding that he was liable for insider trading. Yap was ordered to pay the SC RM3.28 million in disgorgement, equal to three times the losses avoided from the breach and a civil penalty of RM1 million. He was also prohibited from being appointed as a director of any public-listed company for a period of five years.

Read more on 'Federal Court Rules in SC's Favour, Leave Application of Former Patimas Computers Berhad Deputy Chairman Dismissed' at www.sc.com.my/resources/media/media-release/federal-court-rules-in-scs-favour-leave-application-of-former-patimas-computers-berhad-deputy-chairman-dismissed

Ex-Investment Banker Jailed for Two Years, Fined RM1 Million

On 30 June 2025, the Kuala Lumpur Sessions Court convicted Ruwan Amaresh Shaun Ponniah, a former associate director of Debt Capital Markets at CIMB Investment Bank, for securities fraud and unlicensed capital market activities. Ruwan pleaded guilty to one charge under section 179(b) of the CMSA for defrauding

investors of RM201,000 and was sentenced to two years' imprisonment and fined RM1 million, in default six months imprisonment. The court also took into consideration nine other similar charges under section 171A of the CPC. Ruwan also pleaded guilty to one charge under section 58(1) of the CMSA for holding himself out as carrying on a business in fund management without being licensed or a registered person. He was sentenced to two years imprisonment.

Read more on 'Ex-Investment Banker Jailed' at www.sc.com.my/resources/media/media-release/ex-investment-banker-jailed-two-years-fined-rm1-million-for-securities-fraud

Former Unit Trust Consultants Charged with Securities Fraud

On 30 July 2025, the SC charged Nadihah binti Nawi, a former unit trust consultant, with two offences under section 179(b) of the CMSA, read together with section 34 of the Penal Code, for defrauding two investors of RM20,000 through purported unit trust investments in Kenanga Investors Bhd. The offences were committed between January and June 2022 in Kuala Lumpur.

Read more on 'SC Charges Former Unit Trust Consultant with Securities Fraud' at https://www.sc.com.my/resources/media/media-release/sc-charges-former-unit-trust-consultant-with-securities-fraud

On 8 September 2025, the SC charged Nadihah's former spouse, Amran bin Mohd Amin, with two counts of securities fraud under section 179(b) of the CMSA for defrauding two investors of RM195,000 by representing to them of a unit trust investment in Kenanga Investors Bhd (KIB). The monies deposited by the investors were instead utilised for Amran's own unit trust investments in KIB.

Separately, Amran was charged with two additional charges under section 179(b) of the CMSA read together with section 34 of the Penal Code for defrauding two other investors in the amount of RM20,000 with Nadihah. The monies deposited by the investors were instead utilised for Nadihah's own unit trust investments in KIB. The offences were committed between July 2021 and June 2022 in Kuala Lumpur. Both accused claimed trial to all the charges, and the matters are currently pending in court.

Read more on 'SC Charges Former Unit Trust Consultant with Securities Fraud' at https://www.sc.com.my/permalink.aspx?id=262C70CE-2CA3-453B-A15A-E89BF0256779

Pixelvest Fined RM3 Million for Unlicensed Capital Market Activities, Director Jailed Three Years

On 4 August 2025, the Kuala Lumpur Sessions Court convicted Pixelvest Sdn Bhd and its director, Ang Jen Chuen (Dexter Ang), for offences relating to unlicensed capital market activities.

Pixelvest, represented by Dexter Ang, pleaded guilty to one charge under section 58(1) of the CMSA for carrying on a business in fund management without a licence and was fined RM3 million. Dexter Ang also pleaded guilty to one charge under section 58(1) of the CMSA in his capacity as Pixelvest director and was sentenced to three years' imprisonment.

Separately, on 28 July 2025, Dexter Ang pleaded guilty to eight charges of receiving proceeds of unlawful activity under section 4(1)(b) of the AMLATFPUAA and was sentenced to three years' imprisonment for each charge, with the court ordering the sentences to run concurrently.

Read more on 'Pixelvest Fined RM3 million for Unlicensed Capital Market Activities, Director Sentenced to Three Years Jail' at www.sc.com.my/resources/media/media-release/pixelvest-fined-rm3-mln-for-unlicensed-capital-market-activities-director-sentenced-to-three-years-jail

Unlicensed Futures Trader Jailed for Fraudulent FCPO Investment Scheme

On 9 August 2025, the Kuala Lumpur Sessions Court convicted Mohd Azhidi bin Laili for unlicensed activities and derivatives fraud. Azhidi pleaded guilty to nine charges under section 206(b) of the CMSA for deceiving investors in a fictitious FCPO futures investment scheme. He was sentenced to two years imprisonment and a fine of RM1 million, in default three months imprisonment for each charge. The court ordered for the imprisonment terms to run concurrently. Azhidi also pleaded guilty to one charge under section 59(1) of the CMSA for holding himself out as a representative of AmFutures Sdn Bhd without being licensed or a registered person for dealing

in derivatives. The court sentenced him to two years imprisonment and ordered for the imprisonment term to be served concurrently with the offences under section 206(b).

Read more on 'Unlicensed Futures Trader Jailed 20 years, Fined RM9 Million for Defrauding Investors with Fictitious FCPO Investment Scheme' at www.sc.com.my/resources/media/media-release/unlicensed-futures-trader-jailed-20-years-fined-rm9-million-for-defrauding-investors-with-fictitious-fcpo-investment-scheme

Court of Appeal Rules in Favour of the SC in Insider Trading Civil Appeal against Former Executive Director

On 2 September 2025, the Court of Appeal dismissed the appeal by Dato' Ng Back Heang, former Executive Director of Patimas Computers Bhd, against the decision of the High Court which found him liable for insider trading under section 188(2)(a) of the CMSA. Ng was ordered to pay the SC RM1.24 million in disgorgement, equal to three times the losses avoided from the breach, and a civil penalty of RM700,000. He was also barred from being appointed as a director of any public-listed company for a period of five years.

Read more on 'Court of Appeal Rules in Favour of SC in Insider Trading Civil Appeal' at www.sc.com.my/resources/media/media-release/court-of-appeal-rules-in-favour-of-sc-in-insider-trading-civil-appeal

SC Charges Ex-MD for Causing Wrongful Loss to AT Systematization Berhad

On 8 October 2025, Choong Lee Aun, formerly Managing Director of AT Systematization Bhd (ATS) (now known as Erdasan Group Bhd) was charged with 41 charges of causing wrongful loss to ATS. He is alleged to have caused ATS to transfer payments totalling RM16.35 million to Delta Million Dynamic Sdn Bhd and Midas Mode Sdn Bhd with the intention of causing wrongful loss to ATS. The offences occurred between June 2020 and November 2021.

Read more on 'SC Charges Ex-MD for Causing Wrongful Loss to AT Systematization Berhad' at https://www.sc.com.my/resources/media/media-release/sc-charges-ex-md-for-causing-wrongful-loss-to-at-systematization-berhad

SC Charges Former Chief Financial Officer for Causing Wrongful Loss to AT Systematization Bhd

On 12 November 2025, Yong Man Chai, formerly Chief Financial Officer of AT Systematization Bhd (ATS) (now known as Erdasan Group Bhd) was charged with 20 charges of causing wrongful loss to ATS. He is alleged to have caused ATS to transfer payments totalling RM7.821 million to Delta Million Dynamic Sdn Bhd, Midas Mode Sdn Bhd, LMC Multi Trading, Midland Sands Sdn. Bhd. and Silver Metal Sdn. Bhd. with the intention of causing wrongful loss to ATS. The offences occurred between July 2020 and October 2021.

Read more on 'SC Charges Former Chief Financial Officer for Causing Wrongful Loss to AT Systematization Berhad' at https://www.sc.com.my/resources/media/media-release/sc-charges-former-chief-financial-officer-for-causing-wrongful-loss-to-at-systematization-berhad

TABLE 23
Key Enforcement Outcomes

Administrative Actions	2025	2024
No. of sanctions imposed: • Penalties • Reprimands • Directives • Revocation • Suspension • Restitution	99 43 44 9 0 2 1	125 62 54 8 1 0 0
Total values of penalties imposed	RM8.28 million	RM13.72 million
Infringement Notices		
No. of infringement notices issued	112	125

Leveraging the SC's Administrative Actions

In addition to pursuing criminal and civil proceedings, the SC exercised its statutory powers to take administrative action against 34 individuals and entities. These powers allow the SC to apply a broad range of enforcement measures, providing effective and proportionate regulatory outcomes against breaches of securities laws (Table 23).

As of 31 December 2025, a total penalty of RM8.28 million was imposed against various persons for their misconduct and breaches under the securities laws and guidelines issued by the SC as follows:

- six licensed intermediaries for delay in submitting monthly returns for the relevant wholesale funds;
- one registered person for delay in submitting the post-issuance reports for their structured products; a declaration which resulted in non-sophisticated investors investing in its wholesale funds;
- one responsible party for delay in submitting the redemption notice for a programme;
- one licensed intermediary for failure to exercise due care, skill and diligence to ensure that its wholesale funds were only subscribed by sophisticated investors and for failure to conduct proper verification and/or analysis of the investors' annual income and net worth declaration, which resulted in non-sophisticated investors investing in the licensed intermediary's wholesale funds;
- one licensed intermediary for various breaches under the SC's *Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries;*
- one company and one individual who carried on a business in the regulated activity of dealing in securities without holding a capital market services licence;
- one individual who carried on a business in a regulated activity of providing investment advice to others concerning securities without holding a capital markets services licence;
- one individual 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;
- four individuals who engaged in transactions which involved proceeds of unlawful activities;
- one individual who engaged in an act, practice or course of business which operated as a fraud upon his client directly in connection with the subscription, purchase or sales of securities;
- two licensed intermediaries for failure to ensure that investments were carried out in accordance with the investment mandates, failure to provide complete and accurate information of its investments, and failure to provide statements relating to the performance of their client's investments as well as imposed fees and charges in respect of the investment mandates;
- six individuals who had breached provisions under *Securities Industry (Central Depository) Act 1991* (SICDA), including causing and/or permitting his/her shares to be deposited and/or maintained in a third-party's trading account and who had effected trades in his/her shares in a third-party's trading account;
- one licensed intermediary for failing to have in place appropriate and effective safeguards to protect clients' information and for failure to have in place effective mechanisms to protect clients' information from any risk of misuse and unauthorised disclosure;
- two individuals for failure to obtain written authorisation from the client before accepting or acting on an instruction from a third party to trade in the clients' account; and
- three individuals for permitting other individuals' shares to be deposited and maintained in the three individuals' respective trading accounts and for allowing dealings in respect of companies' shares to be effected in the respective trading accounts.

TABLE 24
Administrative Sanctions Imposed

Persons in Breach	Sanctions imposed					
	Reprimand	Penalty	Restitution	Directive	Revocation of Licence	Suspension of Licence
Licensed persons	22	28	1	7	-	2
Other entities/individuals	22	15	-	2	-	-
TOTAL	**44**	**43**	**1**	**9**	**-**	**2**

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 instances, 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 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 2025, 112 Infringement Notices were issued by the SC, with the breakdown shown in Table 25.

TABLE 25

Type of Infringement Notices

Type of Infringement Notices	No. Issued
Supervisory letters with infringement	42
Warning letters	43
Non-compliance letters	23
Notice of Cease and Desist	4
TOTAL	**112**

THE SC'S PRIORITIES

Strengthening Market Transparency and Investor Protection

Transparency and robust governance are the foundation of a resilient capital market. In line with this principle, the SC continues to refine regulatory frameworks to ensure that fundraising activities, corporate transactions, and product design and distribution are conducted in a fair, orderly, and accountable manner. These initiatives underscore the SC's unwavering commitment to investor protection and safeguarding market integrity.

The SC Revises Equity Guidelines to Strengthen Market Transparency and Governance

In early 2025, the SC issued the revised *Equity Guidelines* to strengthen governance standards and enhance market transparency. The amendments introduced key enhancements to the requirements on significant changes in business direction or policy of listed corporations, including back-door listings and reverse take-overs, as well as improved disclosure of ultimate beneficial owners in corporate proposals. These measures reinforce the SC's commitment to promoting robust corporate governance and safeguarding investor confidence in Malaysia's capital market.

The SC Updates Guidelines on Offer of Shares by Unlisted Public Companies

In March 2025, the SC issued the new *Guidelines on Offer of Shares by Unlisted Public Companies* (UPC Guidelines) to enhance investor protection and uphold market integrity. The UPC Guidelines introduce stricter disclosure and conduct requirements, including mandatory consultation with the SC, appointment of a corporate finance adviser, and strengthened reporting obligations. These measures address concerns on misleading return promises and inadequate risk disclosures, while ensuring that share offerings by unlisted public companies are conducted responsibly and transparently.

Introduction of Product Governance Framework for Specified Capital Market Products

On 24 June 2025, the SC introduced the *Guidelines on Product Governance* (PGG) to strengthen investor protection in the capital market. The PGG requires issuers and distributors to embed investor interests in product design and distribution. Key provisions include clear board and management accountability, enhanced product suitability for target markets, and stronger collaboration between issuers and distributors.

The PGG was formulated through comprehensive consultations with domestic and international stakeholders and benchmarked against global best practices. The PGG will apply to unlisted capital market products except for ordinary shares, over-the-counter derivatives contracts, venture capital or private equity funds and products offered on platforms operated by a recognised market operator.

To facilitate a smooth transition, the industry was given a six-month familiarisation period prior to its effective date on 2 January 2026. This initiative reflects the SC's commitment to embedding investor-centric principles throughout the product lifecycle, while encouraging industry innovation that is both responsible and sustainable.

SPECIAL FEATURE 1

UPGRADE IN MALAYSIA'S RATING: THE FINANCIAL ACTION TASK FORCE MUTUAL EVALUATION EXERCISE

The Mutual Evaluation Exercise (MEE) assessed Malaysia's anti-money laundering, countering the financing of terrorism and proliferation financing (AML/CFT/CPF) framework against the Financial Action Task Force (FATF) Standards. In its capacity as both a financial sector regulator and a law enforcement authority, the SC played an active role throughout the assessment, including in the preparation of technical submissions and engagements with the assessment team.

Malaysia concluded its latest MEE with the publication of the Mutual Evaluation Report (MER) by the FATF and the Asia/Pacific Group on Money Laundering (APG) in December 2025. Malaysia attained Regular Follow-Up status, the highest outcome under the FATF assessment process. The MER affirms that Malaysia has continued to strengthen its resilience against illicit finance since the previous evaluation in 2015, supported by enhancements to the legal framework and the supervision of financial and designated non-financial sectors.

The MER recognises the strength of Malaysia's supervisory and enforcement framework for the financial sector, including the application of technology-enabled, risk-based supervision and supervisory analytics. It also notes improved risk awareness and the implementation of preventive measures by financial institutions and virtual asset service providers.

Nevertheless, the MER also identifies areas for further enhancement within the capital market sector, including improving the effectiveness of reporting of suspicious transactions and strengthening the verification of beneficial ownership information. Financial regulators are also encouraged to make full use of their supervisory and enforcement powers to promote effective compliance by the financial institutions and virtual assets service providers.

Following the publication of the MER, the SC will continue to enhance AML/CFT/CPF compliance standards among capital market intermediaries including virtual assets service providers[1]. This will be pursued through the issuance of targeted guidance, ongoing supervisory engagement, and sustained outreach and awareness programmes focused on the areas identified for improvement. The SC will also continue to work through the National Coordination Committee to Counter Money Laundering to further strengthen the AML/CFT/CPF framework and its effective implementation in the capital market sector.

[1] Virtual asset service providers (VASP) refers to digital asset exchanges and digital asset custodians within the context of the capital market regulatory framework.

SPECIAL FEATURE 2

REFLECTIONS ON CAPITAL MARKET MASTERPLAN 2021-2025 AND LAUNCH OF CAPITAL MARKET MASTERPLAN 2026-2030

The *Capital Market Masterplan 2021-2025* (CMP3) was implemented during a period of elevated uncertainty, shifting global supply chains, and rapid technological change. It sets out to support Malaysia's structural transition by strengthening market depth, widening access to market-based financing, and embedding both innovation and sustainability into the fabric of intermediation while safeguarding investor protection and market integrity. The overarching intent was to maintain orderly and facilitative market conditions so that savings could be mobilised efficiently into productive investment, particularly for small- and mid-sized businesses with growth potential. In parallel, CMP3 emphasised supervisory agility and data-driven oversight so that innovation is powered by resilience. CMP3 aspired to a capital market that is **Relevant** (growing with the economy and its stakeholders), **Efficient** (mobilising capital with an evolved regulatory approach), and **Diversified** (competitive and differentiated to create value for diverse participants).

To organise this ambition into action, CMP3 was structured around six development and regulatory thrusts. The developmental agenda was to be driven through Catalysing Competitive Growth, Empowering Investors for a Better Future, and Shaping a Stakeholder Economy with Sustainable and Responsible Investment (SRI) and Islamic capital market (ICM) whilst the regulatory mandate would be powered by Embedding Shared Accountability, Prioritising Efficiency and Outcomes, and Embracing the Digital Age. Together, these thrusts would underpin an integrated delivery architecture, in which policy reforms, market infrastructure, supervision, and capacity-building would be sequenced thoughtfully and proportionally.

Headline outcomes over the CMP3 horizon point to a steady deepening and widening of our market. Total capital market size reached RM4.32 trillion at end-2025 compared with RM3.4 trillion in 2020, reflecting growth in both equity market capitalisation and bonds and sukuk outstanding. Equity primary activity strengthened, with 60 IPOs recorded in 2025 in comparison with 19 in 2020; the pipeline benefitted from improved issuer readiness and more supportive post-listing conditions. Fund management assets rose from RM905 billion in 2020 to RM1.14 trillion in 2025, signalling deeper intermediation and a broader product set. The Islamic capital market remained a core anchor, expanding from RM2.26 trillion to RM2.7 trillion over the same period, underpinned by active issuance and sustained investor confidence in Malaysia's ICM frameworks. These indicators are significant not only for their scale but because they reflect a system that has increasingly improved at matching risk with return, smoothing financing cycles, and absorbing external shocks.

Within the **Catalysing Competitive Growth** thrust, the SC streamlined listing and admission processes (beyond IPOs) to reduce time-to-market and improve certainty, while enhancing market-making and the SBL framework to deepen secondary-market liquidity. In addition, collaboration with government agencies and ecosystem partners expanded the supply of growth capital and reduced friction along the fundraising journey. Collectively, these measures strengthened the pipeline of credible issuers and improved price discovery and depth.

Under the **Empowering Investors for a Better Future** thrust, investor access was widened through a refined categorisation framework that balances inclusion with safeguards for the mass-affluent and retail segments. The SC phased the liberalisation for selected non-traditional products and enabled wealth-tech solutions to simplify onboarding, comparability, and ongoing suitability. Parallel evaluations of retirement-oriented options and alternative strategies focused on diversification benefits and preparedness. Targeted protections, especially for elderly and first-time retail investors, were reinforced via conduct expectations, education, and complaint-handling pathways.

Shaping a **Stakeholder Economy with SRI and ICM** remained central to Malaysia's proposition. The *Simplified ESG Disclosure Guide* (SEDG), developed to support smaller companies, improved the availability of decision-useful sustainability information, particularly for smaller companies seeking access to capital. In parallel, the SRI taxonomy provided a common reference to classify sustainable economic activities, reducing ambiguity for issuers and capital providers. These developments optimised the foundation for ICM-linked sustainable instruments by enabling funds to articulate mandates more precisely, issuers to frame credible use-of-proceeds, and investors to assess impact pathways and risk with greater clarity. The outcome was a more transparent and investable universe for Shariah-compliant sustainability strategies, reinforcing Malaysia's leadership while aligning with global expectations on disclosure and taxonomy.

Investor outcomes and market confidence were reinforced through the regulatory thrusts of **Embedding Shared Accountability and Prioritising Efficiency and Outcomes**. The SC embedded an upstream, lifecycle-based approach to product governance through the Suitability and Product Governance (SPG) framework, which emphasises responsibilities at the design, distribution and post-sale stages. In surveillance, the Digital Forensics Lab expanded capabilities to capture, preserve and analyse digital evidence, now essential given the prevalence of online channels and cross-border vectors. Enforcement remained risk-based and proportionate, with a focus on credible deterrence and swift intervention to address emerging risks. Across these activities, the SC consistently emphasised proactive risk surveillance as a means to prioritise resources where they matter most and to maintain orderly market conditions even as innovation advanced.

Embracing the Digital Age also covered technology risk and supervisory technology. The GTRM were issued on 1 August 2023 and revised on 19 August 2024, establishing a comprehensive baseline for governance, outsourcing, cyber security, and operational resilience across capital market entities, including clearer expectations on incident management and third-party dependencies. These expectations were complemented by investments in Suptech, notably PLC360, which provides data-driven, entity-level risk views to support earlier identification of emerging vulnerabilities and more targeted supervisory engagement. The combination of clearer expectations for the industry and better tools for the supervisor has increased the cost of poor practices while rewarding firms that invest in robust systems and transparent reporting. This balance, facilitated with discipline, has allowed innovation to proceed in a manner consistent with fair, efficient and secure markets.

Several cross-cutting reflections from CMP3 are instructive for the period ahead. First, sequencing and capacity-building matter as much as policy ambition. CMP3's strongest outcomes were evident where reforms were paired with enabling infrastructure, guidance, and market readiness. The sustained improvement in listing activities, for example, followed not only from rules and gatekeeping but also from work on pipeline quality, research coverage, and post-listing support. Second, adoption improved with clear standards and facilitation. Digital and sustainability initiatives gained traction when rules were introduced with phased implementation, toolkits and supervisory engagement, an approach exemplified by the *National Sustainable Reporting Framework's* (NSRF) climate-first sequencing and transitional reliefs. Third, resilience underpins confidence. Investments in technology-risk oversight, product governance and data-driven supervision allowed the market to embrace new intermediation channels without eroding trust, reinforcing Malaysia's reputation as a well-regulated and internationally connected market.

From CMP3 Progress to CMP 2026-2030's 20-Year Vision: Reshaping Malaysia's Future Capital Market

Moving forward, further effort is required to strengthen market function and investor outcomes in the context of external megatrends that will shape intermediation over the next decade, including a higher-for-longer global interest-rate environment and periodic bouts of risk aversion; climate transition pressures and the push toward net-zero pathways; rapid digitalisation and AI adoption across finance and supervision; ongoing geopolitical fragmentation and supply-chain reconfiguration; ageing demographics and evolving household balance sheets; the expansion of private capital and alternative financing; and persistent cybersecurity and data-governance risks. These forces raise the bar for liquidity quality, price discovery, and disclosure comparability, and reinforce the need for robust technology-risk management and proportionate, data-driven supervision. It is against this backdrop that the next masterplan, the *Capital Market Masterplan 2026-2030* (CMP), will be implemented.

The intent of the CMP is to convert accumulated capability from CMP3 into competitiveness at scale. This entails channelling a greater share of domestic savings into high-productivity investments; enabling more mid-market champions to scale and internationalise; embedding digital rails that reduce friction in distribution while protecting investors; and mobilising credible transition finance by leveraging Malaysia's established strengths in the ICM. The CMP is a strategic blueprint that is defined over a longer-term vision of 20 years to chart the long-term direction of Malaysia's capital market with five-year strategic outcome themes and priority initiative areas, aligned with national priorities, to drive transformative change, address deep-rooted challenges, and deliver structural returns.

CMP Vision and Strategic Outcomes

The CMP is organised around four pillars and supported by two cross-cutting enablers. The first pillar, **Vibrancy**, will focus on enhancing the vibrancy of the capital market in driving economic prosperity through unlocking private credit to broaden funding options, introducing and scaling new alternative asset classes for investment diversification, tailoring interventions for different archetypes of PLCs to uplift valuation, and growing the venture capital/private equity industry to increase competitiveness. The second pillar, **Inclusivity**, will focus on enhancing the inclusiveness of the capital market for all Malaysians through democratising capital market products by leveraging AI to empower investor know-how, innovating products and services for stronger financial security in retirement, and strengthening the MSME/MTC fundraising ecosystem.

The third pillar, **Sustainability**, will enhance the capital market's role in supporting national sustainability goals through supporting capital formation for climate mitigation, adaptation, and resilience and social initiatives, and creating a robust ecosystem to support Malaysia's sustainability goals. The fourth pillar, **Regional Opportunities,**

will elevate the capital market's role as a gateway to regional opportunities through growing regional companies and expanding product offerings, leveraging Malaysia's differentiators to attract global capital, and establishing Malaysia as the preferred fundraising destination for regional needs.

The CMP will leverage **Malaysia's leadership in Islamic finance** as a differentiator to achieve the stated outcomes of all the pillars. This will broaden access to new investor segments, issuers, and capital pools, solidify Malaysia's global stature, and advance governance standards across both Islamic and conventional markets, anchored in values and guided by *Maqasid al-Shariah* principles.

Regulatory and Governance Excellence is the cross-cutting enabler underpinned by the SC's mandate in promoting and maintaining a fair, efficient, secure, and transparent securities and derivatives market, with the aim of becoming a globally trusted regulatory regime aligned with international standards.

The transition from CMP3 to CMP will be deliberate and smooth. Many initiatives started under CMP3 will continue as building blocks. Action plans under the CMP are expected to include the sequencing of MSME/MTC interventions and growth-stage capital measures, enhancements to market microstructure that support liquidity and research coverage, further interoperability in digital distribution and disclosures, and the deepening of transition finance with clearer expectations for credible transition plans and impact reporting. As with CMP3, stakeholder engagement will remain central to execution. Close partnerships with market participants, other domestic authorities, and international standard-setters will be critical to increase scale and resilience.

CMP3's legacy is a market that is larger, more diversified, and better tooled for the future. The gains are evident in the scale indicators at end-2025, as seen in strengthened issuer pipelines and in the embedding of standards that improve the quality of information on which investors rely. Looking ahead, the CMP will leverage Malaysia's ICM as a strategic differentiator, building on the country's scale, product innovation, and global credibility. This will be pursued in tandem with a regional agenda through deeper connectivity, pragmatic alignment of standards and mutual recognition to facilitate cross-border origination, distribution and investment across ASEAN and other priority markets. In this way, the CMP will scale the gains of CMP3, deepening competitiveness, widening inclusion, accelerating innovation and transition finance, and fortifying the regulatory and data foundations that underpin confidence. This will ensure Malaysia's capital market remains internationally connected yet domestically rooted, channelling savings productively and delivering long-term outcomes for investors and society at large.

SPECIAL FEATURE 3

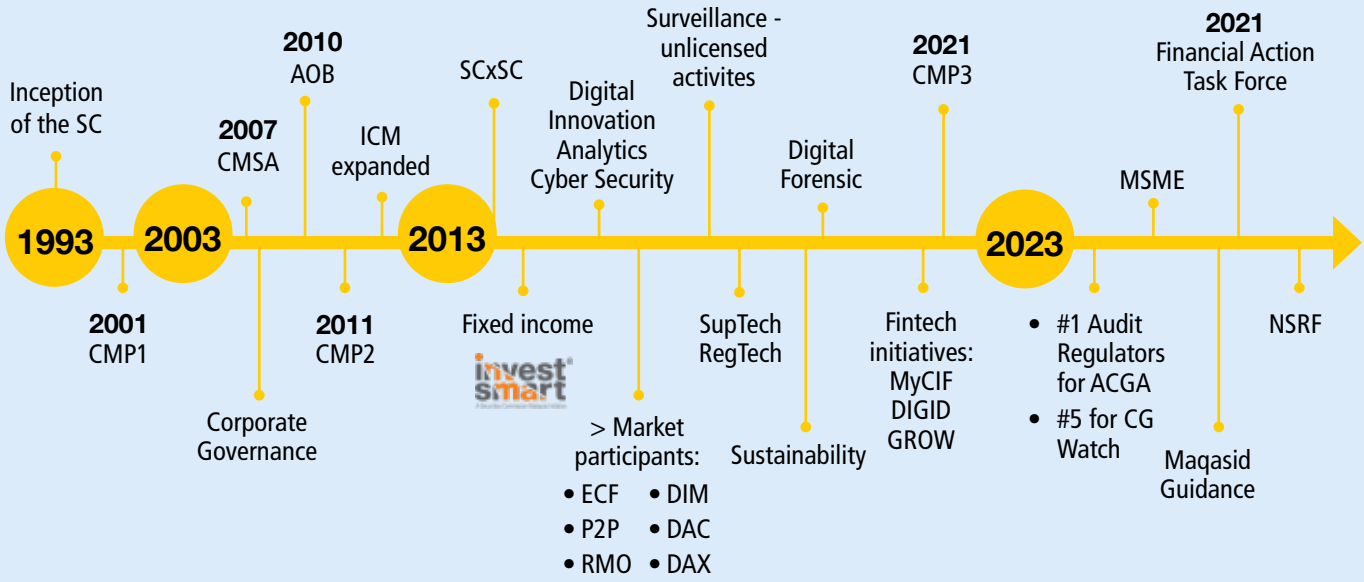
REVISION TO THE CAPITAL MARKETS AND SERVICES (FEES) REGULATIONS: A SHIFT FROM SUBSIDISED MODEL TO MARKET BASED MODEL

Significant Expansion of the Malaysian Capital Market

Since its establishment in 1993, the SC has been central to the development of the Malaysian capital market, while safeguarding its stability, transparency and investor confidence. Over three decades, the capital market has expanded remarkably, from RM700 billion in 1993 to over RM4 trillion today, which reflects the country's economic progress and the SC's role in fostering orderly growth.

This growth is not only in size but also in diversity and complexity. The number of companies listed on Bursa Malaysia has increased 2.5 times to 1,082, each requiring careful regulatory oversight. The SC now supervises over 11,000 entities and licensed or registered persons. The breadth of today's market spans corporate bonds and sukuk, collective investment schemes, structured products, and increasingly in areas such as venture capital and digital assets. This wider scope calls for stronger regulatory frameworks, modern infrastructure, and continuous market supervision. It is therefore imperative that the SC be equipped with the adequate resources in carrying out its regulatory and development mandate to effectively manage an increasingly complex and dynamic capital market, including the risks to investors and to ensure the stability of our capital market.

FIGURE 1
The capital market's increasing complexity and breadth over the past three decades



Why a Fee Review is Timely

The SC's current fee structure has remained largely unchanged for 30 years. It was originally designed when the market was smaller and less complex, relying heavily on equity trading levies to underwrite regulatory costs. While effective at the time, this model no longer reflects the scale or nature of today's market.

As the capital market has grown in breadth and complexity, so too has the SC's mandate. The costs of maintaining effective oversight, ranging from surveillance and enforcement to professional expertise, have risen significantly. At the same time, reliance on equity trading levies has proven unsustainable, particularly in a market where activity levels can fluctuate.

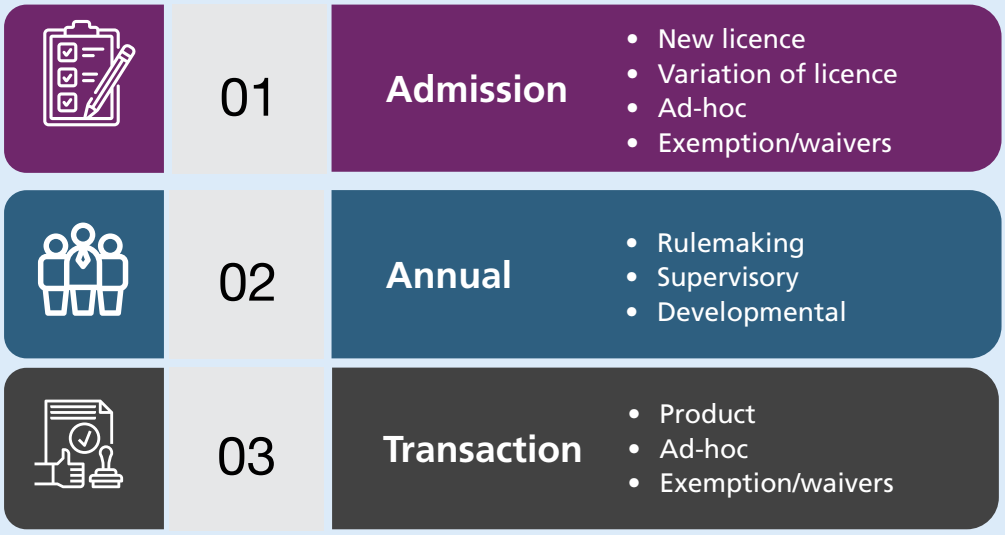
Over the past decade, this funding imbalance has become more visible, with financial deficits recorded in most years. The exceptions were 2020 and 2021, when unusually high trading volumes during the COVID-19 period temporarily boosted revenues. Since then, rising costs, particularly professional services, have widened the gap between the SC's resources and its responsibilities.

A review of the fee framework is, therefore, necessary as a proactive step to ensure that the SC continues to uphold its dual mandate by fostering a fair and orderly market that benefits all stakeholders, including investors, market institutions (i.e., Bursa Malaysia), and intermediaries (e.g., investment banks and fund management companies). Throughout this period, the SC has subsidised the capital market, relying primarily on equity trading levies to fund its operations.

As the Malaysian capital market has grown significantly in both breadth and depth, it has also become increasingly complex. Recognising this evolution, the SC believes that the market is now ready to transition from a subsidy-based pricing model to a pricing structure that is guided by principles of proportionality to ensure fairness and long-term sustainability.

The fee review is not merely about raising fees; instead, it is about establishing a sustainable framework that supports the SC's expanded regulatory role. The SC's responsibilities extend beyond gatekeeping to encompass enforcement, supervision, surveillance and market development, where each requires robust resources to support a dynamic and resilient capital market.

Under both the current and revised fee regulations, the fee imposed on these market participants and market institutions are classified into the following three broad categories:



Guiding Principles of the Fee Review

To balance growth and oversight, the SC has adopted the following guiding principles for the implementation of the revised fee structure:

1 Impact to End Investors

As part of our commitment to fostering a well-regulated and dynamic capital market, the revisions undertaken on the fee structure are carefully designed to ensure that end investors remain unaffected and this include not changing the current equity levies imposed on investors. The revised fees would apply only to market institutions and intermediaries such as investment banks, recognised market operators, stockbroking firms, fund management companies and any entities or individuals that are licensed by the SC to undertake regulated activities. The revised fee structure, which is linked either to the revenue generated from their capital market activities or to the assets under management, is not expected to materially impact these institutions.

2 Proportionality

The principle of proportionality will be applied across all fee types – admission, annual and transaction fees. The revised structure will align fees with the scale, complexity and nature of the product or regulated activity, reflecting the resources needed for effective regulation and market development. As capital market institutions and intermediaries play a crucial role in the ecosystem and derive significant benefits from a well-regulated capital market, it is appropriate that they contribute proportionally to the regulatory and supervisory costs.

3 Operational independence

The revised fee structure will ensure that the SC remains financially independent and sustainable, without relying on government funding. This is in line with the IOSCO's[1] Objectives and Principles of Securities Regulation, which emphasise the need for regulators to maintain operational independence. Maintaining financial independence ensures that the SC can continue delivering effective oversight without placing an undue burden on public resources.

As part of this fee review, the SC engaged in extensive dialogues with relevant stakeholders of the capital market since March 2024. The feedback received from the stakeholders were considered through the implementation of reasonable adjustments to cushion the impact of the revised fee structure.

[1] The International Organisation of Securities Commissions (IOSCO) is an international body of the world's securities regulators. More info here: https://www.iosco.org/.

FIGURE 2
Stakeholders of the Capital Market

Legend:
Market institutions
Market participants
Individuals

The SC has implemented its revised fee regulations, effective 1 January 2026. Capital market stakeholders have also been granted a 50% concessionary reduction in variable annual fees as well as a 20% concessionary reduction on products, fund-raising activities and other product-related fees. These concessions are intended to cushion the impact of the fee revision and to facilitate an orderly transition to the revised fee framework.

CONCLUSION

With the implementation of the revised fee structure, the SC will continue to uphold market integrity, foster growth and build long-term confidence in the capital market, which will benefit all stakeholders.