



CHAIRMAN'S MESSAGE

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Dato' Mohammad Faiz Azmi



It is my distinct honour as Chairman of the Securities Commission Malaysia (SC) to present the SC's Annual Report for 2024.

The year marked a leadership transition for this venerable organisation. I assumed the Chair in mid-June, succeeding Dato' Seri Dr. Awang Adek Hussin. His invaluable contributions laid a solid foundation for some of the initiatives and accomplishments mentioned in this report, and I would like to record my gratitude to Dato' Seri for his exemplary leadership. These included the various initiatives to ensure the financial sustainability of the SC and also the introduction of the voluntary buy-out scheme of post-employment medical benefits.

The commendable progress, as well as measures introduced in 2024, is a reflection of the SC's time-honoured approach to continuously engage with industry and collaborate closely with key stakeholders. This helps foster trust in our regulatory and development work and promotes investor confidence in the Malaysian capital market.

These well-established foundations have certainly eased my task of steering the SC forward.

KEY REGULATORY AND DEVELOPMENTAL HIGHLIGHTS OF 2024

In 2024, the SC's regulatory efforts centred on enhancing market efficiency, resilience and investor protection. From a developmental perspective, initiatives were focused on strengthening the sustainability, competitiveness and accessibility of the domestic capital market.

I am happy to share that a fast-track IPO approval process has been introduced to reduce the timeline for Main Market and ACE Market listings to three months. The SC also approved the first accelerated transfer from ACE to the Main Market in 2024. These process enhancements underscore our commitment to raise market efficiency.

In fact, **Malaysia had the highest number of listings in the region with 55 IPOs in 2024 compared to 32 IPOs in 2023.** This contributed to a marked increase in market capitalisation, enabling the size of the capital market to exceed RM4 trillion.

Unfortunately, scams and unlicensed activities continued to proliferate, putting investors' hard-earned monies at risk. This necessitated a pro-active stance in disrupting illegal and fraudulent activities. Measures in 2024 included stepping up surveillance of unlicensed activities, early interventions via the SC's Investor Alert List, and collaborating with relevant authorities to block errant websites and social media postings. As a result of these efforts, the number of enquiries and reports received by the SC increased by 337% since 2019.

In terms of enforcement priorities for 2024-2026, corporate misconduct was identified as an additional concern alongside disclosure breaches, securities fraud, and unlicensed activities. The use of digital evidence has also increased in line with the pervasiveness of social media and online tools. As such, the SC's newly established Digital Forensic Lab will be a valuable asset in growing our capabilities to preserve and analyse electronic data.

Technology and cyber security risks also rank high as a major concern. The revised *Guidelines on Technology Risk Management* (GTRM), implemented in August 2024, will ensure our market intermediaries strengthen their preparedness for identifying, mitigating and managing these potential risks.

Despite the risks, we are also cognisant of the benefits of technology. Central to fostering digital innovation in the capital market have been programmes such as the SCxSC and FIKRA ACE. The SC's Regulatory Sandbox was launched at the SCxSC Fintech Summit 2024 to provide a platform to encourage ideation of innovative products and services, including tokenised securities.

Sustainability is another key focus area. The *National Sustainability Reporting Framework* (NSRF), launched in September 2024, established a robust framework for corporate sustainability disclosures. This will ensure Malaysian corporates provide consistent, comparable and reliable sustainability information.

Still on the topic of sustainability, I am pleased to share that the SC has appointed a Chief Sustainability Officer, demonstrating our commitment to 'walk the talk'. In addition, a fee review exercise with stakeholders has commenced towards enhancing our financial sustainability.

It is also important for access to market-based fundraising to be inclusive, particularly for micro, small and medium enterprises (MSMEs) and Mid-Tier Companies (MTCs). In this regard, the SC released the *Catalysing MSME And MTC Access to the Capital Market: 5-Year Roadmap (2024-2028)* to intensify efforts to advance this segment. The inaugural Batik Lestari festival, held in December 2024, also provided us with greater insights on the challenges faced by local artisans, while demonstrating the capital market's ability to support growth for those in non-traditional sectors.

The size of Malaysia's investment management industry has surpassed RM1 trillion, a welcome sign of its ability to preserve and grow wealth for investors.

Recognising such strengths, the government announced the new Family Office incentive scheme in September 2024 to attract high-net-worth regional and Malaysian families to support our MSMEs and new economy sectors.

These form the key highlights of the SC's work in 2024 detailed, alongside a great many other initiatives, in this report.

ASPIRATIONS FOR 2025

As I pen this message at the beginning of 2025, I naturally associate the new year with the following descriptors: challenging and busy. Apart from our routine regulatory and developmental activities which are already considerable, there are numerous regional as well as national level initiatives that the SC is spearheading.

In conjunction with Malaysia's ASEAN Chairmanship in 2025, the SC assumed the Chair of the ASEAN Capital Markets Forum (ACMF), which is a regional grouping of securities and capital market regulators.

In line with the ASEAN 2025 theme of Inclusivity and Sustainability, the ACMF agenda for this year includes the release of the ASEAN Taxonomy Version 4 (through ACMF's participation in the ASEAN Taxonomy Board) as well as securing ASEAN Ministerial endorsement of the ASEAN Transition Finance Guidance Version 2. In addition, we will push to develop a taxonomy for Mitigation, Adaptation, Resilience and Sustainable Finance (MARS).

Our chairmanship of ACMF represents an opportunity to advance regional collaboration and build better connected and resilient capital markets within ASEAN. With these objectives in mind, the ACMF will also focus on finalising the five-year ACMF Action Plan 2026-2030.

I am also eager to ensure our homegrown multinationals and companies can lead the region in championing the sustainability agenda. In 2025, we will have the first batch of public-listed companies (PLCs) with market capitalisation of more than RM2 billion issuing sustainability reports. There is, however, still much to be done.

The NSRF implementation will continue, with the focus turning to proposing legislative amendments to the *Financial Reporting Act* and the issuance of Sustainability Reporting Standards by the Malaysian Accounting Standards Board.

In terms of social finance, we are on track to establish Malaysia's first Social Exchange, which was announced by the Prime Minister, Dato' Seri Anwar Ibrahim, in May 2024. The Social Exchange Pilot Programme, or SEPP25, initiated in early 2025 is a major step towards providing market-based fundraising for social projects and bringing Malaysia closer to meeting the United Nations

Sustainable Development Goals (UN SDGs). SEPP25 will identify the necessary requirements and ecosystem needed for the Social Exchange which is scheduled to be fully operational in 2026.

The Social Exchange also exemplifies the utility and applicability of the *Maqasid Al-Shariah Guidance Islamic Capital Market Malaysia*, which was released in 2023. I believe the capital market requires more such use cases and applications to provide additional guidance to intermediaries and stakeholders in adopting these principles.

To this end, we are working towards developing specific indicators for each *Maqasid al-Shariah* principle, starting with the equity market in 2025. The release of specific guidance and indicators related to Islamic values will hopefully encourage greater Islamic product innovation and subsequently reinforce Malaysia's leadership in Islamic finance.

The SC will also be operationalising the Single Family Office (SFO) incentive scheme announced by the Government with a view to provide a clear, flexible and facilitative structure to enable families to establish their presence efficiently. Once the tax order is gazetted, the aim is to pre-register at least two SFOs in 2025.

Alongside this, in 2025, Malaysia will undergo two key assessments. These are the Financial Action Task Force (FATF) Mutual Evaluation, which is conducted every seven to 10 years, and the biennial Corporate Governance (CG) Watch for the Asia Pacific region.

The FATF assessment of Malaysia, including AML/CFT/CPF supervision framework, will be crucial for Malaysia's global reputation and investment attractiveness. This is Malaysia's fourth Mutual Evaluation since 2001 and the stakes are high. A less favourable report may lead to global financial institutions reducing or worse, halting transactions with local financial intermediaries.

Equally important, would be to maintain or improve upon our previous rankings in the CG Watch 2025, particularly in the categories of Auditors and Audit Regulators, CG Rules and Listed Companies.

Structurally, the capital market also needs more long-term thinking and assessment of future trends in the next 10 to 20 years. For example, the size of the domestic

capital market has grown markedly and much larger than banking assets. This suggests equity, sukuk and debt are major fundraising instruments for corporates, and we need to ensure this trajectory continues as the capital market is important in funding economic growth.

The SC will begin the process of shaping views and insights for the long term, including vision and objectives, in developing the *Capital Market Masterplan 4 (CMP4)* in 2025. It will succeed CMP3 (2021-2025). The underlying objective of CMP4 will be to ensure the Malaysian capital market remains competitive and resilient amid economic, social and technological changes.

In closing, I wish to extend my gratitude to all SC staff for their professionalism, and also, the SC's Board Members and Executive Team. To that end, my heartfelt thanks to the Board Members, Tan Sri Gooi Hoe Soon, Datuk Dr. Zunika Mohammed, Dato' Alizatul Khair

Osman Khairuddin, Datuk Dr. Shahrazat Haji Ahmad and Encik Kemal Rizadi Arbi, for their steer and invaluable insights over the course of the year. A special thank you to Tan Sri Mazlan Mansor, who completed his tenure in February 2024, and a warm welcome to Datuk Nik Mohd Hasyudeen Yusoff, who joined the SC Board in January 2025.

Finally, I would like to acknowledge our stakeholders, including industry players, regulators, and key decision makers, for their unwavering support and collaboration over the years. Together, let us continue to build a stable, fair, and orderly capital market that serves the needs of all Malaysians.



Dato' Mohammad Faiz Azmi

