

Silver Lining Amid the COVID-19 Storm

In this age of the pandemic, there will undoubtedly be a silver lining. To accelerate this realisation, the Securities Commission Malaysia has introduced various relief measures. Meanwhile, the Islamic Capital Market as a value proposition continues to play a vital role in this challenging time.

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CAPITAL MARKET MEASURES TO SUPPORT BUSINESSES AND INDUSTRY



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Silver Lining Amid the COVID-19 Storm

In what seems like the blink of an eye, COVID-19 took the vast majority of businesses by surprise. The global economy has come to a virtual halt as the spread of the pandemic disrupted the world, and the magnitude of its impact would not be understood for years. While there are growing signs of recovery, the International Monetary Fund (IMF) described the period ahead as one of “profound uncertainty.”



In light of the pandemic, there will inevitably be adverse economic and market conditions. While this is true, Islamic capital market (ICM) development stems from its foundation of ethical principles and corporate governance. The underlying principles that govern ICM are mutual risk and profit sharing between parties, the assurance of fairness for all and that transactions are based on an underlying business activity or asset. Indeed, the ICM is increasingly garnering global attention as a vehicle for adding quality options to financial products and services available in the international markets today.

The Measures Introduced by the SC

The impact of the pandemic to the Islamic capital markets cross-borders

is no exception. This includes significant volatility, resulting in market measures to increase resilience. In response, regulatory authorities in various jurisdictions have issued guidelines to deal with the outbreak.

Over the years, Malaysia has withstood many crises and the SC has worked closely with the industry to strengthen the capital market and address systemic weaknesses. As a result, the Malaysian players and institutions are better equipped to face challenges arising from this pandemic. Proactive measures have been deployed to facilitate greater access to funding to maintain confidence and ensure long-term recovery of the market including the ICM. These can positively affect a diverse range of market participants from small and medium enterprises (SMEs) to fund management companies.

In response to the increased interest by SMEs to tap into alternative funding channels, the SC lifted the funding limit on equity crowdfunding (ECF) platforms to RM10 million, and allowed ECF and peer-to-peer financing (P2P) platforms to operationalise secondary trading. This will also potentially widen more opportunities for Islamic ECFs to grow within the alternative fund raising segment.

ICM as a Value Proposition

Given the headwinds presented by the COVID-19 pandemic, the volatility and uncertainty pose an unprecedented challenge to the global financial markets. Nevertheless, the pandemic is also shifting the dynamics in the industry and the outbreak may create new opportunities for Islamic finance

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markets by accelerating trends such as socially responsible investing and digitisation.

In particular, the ICM may thrive further in the area of sustainability and social impact. Investors' mindset are increasingly shifting towards aligning their investment returns with sustainable goals. Based on this, the ICM stands to benefit significantly, as there is a close alignment intrinsic to Shariah principles with sustainable and socially responsible finance.

The SC is also working on efforts to broaden the suite of product offerings of the fund management industry. These include ICM-related measures facilitating the development of *waqf*-featured collective investment schemes.

To further enhance the Sustainable and Responsible Investment (SRI) ecosystem, the SRI Sukuk Framework (Framework), which was revised in November 2019, remains a key element in riding the wave of opportunity. Through this, more sukuk

with a social impact can be timely, as the issuances may aid in improving people's lives by supporting the education and health care systems while attracting ESG-driven investors looking to invest in social causes. The SRI ecosystem is also complemented by the issuance of the Guidelines on SRI Funds, as well as the *Islamic Fund and Wealth Management Blueprint* (IFWM Blueprint), which identifies the development of Malaysia as a regional centre for Shariah-compliant SRI.

The Framework is widely acknowledged as a pioneering regulatory development that integrates the principles of Shariah and SRI. The Islamic concept of *waqf* (endowment) is one of the eligible SRI projects under the Framework, besides green and social. It is an Islamic social finance tool that can potentially provide an impactful avenue to improve the socio-economic well-being of the community in light of the pandemic crisis. This may also involve issuance of sukuk, which can help unleash the potential of *waqf* structure as a mechanism to undertake Shariah-compliant SRI projects and support

social infrastructure. Through this, there is vast potential that the ICM can contribute to the financial market's resiliency measures.

Another area that would gain significant traction and enhance connectivity during this time is digital technology in both the conventional and Islamic space. The development of the digital agenda in the capital markets especially the ICM will be accelerated as the SC calls upon the industry to seize the opportunity to bring forward more digitisation transformations and offer more online products and services, including funding for SMEs via alternative funding channels. This will lead to an increase in digital transactions and activity for the ICM, which in turn will provide added impetus in driving the digital agenda for Islamic financial institutions. They can be in the form of more automated processes and an increase in digital services such as robo-advisory channels and platforms, as well as improving access to alternative financial services linked to Islamic social finance.

The silver lining is within the horizon, as Islamic finance and its major component, the ICM may help address the effects of the pandemic. The existence of Islamic principles governing the dealings of various Islamic financial products such as value creation, promotion of transparency and risk sharing, along with its alignment to sustainable development goals are envisaged to provide much-needed cushions to weather the COVID-19 storm.

Shariah Advisory Council Resolutions

The Shariah Advisory Council (SAC) actively reviews and updates resolutions on various Shariah-related issues in relation to ICM to ensure that the transactions that are undertaken comply with the Shariah requirements. The SAC also ascertains the appropriate Shariah principles that can be applied to facilitate new and innovative ICM products to be consistent with the latest development in the marketplace. Among the resolutions that were issued by the SAC:



1

CONVERSION OF SUKUK AND REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES (RCUIDS) INTO NEW ORDINARY SHARES OF THE ISSUER

Several issues in relation to the conversion of:

- (i) convertible sukuk structured based on the Shariah principles of *ijarah* and *wakalah bi al-istithmar*; and
- (ii) RCUIDS structured based on the Shariah principle of *murabahah*

into new ordinary shares of the issuer (**Conversion Shares**) were presented to the SAC to seek its resolution.

RESOLUTION

The SAC had resolved as follows:

(1) Convertible sukuk structured based on the Shariah principle of *ijarah* (Convertible Sukuk *Ijarah*)

- (a) The conversion of the Convertible Sukuk *Ijarah* into the Conversion Shares is permissible. A leased asset can be considered as capital contribution in-kind by the sukukholders into the business of the issuer.
- (b) The conversion of the Convertible Sukuk *Ijarah* into the Conversion Shares is effected by:
 - (i) giving notice of conversion; and
 - (ii) a conversion arrangement,

as agreed by the contracting parties.

(2) Convertible sukuk structured based on the Shariah principle of *wakalah bi al-istithmar* (Convertible Sukuk *Wakalah*)

- (a) The conversion of the Convertible Sukuk *Wakalah* into the Conversion Shares is permissible even though the ratio of non-debt investment assets is less than 33% of the *Wakalah* Portfolio.
- (b) The conversion of the Convertible Sukuk *Wakalah* would not be considered as capital contribution in the form of debt by the sukukholders into the business of the issuer since the Convertible Sukuk *Wakalah* represents ownership in the *Wakalah* Portfolio provided that the non-debt investment assets must at all times be a component of the *Wakalah* Portfolio.

- (c) The conversion of the Convertible Sukuk *Wakalah* into the Conversion Shares is effected by:
 - (i) giving notice of conversion; and
 - (ii) a conversion arrangement,
 as agreed by the contracting parties.

(3) RCUIDS structured based on the Shariah principle of *murabahah* (RCUIDS *Murabahah*)

- (a) Direct conversion of RCUIDS *Murabahah* into the Conversion Shares is not permissible since RCUIDS *Murabahah* represents debt. However, the conversion of RCUIDS *Murabahah* into the Conversion Shares is permissible via specific Shariah mechanism in accordance with the requirements as set out in item 3(b) below.
- (b) The requirements for the conversion of the RCUIDS *Murabahah* into the Conversion Shares are as follows:
 - (i) The issuer should exchange the RCUIDS *Murabahah* held by the RCUIDS holders with non-debt assets (the value must be known);
 - (ii) The RCUIDS holders shall subsequently contribute the non-debt assets as their capital contribution in-kind into the business of the issuer; and
 - (iii) The issuer shall thereafter issue the Conversion Shares to the RCUIDS holders.

2

Holding or Keeping Dividend in the Form of Shares to Recover Actual Losses Suffered due to Disposal of Shariah Non-Compliant Shares Below the Investment Cost

In general, dividend payout from companies may be paid in the form of shares, cash or in-kind. A question arises from the industry whereby Islamic fund manager, on behalf of the investors, had disposed Shariah-compliant shares, which were reclassified as Shariah non-compliant shares on the announcement date of the *List of Shariah-compliant Securities* by the SAC below the investment cost. Prior to the announcement date, the company had declared dividends of the particular year in the form of shares to the shareholders, which will be paid on a specific date in the future.

In the situation involving the Islamic fund manager as described above, the dividend in the form of shares were received by the Islamic fund manager after the disposal of the mother shares, which has been reclassified as Shariah non-compliant shares.

Hence, a question arises whether it is permissible by Shariah or not if the Islamic fund manager keeps the dividend in the form of Shariah non-compliant shares (Dividend Shares) until the value of the Dividend Shares can cover the cost of losses borne by the Islamic fund manager due to the disposal of the mother shares below the investment cost.

RESOLUTION

The SAC had resolved that the Islamic fund manager, on behalf of Muslim investors, is allowed to hold or keep the Dividend Shares received after the disposal of mother shares that has been reclassified as Shariah non-compliant shares (which were disposed at a loss position) subject to the following conditions:

- (i) Dividend Shares received can be held or kept until the price of the Dividend Shares plus the price from the disposal of the mother shares (which were disposed earlier at a loss) are equal to the investment cost. At this stage, the Islamic fund manager should dispose of their holding; and
- (ii) Excess profit gained from the disposal of the Dividend Shares (if any) must be channelled to *baitulmal* and/or approved charitable bodies.

List of Shariah-compliant Securities by Shariah Advisory Council

The SC released the list of Shariah-compliant securities, which took effect on 29 May 2020.

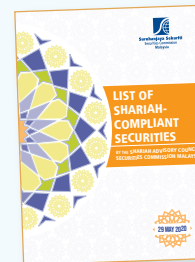
The list features 697 Shariah-compliant securities, representing 77% of the 900 listed securities (excluding LEAP market) on Bursa Malaysia. It includes 12 newly

Table 1

List of Shariah-compliant Securities on the Main and Ace Markets

Main Market / ACE Market	Number of Shariah-compliant securities	Total securities*	Percentage of Shariah-compliant securities (%)
Consumer products and services	139	193	72
Industrial products and services	213	253	83
Energy	27	31	87
Construction	49	54	91
Transportation and logistics	29	35	83
Property	78	97	80
Plantation	34	44	77
Technology	77	92	84
Utilities	10	13	77
Financial services	3	34	9
Health care	15	17	88
Telecommunications and media	23	32	72
SPAC	Nil	1	Nil
Closed-end fund	Nil	1	Nil
TOTAL	697	900	77

* As at 22 May 2020



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classified Shariah-compliant securities and excludes nine from the previous list issued in November 2019. In addition, 21 securities listed on the LEAP market have been classified as Shariah-compliant securities by the SAC.

The next list will be made available in November 2020, based on the review of the audited financial statements released up to 30 September 2020.

Table 2

List of Shariah-compliant Securities on the LEAP Market#

No.	Name of securities	Sector
1.	Amlex Holdings Bhd	Technology
2.	Baba Eco Group Bhd	Consumer products and services
3.	CE Technology Bhd	Industrial products and services
4.	Clouaron Group Bhd	Technology
5.	CRG Incorporated Bhd	Consumer products and services
6.	Fibromat (M) Bhd	Industrial products and services
7.	IDB Technologies Bhd	Technology
8.	JM Education Group Bhd	Consumer products and services
9.	Manforce Group Bhd	Consumer products and services
10.	MCOM Holdings Bhd	Technology
11.	Metro Healthcare Bhd	Health care
12.	MMIS Bhd	Industrial products and services
13.	Nova Pharma Solutions Bhd	Health care
14.	Polydamic Group Bhd	Industrial products and services
15.	Polymer Link Holdings Bhd	Industrial products and services
16.	SEERS Bhd	Consumer products and services
17.	SL Innovation Capital Bhd	Technology
18.	Smile-Link Healthcare Global	Health care
19.	Supreme Consolidated Resources Bhd	Consumer products and services
20.	TT Vision Holdings Bhd	Technology
21.	Uni Wall Aps Holdings Bhd	Construction

For sophisticated investors as prescribed under the Capital Markets and Services Act 2007.

SC Introduces New Guidelines on Digital Assets

On 15 January 2020, the SC published the *Digital Assets Guidelines* (Guidelines) that outlines the framework for fundraising through digital token offering in Malaysia.

In the SC's earlier consultation paper on the *Proposed Regulatory Framework for the Issuance of Digital Assets through Initial Coin Offerings*, an Initial Coin Offering allows a company with an innovative business proposal to raise capital before it is able to do so through venture capitalists or lenders. It also enables a company to raise funds without selling their equity or taking out a debt while developing their innovative ideas.

Digital token offering is expected to provide another alternative fundraising avenue for early-stage entrepreneurs. This initiative supports the growth of SMEs and micro businesses, which are targeted to contribute 50% to Malaysia's GDP in line with Malaysia's Shared Prosperity Vision 2030 (SPV2030). It is also aligned with SPV2030's aspiration to create 30% high technology Malaysian companies.

Based on the responses received following the issuance of the consultation paper, there is overwhelming industry support to the SC's proposal to leverage the expertise of a platform operator to review



SMEs and Micro businesses contribute 50% of Malaysia's GDP



Malaysia's Shared Prosperity Vision 2030 (SPV2030)

DIGITAL TOKEN OFFERINGS

Alternative Fundraising Avenue

applications for issuance of digital tokens for fundraising.

The Guidelines set out the requirements for all offerings of digital tokens to be carried out through an initial exchange offering (IEO) platform operator registered with the SC. The IEO platform operator is required to carry out the necessary assessment and due diligence to, among others, verify the business of the issuer and the fit and properness of the issuer's board, as well as understand the features of the digital tokens. During the first phase of the Guidelines' implementation, the SC will work with the relevant platform operators to assess eligible issuers.

Prospective issuers must also satisfy the governance and capital requirements to be eligible to raise funds through an offering of digital tokens. Issuers are required to demonstrate that their proposed project or business provides an innovative solution or a meaningful digital value proposition for Malaysia.

An issuer may raise funds to a ceiling of RM100 million and tap on investments from retail, sophisticated as well as angel investors, subject to the investment limits provided in the Guidelines. Each issuance must be accompanied by a Whitepaper, which should provide investors with among others, material information on the issuer, the digital token and utilisation of funds obtained through the issuer's fundraising exercise. After the offering has been completed, the SC will conduct post-issuance monitoring of the utilisation of the proceeds.

The Guidelines also set out the requirements for IEO platform operators and the process to seek authorisation from the SC. The Guidelines will be brought into force in the second half of 2020 to allow potential issuers, platform operators and investors to familiarise themselves with the requirements in the Guidelines.

SC Facilitates Distribution of Capital Market Products via E-Services Platforms

On 5 May 2020, the SC announced that it will facilitate the online distribution of capital market products such as unit trusts, through e-Services platforms like e-wallet or e-payment service providers.

The *Guidelines on Recognized Markets* has been amended to introduce a new chapter on “e-Services platform”, which contains the registration requirements and ongoing obligations for e-Service providers. The amendment allows operators of e-wallet or e-payment applications to partner with Capital Markets Services Licence holders to distribute capital market products to investors. E-wallets or e-payment operators, which are currently subject to the oversight of another sectorial regulator are required to obtain prior approval from the said regulator before submitting their application to the SC.

The SC’s effort is to facilitate the development of innovative digital solutions and improve access to investments for all participants of the Malaysian capital markets. The introduction of the e-Service platform framework will facilitate the wider distribution of capital market products through digital platforms, which are already familiar to many investors.

The SC had also stated during a virtual press conference held on 16 April 2020 that it observed an increase in the number of online trading accounts being registered. At the same time, there has also been a shift among licence holders towards using digital channels to distribute capital market products and services.

Interested operators now need to register with the SC as a recognised market operator (RMO) and submit their applications from 5 May 2020 onwards.

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Enhancing Regulations for the ICM

Issuance of Revised Guidelines



The Islamic Fund Management Guidelines

The *Islamic Fund Management Guidelines* (IFM Guidelines) was revised to:

- a. Incorporate requirements for the purposes to determine substantial activity of an Islamic fund as part of the qualifying criteria for the certification of Islamic fund by the SC. This is due to the tax incentives given to a fund management company managing a fund in accordance with Shariah principles.
- b. Introduce a new section specifically for the certification of Islamic fund including the application process and form. It now provides a one-stop regulatory reference for fund management companies providing fund management business in accordance with Shariah principles.



Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework

The revised *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* (LOLA Guidelines) was issued on 30 June 2020 to incorporate new requirements for the issuance of Islamic convertible notes to be subscribed by venture capital (VC) and private equity (PE) firms registered with the SC under the *Guidelines of Registration of Venture Capital and Private Equity Corporations and Management Corporations*. This follows the SC's announcement on 28 April 2020, which facilitated the issuance of conventional convertible notes to similar VC/PE firms, with the guidelines to take effect upon issuance. The amendments under the revised LOLA Guidelines include:

- a. Appointment of Shariah adviser–
 - Shariah adviser to advise on the issuance of the Islamic convertible notes;
- b. Utilisation of Proceeds–
 - the proceeds from the issuance of the Islamic convertible notes must be utilised for Shariah-compliant purposes only; and
- c. Requirements to comply with Section C of the LOLA Guidelines and relevant rulings of the SAC–
 - the issuance of the Islamic convertible notes must comply with Section C of the LOLA Guidelines on additional requirements that apply to Shariah-compliant unlisted capital market products, as applicable, and the relevant rulings of the SAC that are ordinarily applied to sukuk.

The above Shariah requirements are in addition to the existing requirements in Part 5 of the LOLA Guidelines that will also be applicable to the issuance of Islamic convertible notes.

The revised Guidelines, revised Lodgement Kit and Summary of Amendments are available via the SC's website at www.sc.com.my/regulation/guidelines.

Riding the Wave of Opportunities for the Financial Planning Industry¹

Introduction

Financial planners are integral in the wealth management value chain. The strides made towards developing Islamic financial planning capabilities have been commendable as Malaysia continues on its trajectory as an international provider of Islamic wealth management services.

The industry has also witnessed a phenomenal increase in the number of certified Islamic financial planners, which reached 1,256 in 2019, since its inception in 2008, when the industry started with 57 participants².

Capitalising on the Islamic Fund and Wealth Management Blueprint pathway

In January 2017, the SC launched the *Islamic Fund and Wealth Management Blueprint* (IFWM Blueprint), which sets the vision for Malaysia to be a leading international centre for Islamic fund



and wealth management. This vision was developed through a comprehensive assessment of the state of Malaysia's Islamic finance sector and detailed analysis of relevant global developments and trends.

In operationalising the IFWM Blueprint recommendations and initiatives, it is imperative that cohesive participation from all stakeholders is garnered efficiently. These include the financial planners where the activities fall under one of the regulated capital market activities that clearly indicate the importance of financial planners as one of the key stakeholders in promoting development of the capital market. In the case of fund

and wealth management, financial planners provide the link between investors, funds and wealth management products.

The financial planning profession provides value-added services to clients largely through the advice on various fund and wealth management products after analysing all relevant information and specific requirements of clients to meet financial objectives. This requires financial planners to be knowledgeable in various spectrums of the capital market for feasible solutions.

Therefore, talent and competency development is crucial for competitive and sustained growth for the industry. Financial planners with strong product

¹ This article is extracted from a keynote address by Sharifatul Hanizah Said Ali, Executive Director, Islamic Capital Market Development, SC at the Islamic Financial Planning (IFP) Award Ceremony and Malaysia Financial Planner Year Award (MFPYA) Launch on 30 January 2020 in Kuala Lumpur.

² Source: IBFIM.

knowledge, industry-specific capabilities in assessing, structuring and distributing deals and products as well as Shariah knowledge are required.

Capacity building has certainly played a big role in developing the Islamic capital market talent and competencies. Since 2017, the efforts and continuous collaboration by training providers like Financial Planning Association of Malaysia (FPAM) and Islamic Banking and Finance Institute Malaysia (IBFIM), has led to more outcomes that requires commitment to growing and nurturing capabilities from universities, government agencies and leaders in financial industries. Included in this also are initiatives supported by the Capital Market Development Fund (CMDf).

The outreach and effort have also reached cross-border participants³, and as a result, the aspiration of Malaysia stamping a label and growing as a regional hub for Islamic wealth management is well in progress.

While there is much to realise for prospects of the industry, there are certainly unique challenges along the way in pursuit for the industry's growth. Among others, investor awareness on the concepts and services of financial planning, which will result in inclusiveness and financial well-being.

Raising financial literacy towards maximising investor protection and financial well-being



To this end, in order to enhance investor protection and the vibrancy of the industry, it is imperative to raise the level of financial literacy. In the Financial Capability and Inclusion Demand Side (FCI) Survey 2018, around 30% of Malaysians rate themselves to be of low financial knowledge, while 38% are able to relate to the effect of inflation on their own purchasing power. More concerning is that, circa 68% of active EPF members do not achieve the Basic Savings recommended according to the age band, while 41% of Malaysians rely on their EPF savings as the main source of income for retirement⁴.

The *National Strategy for Financial Literacy (2019-2023)* identifies the key priorities for achieving, aligning and harnessing synergies across initiatives with the ultimate goal of elevating the financial well-being of all Malaysians. This includes mastering basic financial principles and understanding the potential trade-offs between risks and

returns, which will promote responsible financial behaviour and rational attitudes towards financial management.

In the long-run, financial literacy will give rise to investor empowerment, financial inclusion, and ultimately investor protection. Given the need to increase financial literacy and education, Islamic financial planners can play key roles in enabling and facilitating investor empowerment.

In this modern age, there are two increasingly important elements driving the financial markets: sustainable and responsible investments, and the rise of fintech or digital finance. These elements have become deeply entrenched in the financial sector globally that they can no longer be considered 'trends'.

Sustainable and Responsible Investments



The SC has a long-standing commitment to sustainable and responsible investments through the issuance of the SRI Sukuk Framework in 2014, the *Guidelines on Sustainable and Responsible Investments Funds* in 2017 and the IFWM Blueprint in 2017.

³ To date, among the certified holders were from Brunei (96), Indonesia (2), Singapore (11), Japan (1) and Nigeria (3).

⁴ Employees Provident Fund (EPF) Statistics 2018.

More recently, while recognising that SRI is indeed a growing global imperative, in November 2019, the SC issued a five-year *Sustainable and Responsible Investment Roadmap*, which identifies 20 strategic recommendations to drive the development of a facilitative and vibrant SRI ecosystem. These include, among others, increasing the SRI investor base and building a strong information architecture in the SRI ecosystem.

By taking advantage of the rollout initiatives from this roadmap, financial planners can equip themselves with the knowledge and expertise required to provide financial advice on SRI investments.

More importantly, the investment community and related intermediaries must collectively strive towards having the principles of sustainable and responsible investing enshrined in their investment and advisory philosophy.

Making Strides in the Digital Space

In the digital space, the SC has committed to support the growth of digital platforms providing capital market solutions such as ECF, P2P lending, digital investment managers and more recently digital token offering.

At the forefront of the digital narrative, are the millennials. It is vital for financial planners to recognise that the generation of millennials, who now make up the largest segment of the adult population, are poised to become an important investor segment.

Not only are they entering their prime earning years, a segment of this generation will also be fortunate enough to be inheriting the wealth of previous generations. It is reported that millennials accumulate wealth at a projected annual growth rate of 16%, and are expected to account for 16% of global private wealth by 2020⁵.

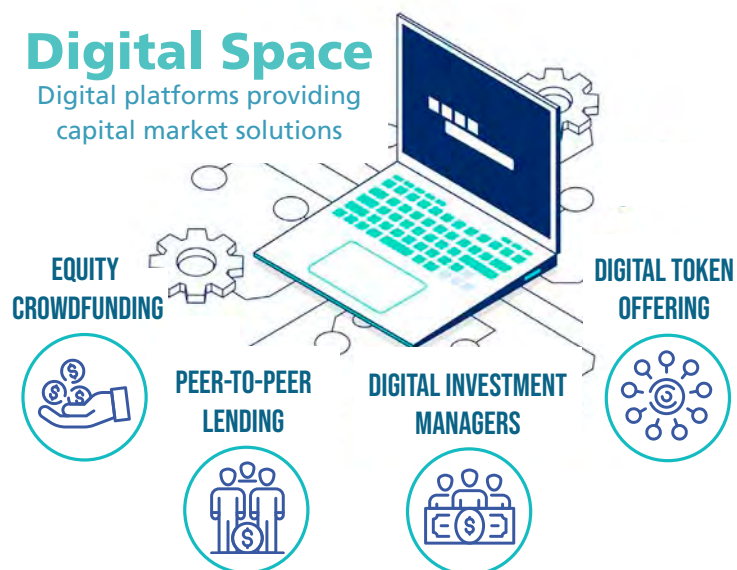
With new digital business models such as robo-advisors and funds distribution platform facilitating connectivity by allowing issuers, investors and intermediaries to access existing and new markets in more efficient and cost-effective modes, embracing

technology in the provision of financial advice will therefore be imperative and non-negotiable.

Conclusion

Overall, the financial planning industry has grown from strength to strength. The efforts of the financial planning industry have given value to the SC's various initiatives and developments, resulting in a synergistic relationship. The benefits that can be harnessed from the opportunities will be amplified further through greater collaboration among stakeholders.

While the industry works together towards building up the capacity and its players, the ultimate goal for the IFPs will remain, and that is to offer investment solutions that are truly aligned with the *maqasid al Shariah* to achieve *falah* (human well-being).



⁵ The Edge, Special Report: The Rise of the Millennials.

Strengthening Malaysia as an Islamic Capital Market Hub¹



Sharifatul Hanizah Said Ali
Executive Director
Islamic Capital Market Development
Securities Commission Malaysia

1

Can you share with us more about your role and challenges as well as your mission/goals and the progress made thus far towards achieving your key goals?

I was appointed Executive Director of Islamic Capital Market Development of the SC in August 2019. The SC's mission is to shape and drive the development of the broader Malaysian ICM ecosystem, encompassing initiatives to deepen and broaden ICM products and services that will further facilitate the establishment of Malaysia as an ICM hub.

ICM is a significant component of the Malaysian capital market, representing close to 65% of Malaysia's overall market size of

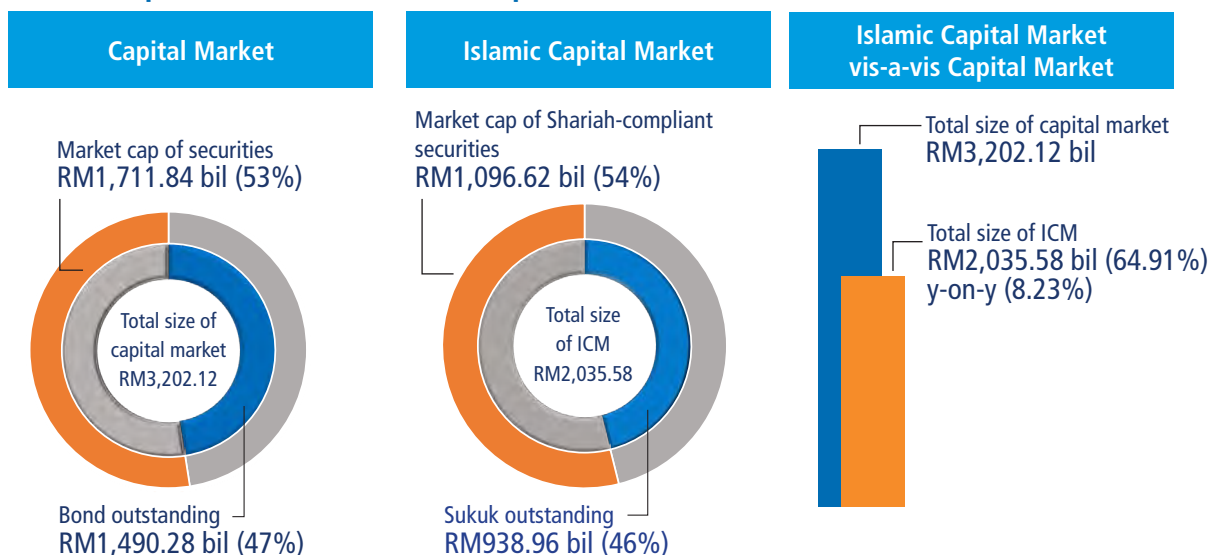
slightly more than RM2 trillion as at end-2019. The Islamic fund management industry in Malaysia has also been progressing commendably. In 2008, there were only five Islamic fund management companies and 30 fund management companies operating Islamic windows. The numbers have since grown to 23 full-fledged Islamic fund management companies and 31 fund management companies operating Islamic windows, collectively with an estimated RM180 billion in assets under management (AUM) as at end 2019. Meanwhile, the total value of sukuk outstanding in Malaysia stood at RM938 billion, accounting for 60% of total bonds and sukuk in the market.

Globally, the sukuk market has registered double-digit annualised growth, with numerous innovations entering the market. According to the

Financial Planning Association Malaysia (FPAM) is a non-profit organisation with a vision and mission to establish the global CFP CERT TM mark as the leading symbol of excellence for personal financial planning and to promote its recognition as a profession to benefit all Malaysians. FPAM also strives to promote Financial Literacy across the breadth of the population of Malaysia.

Table 1

Size of Capital Market and Islamic Capital Market as at end-2019



¹ Extracted from the FPAM's 4EJournal dated 15 June 2020.

Global Islamic Economy Report 2019/2020, Malaysia continues to be the main driver for the sukuk market, representing close to 50% of total global outstanding sukuk as at end February 2020, and 34% of the total global Islamic fund AUM as of December 2019. Malaysia also ranked first with a total of 430 global funds followed by Saudi Arabia, Luxembourg and Pakistan.

Building on our strengths in ICM, the SC continued to lead initiatives to establish Malaysia as a regional leader for SRI. The SC had stated early on that global trends towards investments that address climate change and social issues would become a major force in the financial landscape.

At the SC, we are also geared towards ensuring greater financial inclusion and fundraising access for the underserved. Islamic products and services for financial inclusion hold vast potential for a shared and better future. Today, the pace of change in financial markets is rapidly accelerating via the use of new technology, allowing for the emergence of innovative market-based financing models such as ECF and P2P financing, to raise the necessary funding through the capital market, including the ICM. These platforms have also proven to be an effective channel in improving financial access and inclusion through digital growth, as well as attracting younger investors. As at December 2019, there were 10 ECF and 11 P2P registered recognised market operators (RMO). Ethis Ventures Sdn Bhd was registered as the first RMO offering Shariah-compliant campaigns, while Ethis Kapital Sdn Bhd was the first RMO offering Shariah-compliant

P2P campaigns, with seven successful campaigns amounting to RM648,040.

Conventional RMOs are also allowed to offer Islamic ECF and P2P campaigns. We have also seen the New York based Wahed Technologies Sdn Bhd become Malaysia's first licensed Islamic digital investment manager, yet another a milestone for the Malaysian ICM.

2

How important is the ICM to the Malaysian economy? What is the SC's role in ensuring a robust regulatory environment that will enable the ICM to thrive?

The ICM plays a pivotal role in generating economic growth for the country. Functioning as a parallel market to the conventional capital market, the ICM offers various modes of investment and financing opportunities to individuals as well as for corporations. It has expanded in many aspects, including its range of products and services, the number and diversity of its stakeholders, infrastructure and capabilities, geographical reach as well as human capital development.

As the market became more intricate and sophisticated, the SC realised at the outset that supportive infrastructure was required. Hence, a dedicated ICM Department was set up within the SC's Strategy and Development Business Group. The development of the Malaysian ICM was also supported by the establishment of a Shariah Advisory Council (SAC), with the mandate to ensure that the implementation of the ICM complies with Shariah

principles. The SAC advises the SC on all matters related to the comprehensive development of the ICM and function as a reference centre for all ICM issues.

Over the last two decades, the SC has been developing a robust ICM ecosystem, which serves to provide trust and confidence to market participants. Key areas include facilitating platforms to support Shariah-compliant products and services, collaborations between regulators and industry players to develop and innovate products, enhanced awareness and understanding of ICM products and meticulous regulatory oversight to ensure regulatory compliance as well as proper Shariah governance practices. The Malaysian ICM today boasts a full complement of products, infrastructure, institutions, intermediaries and investors, all contributing to the greater depth and breadth of the entire capital market. The list of Shariah-compliant securities, which was first introduced in 1997, continues to provide investors with the necessary guidance, opportunities and confidence to choose and invest in listed securities that comply with Shariah principles.

3

ESG is the focus of many governments and regulators today, including Malaysia. What key role has Malaysia played in promoting ESG investing in Islamic capital markets?

ESG components are central factors within the context of sustainability. On the global scale, the agenda for

sustainability and sustainable growth is represented by the United Nations' Sustainable Development Goals. Towards achieving these goals, various governments would need to co-operate and establish relevant frameworks in tandem with the goals.

The SC has championed the development of Sustainable investment for the Malaysian capital market, leveraging the country's leadership in the Islamic capital market space. The introduction of our *Capital Market Masterplan 2 (CMP2)* in 2011 placed greater emphasis on socially responsible financing and investments in order to encourage intermediaries and public-listed companies to give greater consideration to social and environmental issues.

The CMP2 strategy is supported by the introduction of the SC's 5i strategy to facilitate sustainable investment ecosystems. The 5i was later embedded in the *Sustainable and Responsible Investment Roadmap*, which will chart the role of the capital market in driving Malaysia's sustainable development plans from 2019 to 2023.

One of the earlier outcomes of the CMP2 strategies was the introduction of the SRI Sukuk framework in 2014, which is widely acknowledged as a pioneering regulatory development that formally integrates the principles of Shariah with those of SRI. The launch of the world's first green

sukuk in Malaysia marked a significant milestone in product innovation under this initiative, and added another feather to Malaysia's cap, strengthening its value proposition as a centre for sustainable finance and investment.

In November 2019, the Framework was revised to further harmonise the SC's requirements with internationally accepted principles and best practices. The SC has also put in place supporting measures to further attract issuers to this segment. These include incentives to cover tax deductions for SRI sukuk issuances as well as a Green SRI Sukuk Grant Scheme. As at end December 2019, 10 SRI sukuk have been issued, out of which nine issuances were channelled towards financing solar farms, small hydropower projects and green building.

To facilitate and encourage greater growth of sustainable investment funds, the SC introduced the *Guidelines on Sustainable and Responsible Investment Funds* in 2017. Since then, four qualified SRI funds have been launched by the industry under these Guidelines, including the world's first ESG sukuk fund.

SRI Screening for Shariah-compliant Listed Securities is another SC-led innovation in ICM, where we intend to introduce an avenue for



Source: The Edge, 14 December 2019

investors to participate in sustainable investing. The SRI Screening will use ESG screening process, which would identify companies that demonstrate positive ESG performance relative to their industry peers. The SC is working with a leading ESG global screening provider on this initiative and plans to launch the SRI Screening by end 2020.

4

Having helmed the position of FPAM's President for about three years (2013-2016), does your expertise in financial planning help in your current role at the SC?

Serving as President has been a great journey personally and professionally, a complete "tour of duty" after anchoring as Treasurer for FPAM. I have been blessed with more than 30 years of experience in the financial services industry, encompassing the fields of investment analysis, portfolio management, equity trading and unit trusts. Along the way, I had witnessed a dramatic shift of focus in the industry, particularly in the Islamic asset management industry that included Islamic wealth management, private equity, crowdfunding and sustainable investing.

The SC recognises that financial planners are integral in the wealth management value chain – playing a key role in promoting the development of Islamic funds and wealth management, as well as providing the link between investors and fund and wealth management products. The strides made towards developing Islamic financial planning capabilities must be acknowledged as

Malaysia continues its trajectory as an international provider of Islamic wealth management services.

However, as Malaysia's Islamic fund and wealth management industry evolves, especially for financial planning, it is still largely domestic-centric with mandates predominantly sourced from local investors and clients. As a result, scalability is not yet optimal. In ICMD, I look forward to further develop the depth and breadth of the Islamic fund and wealth management industries by spurring growth of new market segments and broadening product appeal.

With the launch of the *Islamic Fund and Wealth Management Blueprint* (IFWM Blueprint) in 2017, the SC has identified three strategic thrusts, namely, strengthening Malaysia's position as a global hub for Islamic funds, establishing the country as a regional centre for Shariah-compliant sustainable and responsible investment and developing Malaysia into an international provider of Islamic IFWM wealth management services. The IFWM Blueprint has also outlined 11 recommendations for Malaysia to achieve this desired status by 2021, which focuses on addressing impediments to growth and innovation, while identifying potential opportunities for collaboration and partnerships, as well as accelerating the process of building scale.

From my perspective, as someone who was previously from the industry, I do believe strategic collaborative efforts with the industry can play a tremendous role in achieving this agenda. The SC

had engaged various stakeholders on myriad platforms before the launch of the IFWM Blueprint, and the process is still ongoing. And as we strive to be an accessible and collaborative regulator, we welcome feedback, constructive criticism and ideas from our diverse group of stakeholders, towards achieving shared goals.

5

During times of adverse economic and market conditions, does Shariah-compliant financial products offer a better option for investors?

ICM development stems from its foundation of ethical principles and corporate governance. The underlying principles that govern ICM are mutual risk and profit sharing between parties, the assurance of fairness for all and that transactions are based on an underlying business activity or asset. Indeed, the ICM is increasingly commanding global attention as a vehicle for adding quality options to financial products and services available in the international markets today.

Shariah-compliant products also promote risk sharing, which integrates risk management with value creation. An efficient risk management mechanism ensures risk is allocated to those who have the ability to bear it. This encourages entrepreneurship, a much-needed trait in a globalised economy. Moreover, the ability to promote risk sharing will encourage the emergence of an entrepreneurial class, thus contributing to the real economy and shared values.

Having said the above, the current adverse economic situation is a test for any product. There could be some impact on the ICM, especially in the form of higher market volatility. The very existence of Islamic principles governing the dealings of such financial products, such as value creation, promotion of transparency and risk sharing are expected to provide much-needed cushions against an economic downturn.

6

What can the SC and other regulatory bodies do to promote the concept of Islamic financial planning (IFP) to the people? Should more certified Islamic financial planners be encouraged?

As Malaysia is a hub for Islamic finance, to increase the outreach of IFP in Malaysia is attainable, given the strong support from the government and the various strategic initiatives to promote Islamic finance. That said, the level of awareness of Islamic finance product propositions and applications has much room to grow in Malaysia and beyond. For example, the subset of Islamic financial planning such as *waqf*, *zakat* and *sadaqah* are known to the public, but not as part of financial planning. This presents various opportunities for collaboration within the industry to elevate further, Islamic philosophies on financial planning.

Education is of paramount importance and serves as a building

“
As Malaysia is a hub for Islamic finance, to increase the outreach of IFP in Malaysia is attainable, given the strong support from the government and the various strategic initiatives to promote Islamic finance.
”

block for the future success of the financial planning industry. In the long run, this will give rise to investor empowerment, financial inclusion, and ultimately, investor protection. Given the need to increase financial literacy and education, IFP’s can play key roles in enabling and facilitating investor empowerment. One such platform for education is the SC’s annual flagship investor education event, InvestSmart®, which has in the past offered free consultations with licensed financial planners. This has enabled the public to seek information on how to manage their savings and investments, promoting the importance of financial planning and cultivating good savings habits and a smart investment culture among the youth, while also promoting IFP.

Capacity building by the respective bodies has also certainly played a big role in developing the Islamic capital market’s talent and competencies. Since 2017, the efforts and continuous collaboration by training providers like SIDC, FPAM and IBFIM, has led to more outcomes for the

financial planning industry, including IFP that requires commitment to growing and nurturing capabilities from universities, government agencies and leaders in financial industries.

Today, the Islamic financial planning industry has grown from strength to strength. The efforts of the financial planning industry have given value to various initiatives and developments, resulting in a phenomenal increase in the number of certified Islamic financial planners, which reached a total of 1,256 in 2019, since its inception in 2008, when the industry started off with 57 participants. Being the largest Islamic finance market globally, Malaysia has every potential to grow even further, as we have a spectrum of value propositions and comprehensive regulations in place. The Islamic financial planning industry is no exception, as prospective investors are gradually becoming more self-aware of the principle of Shariah-compliant investing.

Report on SC-WB-IOSCO Conference 2019 "Islamic Finance – A Catalyst for Financial Inclusion"

About the 2019 Report

The SC - World Bank Group - IOSCO Asia Pacific Hub Conference 2019 themed 'Islamic Finance: A Catalyst for Financial Inclusion' discussed and deliberated the role of Islamic finance as an alternative to conventional finance in advancing accessibility of Shariah-compliant financial services to the underserved segments of society.

This report synthesises the essence of the deliberation and thoughts presented at the Conference.

CHAPTER 2

FINANCIAL INCLUSION AND ISLAMIC FINANCE

– discusses role of Islamic finance in financial inclusion. Islamic finance has the capacity to provide meaningful contribution towards financial inclusion. Islamic finance is recognised for its value-driven principles and strong advocacy on matters of economic and social justice. By reinforcing this with the use of cutting-edge technology, Islamic finance could offer a diverse range of solutions inclusive of non-traditional methods and instruments to serve the underserved segments.

Nevertheless, for Islamic finance to make a significant impact, it must strengthen its ecosystem. Being a nascent industry makes the tasks of Islamic finance even more challenging, and this is where greater co-operation

between the public sector and private sector together with other stakeholders is critical to achieve the desired outcome.

CHAPTER 3

BROADENING FINANCIAL INCLUSION: FINANCING OF MSMEs

– outlines how alternative financing model can play its roles to assist micro, small and medium enterprises (MSMEs). Alternative funding instruments serve as meaningful avenues to effectively promote capital formation and its mobilisation among the young and help their businesses grow. Supplementing this with the use of technology as part of the MSMEs business processes will further enhance visibility, connectivity, efficiency and scalability. The broader idea of developing an Islamic digital economy should therefore accelerate the progression towards a more inclusive Islamic financial system.

CHAPTER 4

ROLE OF THE PUBLIC AND PRIVATE SECTORS IN DEVELOPING FINANCIAL INCLUSION THROUGH ISLAMIC FINANCE

– specifies roles of the government, regulators, multilaterals and other international institutions in developing financial inclusion through Islamic finance. Governments and their agencies, regulators, multilateral institutions and international associations play a vital part in enabling the development for an inclusive financial system. This has resulted in each of them having a leadership role in establishing financial inclusion at the forefront of their policy agendas with the hope of achieving the vision of an inclusive financial system, which benefits society as a whole rather than just certain portions.

While governments, its agencies and regulators are able to do so by developing national policies with a



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strong focus on financial inclusion, multilateral institutions and international associations should build institutional capacity to facilitate financial inclusion. In this regard, the role played by each party would complement overall development to reach the goal of an inclusive financial system.

CHAPTER 5

Utilising Fintech in Islamic Finance for Financial Inclusion

– elaborated on how financial technology (fintech) can be utilised for financial inclusion. Deployment of fintech in Islamic financial services brings about huge opportunities for disintermediation of previous and new financial services business models to promote financial inclusion. As one of the key enablers to promote accessibility to financial services, fintech offers convenience and flexibility in usage especially to the low-income population in terms of price and physical access.

Globally, technology is playing an important role in making that a reality by supporting financial service providers (i.e. start-ups and technology companies with innovation and expansion options).

CHAPTER 6

Investor Protection and Investment Literacy in Islamic Finance

– talks about the relationship between investor protection and financial literacy with financial inclusion. As capital markets calibrate key infrastructure to accommodate financial access for the underserved segment, the consideration for

investor protection, empowerment and the process of engagements are even more important and will require practical approaches and solutions. In seeking access to market-driven solutions, both the demand and supply equation of the marketplace would require necessary adjustments, notably significant matters relating to disclosure, due diligence and governance while regulators navigate to find the right balance to maintain trust and confidence in the market.

In this regard, disclosures and financial literacy are mutually reinforcing agendas and strengthening their respective frameworks, which will be the key consideration for investor empowerment and improved governance.

CHAPTER 7

Towards Sustainable Financial Inclusion through Islamic Finance

– provides recommendations for greater financial inclusion. The dynamics for a sustainable financial inclusion rest on the development of sound and supporting infrastructure, new and innovative Islamic financial products and technology assisted service platforms. Thus far, the learning experience reveals that there is no one-size-fits-all solution. Targeted strategies are deployed to overcome and address specific developmental objectives such as access to MSMEs, young entrepreneurship development programmes and many more.

Understanding the unique challenges is therefore paramount and more often than not, customised and humanised solutions are needed.

As financial markets globally embrace sustainable development strategies and practices underpinned by financial inclusion as a key enabler, and assisted with advanced technology, regulators will have to navigate to strike an equilibrium between effective regulation and innovation.

About the Conference

The SC and World Bank Group Global Knowledge and Research Hub (World Bank) Conference was launched in 2017, following which the International Organization of Securities Commissions (IOSCO) Asia Pacific Hub joined as a co-organiser in 2018. This Conference serves as a leading platform to raise awareness on the universal value propositions of Islamic finance and broaden its reach globally. The publication produced by the SC and World Bank are based on the insightful presentations and discussions gathered from a panel of speakers and participants comprising development practitioners, policymakers, regulators and experts during the Conference.

[Click for the full SC-WB-IOSCO Report 2019](#)

Advisory for Fund Managers and UTMCS in the COVID-19 Period

In view of the unprecedented and volatile market conditions arising from the COVID-19 pandemic, the SC has reminded fund management and unit trust management companies (UTMCs) of their obligations to act in the best interest of investors at all times and ensure fair treatment of their clients.

In a circular issued on 9 April 2020, the SC emphasised that good governance, proper conduct and continuous compliance to capital market regulations are imperative to the functioning of capital market intermediaries. This applies especially

to investment management professionals licensed by the SC, who are responsible for the management of investors' monies.

Capital market intermediaries were advised to closely monitor the dealing and trading of funds under management, and ensure that their clients are informed of the potential risks in funds that they intend to invest in. The SC also highlighted that market participants must properly manage the funds' liquidity, especially in mitigating potential mismatches between liquidity of the funds' underlying assets and the redemption terms.

Timely communications to both the regulator and investors is critical in the current market environment. As such, capital market intermediaries are required to promptly alert the SC on any material issues or anticipated adverse circumstances

relating to the funds under their management.

With the increased use of online platforms for transactions and certain operations, the SC has also reminded intermediaries to heighten their cyber risk management protocols and have in place robust business continuity measures to mitigate the impacts of potential disruptions in these times of crisis.

The SC will continue to closely monitor its intermediaries to ensure that trading and orderly market operations are maintained to facilitate issuers, market participants and investors in managing their risks and opportunities during this period.

The circular is available at the SC website at www.sc.com.my.

[Click to download](#)



News Roundup

Islamic Capital Market Graduate Training Scheme 2.0

Islamic Capital Market Graduate Training Scheme (ICMGTS) was developed by the SC and supported by the Securities Industry Development Corporation (SIDC) in 2009 to facilitate the creation of human capital for the ICM. It is an 8-week intensive training programme, which provides an avenue for graduates to acquire the right skill set and fundamental knowledge of ICM.

In view of the COVID-19 pandemic, the programme has been enhanced to ICMGTS 2.0 and is now part of the capacity-building programmes offered by the SC/SIDC under the National Economic Revival Plan (PENJANA), which was announced by the Government. The focus of ICMGTS 2.0 will be expanded to displaced workers who have been

ICMGTS 2.0 | 8-week intensive training programme incorporates 5 building blocks



For further details, refer to www.sidc.com.my/assess/Islamic-capital-market-graduate-training-scheme-icmgt5/

affected by COVID-19 and wish to seek opportunities in the capital market. Unlike its previous programmes, ICMGTS 2.0 will introduce an internship opportunity for all of its trainees, gearing towards

channeling fresh talent for the future development needs of the Malaysian ICM.

The training programme is scheduled to commence in September 2020.

Deferment of Royal Award for Islamic Finance (RAIF)



The Secretariat of the Royal Award for Islamic Finance would like to inform that after careful deliberation of the current situation due to COVID-19, the decision has been made to defer this year's Royal Award presentation to 2021.

In the meantime, the Secretariat shall utilise this period to reassess and introduce enhancements to the Royal Award to ensure that it continues to make a significant impact and inspire efforts to advance Islamic finance globally.

For further details, please visit the Royal Award for Islamic Finance website at www.theroyalaward.com.

Regulatory Knowledge Sharing with Autoriti Monetari Brunei Darussalam on Sukuk

The SC was invited to participate as subject matter experts and speakers together with a member of the SC's Shariah Advisory Council (SAC). The programme was held from 20 to 21 January 2020 for the officers of the Autoriti Monetari Brunei Darussalam (AMBD).

Close to 30 participants including three members of the Brunei National Syariah Board attended the training session.

The discussion covered the regulatory perspective of sukuk. A panel discussion and presentation of case studies were shared during the training session. Among the key highlights were:



- Legal, Regulatory and Shariah Governance Framework for Sukuk in Malaysia;
- Roles of the Shariah Adviser and the SAC of the SC in Sukuk Issuance in Malaysia; and
- Development and Evolution of Sukuk in Malaysia;
- Sustainable and Responsible Investment Sukuk Framework in Malaysia.

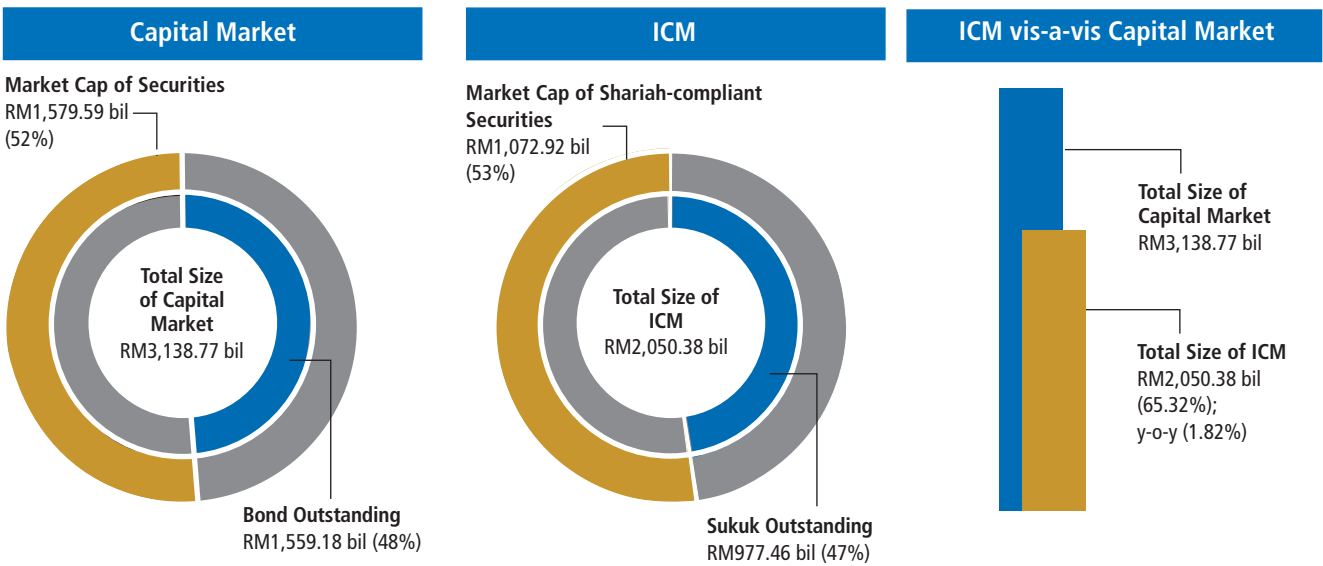
ICM Activities in 1H 2020

As part of its support for sustained development and growth in Islamic finance, particularly the ICM, the SC representatives participated as speakers in the following events organised by various organisations during the first half of 2020:

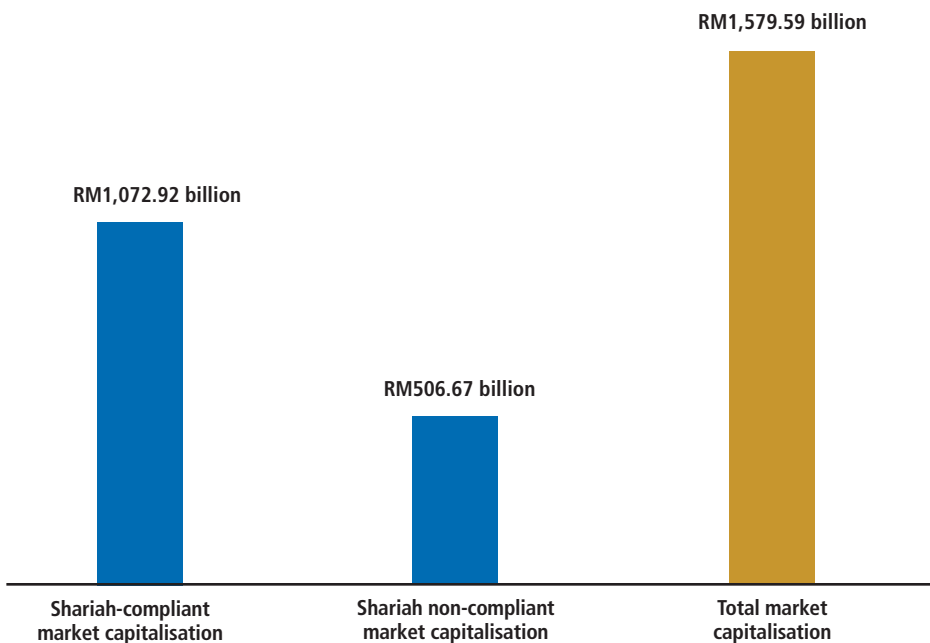
- Financial Planning Association Malaysia (FPAM) and Islamic Banking and Finance Institute Malaysia (IBFIM): Islamic Financial Planning Award Ceremony and the Malaysian Financial Planner of the Year Award Launch for 2020, 30 January 2020 (Kuala Lumpur)
- Capital Markets Malaysia (CMM): ICM Innovation Roundtable, Fund Management Edition, 28 February 2020 (Kuala Lumpur)
- REDmoney Group and Malaysian Digital Economy Corporation (MDEC) – Malaysian Fintech Virtual Dialogue, 20 May 2020 (Kuala Lumpur)
- Bursa Malaysia – Shariah Investing Virtual Conference 2020, 19 June 2020 (Kuala Lumpur)

Malaysian ICM – Facts and Figures

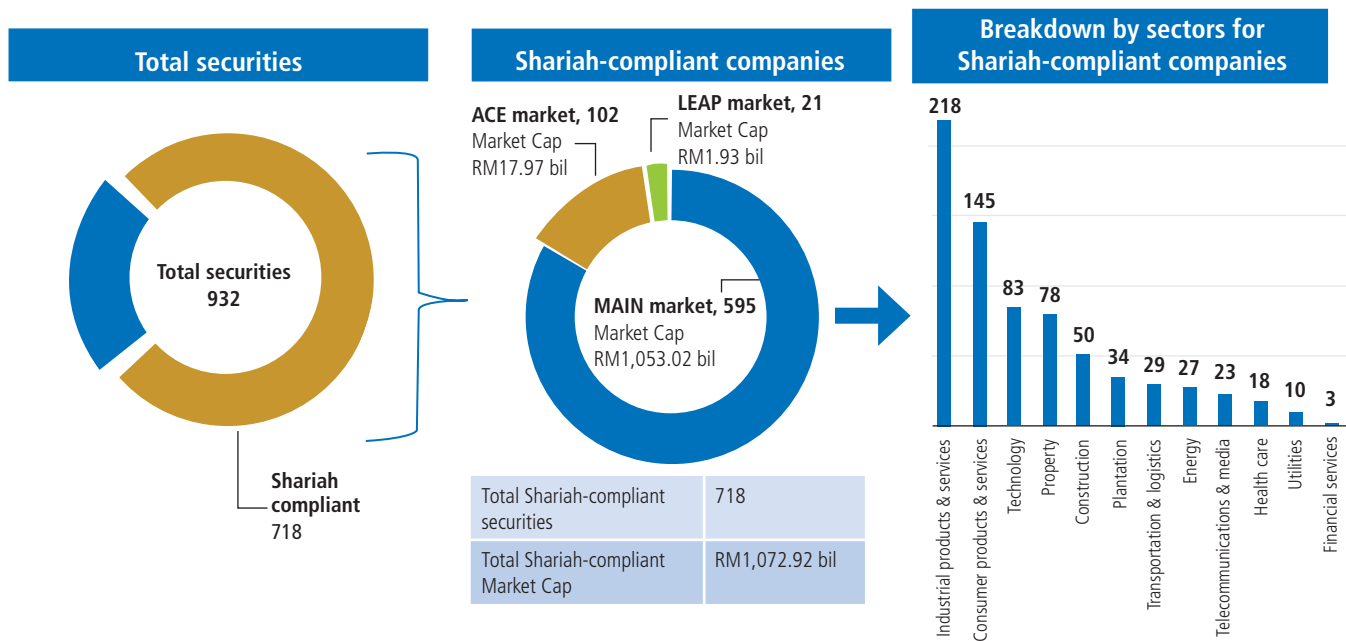
Size of Capital Market and ICM as at June 2020



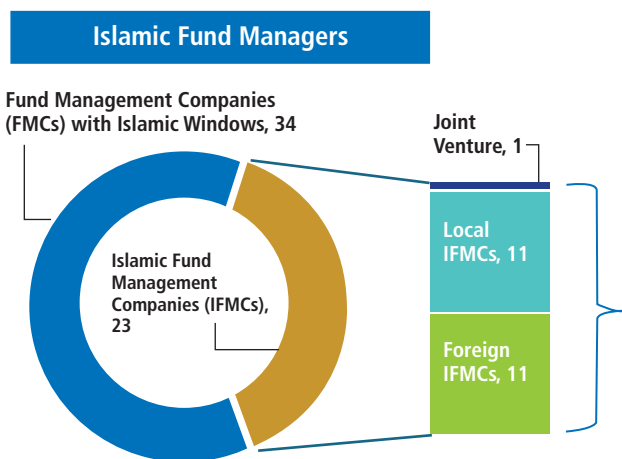
Shariah-Compliant Securities on Bursa Malaysia as at June 2020



Islamic Equity Market as at June 2020



Islamic Fund Management as at June 2020



Islamic assets under management (AUM) as at June 2020: RM185.26 billion

Note:
AUM is sourced from collective investment schemes (CIS) and private mandates

List of IFMCs

Company	Status
1. Aberdeen Standard Islamic Investments (M) Sdn Bhd	Foreign
2. AIIAMAN Asset Management Sdn Bhd	Local
3. AmIslamic Funds Management Sdn Bhd	Local
4. Amundi Islamic Malaysia Sdn Bhd	Foreign
5. BIMB Investment Management Bhd	Local
6. BNP Paribas Asset Management Najmah Malaysia Sdn Bhd	Foreign
7. Eastspring Al-Wara' Investments Bhd	Foreign
8. Franklin Templeton GSC Asset Management Sdn Bhd	Foreign
9. Guidance Investments Sdn Bhd	Foreign
10. Hong Leong Islamic Asset Management Sdn Bhd	Local
11. i-VCAP Management Sdn Bhd	Local
12. Kenanga Islamic Investors Bhd	Local
13. Maybank Islamic Asset Management Sdn Bhd	Local
14. MIDF Amanah Asset Management Bhd	Local
15. Muamalat Invest Sdn Bhd	Local
16. Navis Management (I) Sdn Bhd	Foreign
17. Nomura Islamic Asset Management Sdn Bhd	Foreign
18. PMB Investment Bhd	Local
19. Principal Islamic Asset Management Sdn Bhd	Joint Venture
20. RHB Islamic International Asset Management Bhd	Local
21. Saturna Sdn Bhd	Foreign
22. UOB Islamic Asset Management Sdn Bhd	Foreign
23. Wahed Technologies Sdn Bhd	Foreign

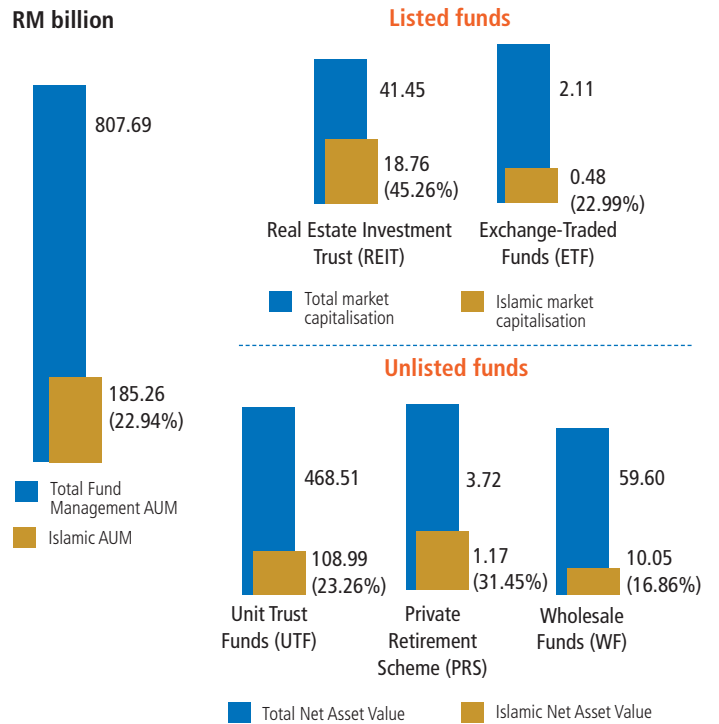
Islamic Fund Management as at June 2020

List of FMCs with Islamic windows

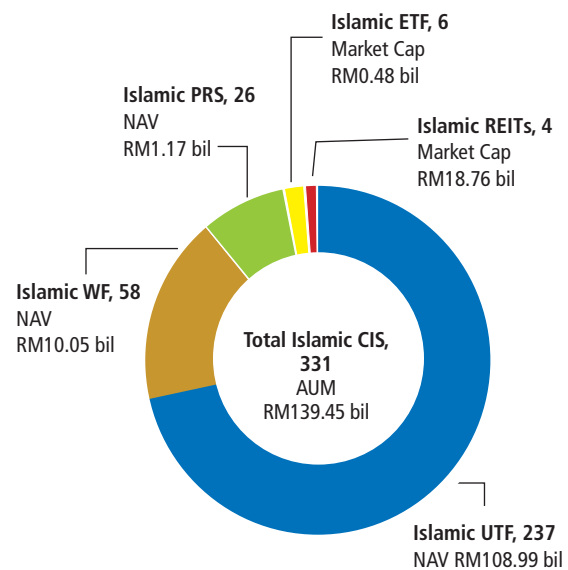
Company
1. Affin Hwang Asset Management Bhd
2. AIA Pension And Asset Management Sdn Bhd
3. Amanahraya Investment Management Sdn Bhd
4. Amara Investment Management Sdn Bhd
5. AmFunds Management Bhd
6. Amundi Malaysia Sdn Bhd
7. Apex Investment Services Bhd
8. Areca Capital Sdn Bhd
9. BNP Paribas Asset Management Malaysia Sdn Bhd
10. BOS Wealth Management Malaysia Bhd
11. Eastspring Investments Bhd
12. Franklin Templeton Asset Management (M) Sdn Bhd
13. Hong Leong Asset Management Bhd
14. Ifast Capital Sdn Bhd
15. Inter-Pacific Asset Management Sdn Bhd
16. KAF Investment Funds Bhd
17. Kedah Islamic Asset Management Bhd
18. Kenanga Investors Bhd
19. Kumpulan Sentiasa Cemerlang Sdn Bhd
20. Libra Invest Bhd
21. Manulife Asset Management Services Bhd
22. Maybank Asset Management Sdn Bhd
23. Navis Management Sdn Bhd
24. Nomura Asset Management Malaysia Sdn Bhd
25. Opus Asset Management Sdn Bhd
26. OUD Asset Management Sdn Bhd
27. Permodalan BSN Bhd
28. Pheim Asset Management Sdn Bhd
29. Phillip Capital Management Sdn Bhd
30. Principal Asset Management Bhd
31. PTB Unit Trust Bhd
32. Public Mutual Bhd
33. RHB Asset Management Sdn Bhd
34. TA Investment Management Bhd

Fund Management Industry

RM billion



Islamic Collective Investment Scheme



Sukuk as at June 2020

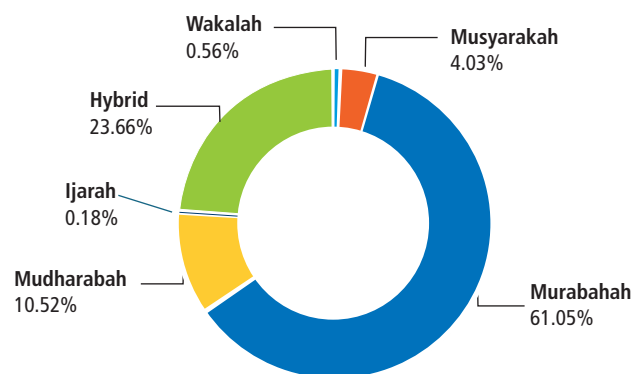
Corporate sukuk	1H 2020	1H 2019
	RM billion	RM billion
Total issuance (RM billion) (long-term)		
Sukuk issuance	28.07	65.15
Total corporate bonds and sukuk issuances	38.86	78.43
% of sukuk to total corporate bonds and sukuk issuances	72.23%	83.07%
Total sukuk outstanding (RM billion) (long-term)		
Sukuk outstanding	568.32	544.67
Total corporate bonds and sukuk outstanding	711.15	697.24
% of sukuk to total corporate bonds and sukuk outstanding	79.92%	78.12%

Government and corporate sukuk	1H 2020	1H 2019
	RM billion	RM billion
Total issuance (RM billion)		
Sukuk issuance	114.07	136.95
Total bonds and sukuk issuance	186.82	216.19
% of sukuk to total bonds issuances	61.06%	63.35%
Total sukuk outstanding (RM billion)		
Sukuk outstanding	977.46	918.46
Total bonds and sukuk outstanding	1,559.18	1,492.61
% of sukuk to total bonds outstanding	62.69%	61.53%

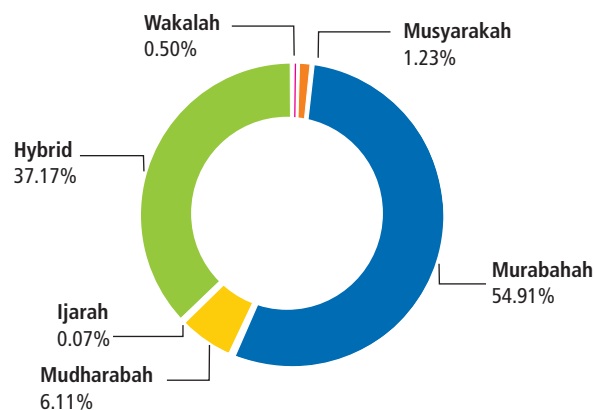
Government sukuk	1H 2020	1H 2019
	RM billion	RM billion
Total issuance (RM billion)		
Sukuk issuance	86.00	71.80
Total government bonds and sukuk issuance	147.96	137.76
% of sukuk to total bonds issuances	58.12%	52.12%
Total sukuk outstanding (RM billion)		
Sukuk outstanding	409.14	373.79
Total government bonds and sukuk outstanding	848.03	795.37
% of sukuk to total government bonds outstanding	48.25%	47.00%

Sukuk issued by Shariah Principle

1H 2020



1H 2019



Islamic Stockbroking Services and Shariah Indices as at June 2020

List of companies offering Islamic stockbroking services

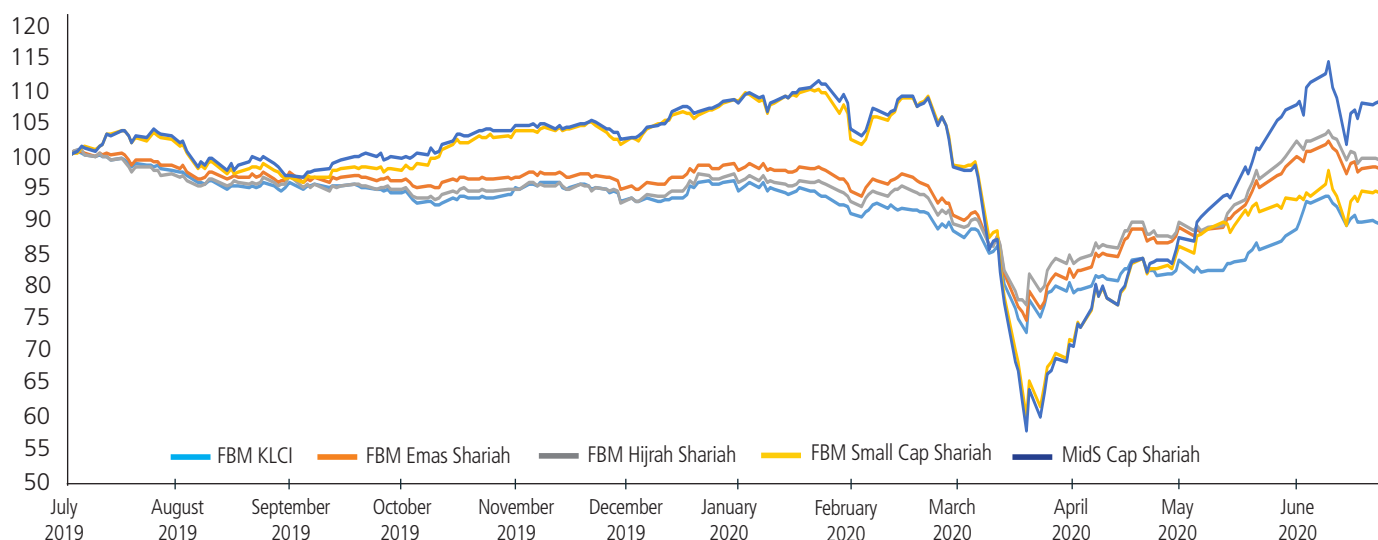
Company	Type
1. BIMB Securities Sdn Bhd	Full Fledged
2. Affin Hwang Investment Bank Bhd	Window
3. Alliance Investment Bank Bhd	Window
4. AmInvestment Bank Bhd	Window
5. CGS-CIMB Securities Sdn Bhd	Window
6. Hong Leong Investment Bank	Window
7. Inter-Pacific Securities Sdn Bhd	Window
8. Kenanga Investment Bank Bhd	Window
9. Malacca Securities Sdn Bhd	Window
10. Maybank Investment Bank Bhd	Window
11. MIDF Amanah Investment Bank Bhd	Window
12. Public Investment Bank Bhd	Window
13. RHB Investment Bank Bhd	Window
14. TA Securities Holdings Bhd	Window
15. UOB Kay Hian Securities Sdn Bhd	Window
16. KAF Equities Sdn Bhd	Window

Equity market indices

	1H 2020	1H 2019	% change
FBM KLCI	1,500.97	1,672.13	-10.24%
FBM EMAS Shariah	12,039.29	12,132.94	-0.77%
FBM Hijrah Shariah	13,835.21	13,672.68	1.19%
FBM Small Cap Shariah	10,778.52	11,439.16	-5.78%
FBM MidS Cap Shariah	14,253.81	13,187.56	8.09%

Source: Bursa Malaysia

FBM KLCI and Shariah indices 1-year performance



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We appreciate your feedback and comment.

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