

INTRODUCTORY REMARKS



**THE *CAPITAL MARKET
MASTERPLAN 3* ASPIRES
FOR A CAPITAL MARKET
AND SUPPORTIVE
ECOSYSTEM THAT WORKS
FOR THE COLLECTIVE
BENEFIT OF ALL.**



The next chapter of Malaysia's capital market development offers much promise, but also, its own unique set of challenges. As the Malay proverb goes, "*Dayung sudah di tangan, perahu sudah di air*"¹, the requisite building blocks are in place, provided for by successive master plans. However, the global and domestic landscape is fast-evolving, driven by multiple, and occasionally, opposing forces of change.

There are many consequential structural adjustments occurring in economies, societies and markets; many of which have heightened uncertainties and introduced new risks. Some are highly visible such as rapid digital adoption, while other deeper and more complex issues with numerous socio-economic dimensions have yet to fully manifest. The confluence of these different drivers will impact growth as well as policies in the foreseeable future.

In terms of the domestic environment, Malaysia is transitioning to become a high-income economy. While the present composition of the economy has served the country well, new sectors and growth drivers will be crucial for the next stage of development. Increasingly, it will also be the quality and type of growth that matters. This requires a more vibrant business environment, one that encourages innovation and entrepreneurial risk-taking, coupled with the acumen and vision to succeed not just domestically, but regionally and globally as well.

Equally important as we move into the next phase of development is to ensure that this growth is inclusive, with economic gains shared more broadly across all Malaysians. Well-targeted interventions are necessary to mould our capital market to enable broader participation in the capital formation process, facilitate more inclusive and effective mobilisation of savings, as well as embed the culture of good corporate governance (CG).

In order to rise to this challenge, the tone and future direction for our capital market and its participants must be set – to offer a guiding light. In sum, the CMP3 aspires for a capital market and a supportive ecosystem that works for the collective benefit of all.

Strategic initiatives over the next five years will be guided by six key development and regulatory priorities. These strategic thrusts focus on catalysing competitive growth, empowering investors for a better future and shaping a stakeholder economy, while simultaneously embedding shared accountability, prioritising efficiency and outcomes, as well as embracing technology. Overall, these priorities are aimed at ensuring that the capital market achieves three desired outcomes.

¹ In English translated as "The paddle is in your hand, the canoe is in the water".

Firstly, the capital market must continuously innovate to remain **relevant**, and better serve the economy and investors of the future. The dynamism of nimble yet rapidly scalable business models in addition to well-established public companies will be key to not only lift incomes and drive prosperity, but ensure the nation's growth trajectory is sustainable and equitable. Alongside the public markets, private markets must also grow in tandem to support these businesses. This calls for intermediaries and service providers to be responsive to the needs of tomorrow's businesses and investors, in order to tailor the appropriate market solutions for them to prosper and grow.

Secondly, the capital market should also lead in terms of providing **efficient** and reliable infrastructure and services. More seamless integration and automation across the market value chain will raise the bar on the fundraising and investment experience. The provision of real-time disclosures and information, along with a more bespoke investment approach across products and market segments, will also serve to expand investment capabilities and literacy. This speaks to technology and cost-effective methods in upgrading processes and addressing impediments, among others. Complementing these will be a fit-for-purpose regulatory architecture that evolves in line with changing trends and behaviours.

Finally, a **diversified** market ecosystem is a prerequisite to strengthen the Malaysian capital market's overall competitiveness. Infusion and renewal of market intermediaries, platforms and service providers can help raise the level of market sophistication and depth, to create enduring product and service offerings. In order to compete and prosper, market participants will be given the space and opportunities to innovate and evolve. Consequently, this also means that they must step up and take on added responsibilities and greater accountability.

Achieving these desired outcomes calls for each and every stakeholder to embrace several key ingredients for success. High standards of care, diligence and governance must be prioritised across all products and market segments. Intermediaries and service providers will also need to integrate agility and flexibility into their work processes. This must be supported by effective management of risks, better capital and resource utilisation, as well as a greater emphasis on talent and innovative skillsets.

A corporate culture that values integrity and transparency will also serve to strengthen confidence in the market's ability to deal with emerging challenges and risks. In addition, market stakeholders have to be prepared to adopt more socially conscious and purposeful mindsets as part of their philosophy and values, as well as their overall organisation DNA. Looking ahead, listed entities and other market participants will be expected to be ever more mindful of their wider impact on society, local communities and the economy. The hallmark of the capital market of the future will be that benefits are sustainable and accrue to the many.

The CMP3 is a shared journey to be undertaken to build a thriving Malaysian capital market. On behalf of the SC, I would like to acknowledge the invaluable contributions of everyone involved in the process of developing this Masterplan. We hope its rollout will meet with a similar level of support and commitment from all stakeholders.

The way forward calls for steady hands and determination as we draw from previous lessons and experiences, as well as new approaches to propel ourselves forward. Together, we will strive to be a relevant, efficient and diversified capital market.



DATUK SYED ZAID ALBAR
Chairman, Securities Commission Malaysia
September 2021

