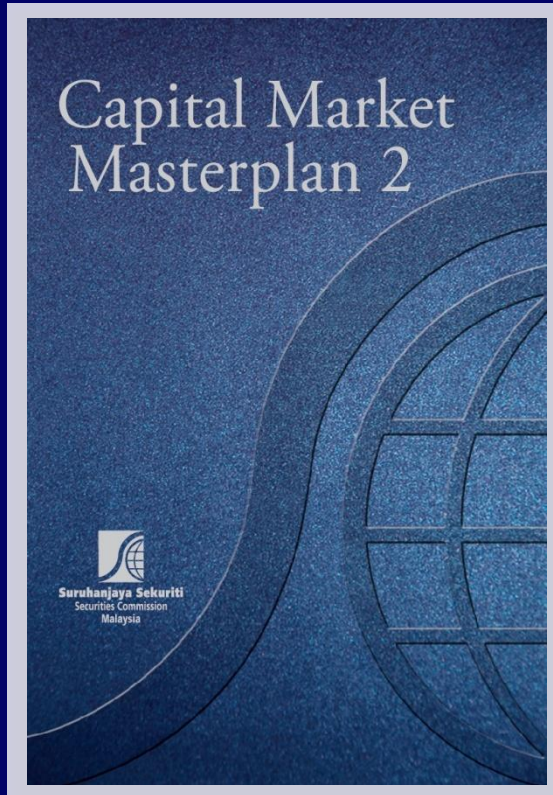


Capital Market Masterplan 2

Tan Sri Zarinah Anwar
CHAIRMAN, SECURITIES COMMISSION MALAYSIA

KUALA LUMPUR | APRIL 12th 2011



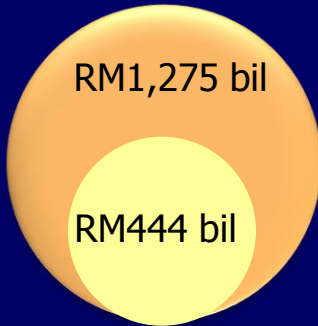
Growth with Governance

“... describes the challenge for our capital market to expand its role in invigorating national economic growth while addressing concerns about the efficacy of markets in the aftermath of the global financial crisis.”

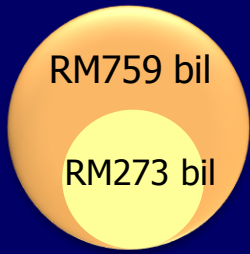


From foundation-building to transforming competitive dynamics

Equity market



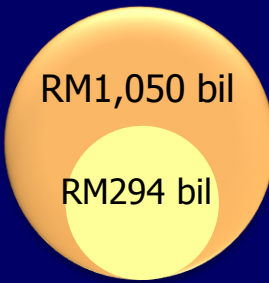
Bond market



Investment management



Islamic Capital Market



Derivatives market



● 2000 ● 2010

Different challenges in CMP2

- Capital market exceeds RM2 trillion
 - Economies of scale
- Core segments are regional leaders
 - Connectivity
 - New opportunities
- Large institutional funds
 - Efficient intermediation
 - Diversity
- Liberalised participation
 - Further internationalisation
 - Hub opportunities

Malaysia is well-regulated...

- Internationally benchmarked (IOSCO)
- Signatory to cross-border enforcement arrangements (IOSCO MMOU)
- Recognised by international regulators for high standards of regulation

... and resilient

- Demonstrated resilience during the global financial crisis

Regulatory challenges in CMP2

- Global re-regulation
 - New international standards
- Changing landscape
 - Managing risks to investors
- Ensuring effective regulation
 - Facilitate new business models
 - Streamlining processes and removing redundant rules
 - Effective reach and oversight
 - Higher standards and capabilities of participants

GROWTH

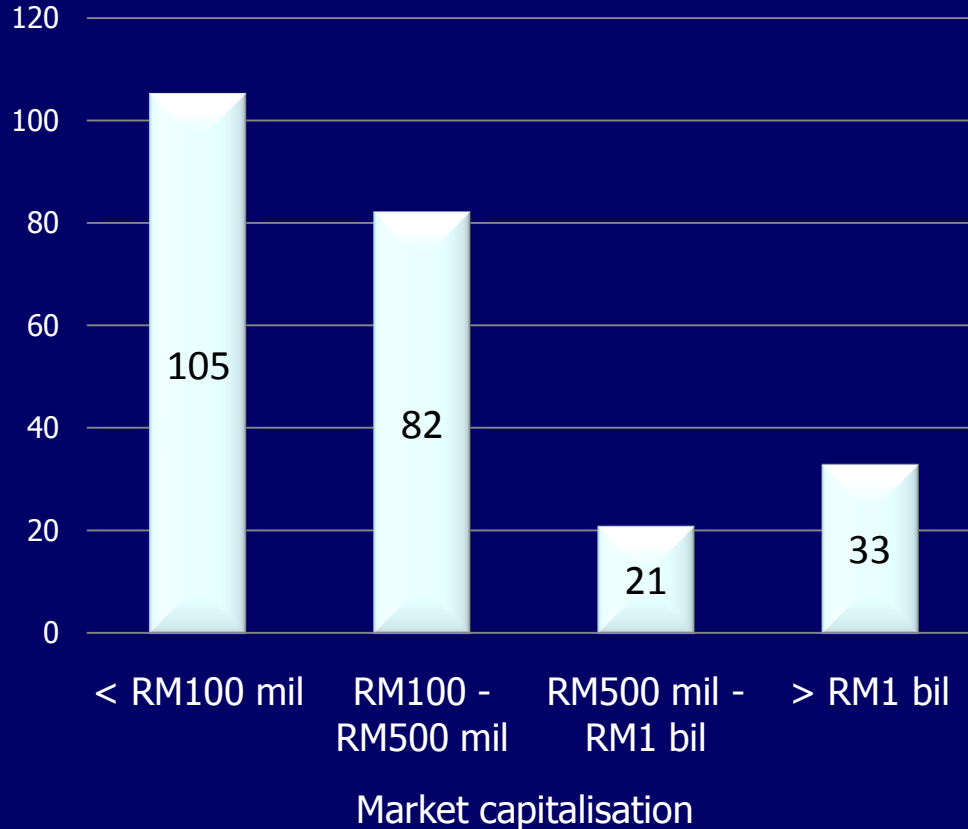
- Promote capital formation
- Expand intermediation efficiency and scope
- Deepen liquidity and risk intermediation
- Facilitate internationalisation
- Build capacity and strengthen information infrastructure

GOVERNANCE

- Enhance product regulation to manage risks
- Expand accountabilities as intermediation scope widens
- Robust regulatory framework for a changing market landscape
- Effective oversight of risks
- Strengthen corporate governance
- Broaden participation in governance

241 PLCs with market cap growth exceeding 10% annually for 2000-2010

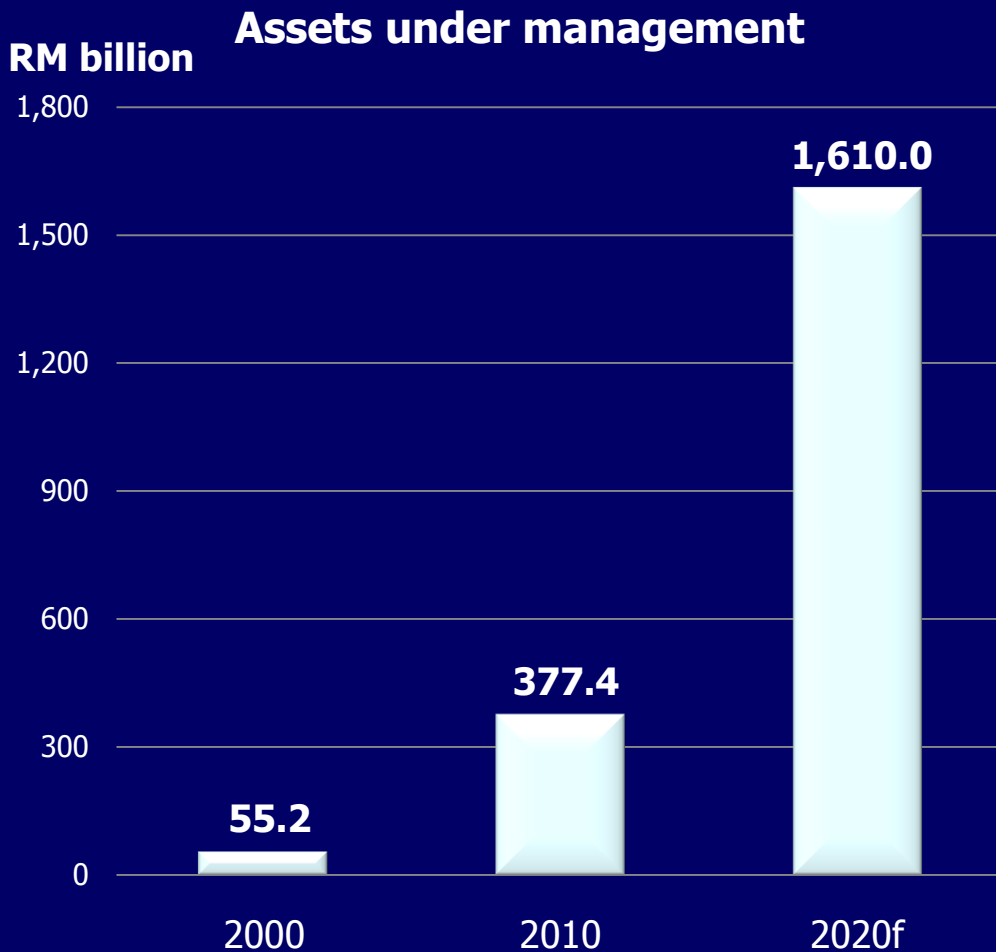
No. of companies



Source: SC

- Creation of assets through financing wide spectrum of projects
 - Private sector participation in VC/PE
 - Venues for unlisted companies
 - Promote growth of small and mid-cap companies
 - Widen access to bond financing
- Widen asset classes and investment strategies
- Promote socially responsible financing and investment

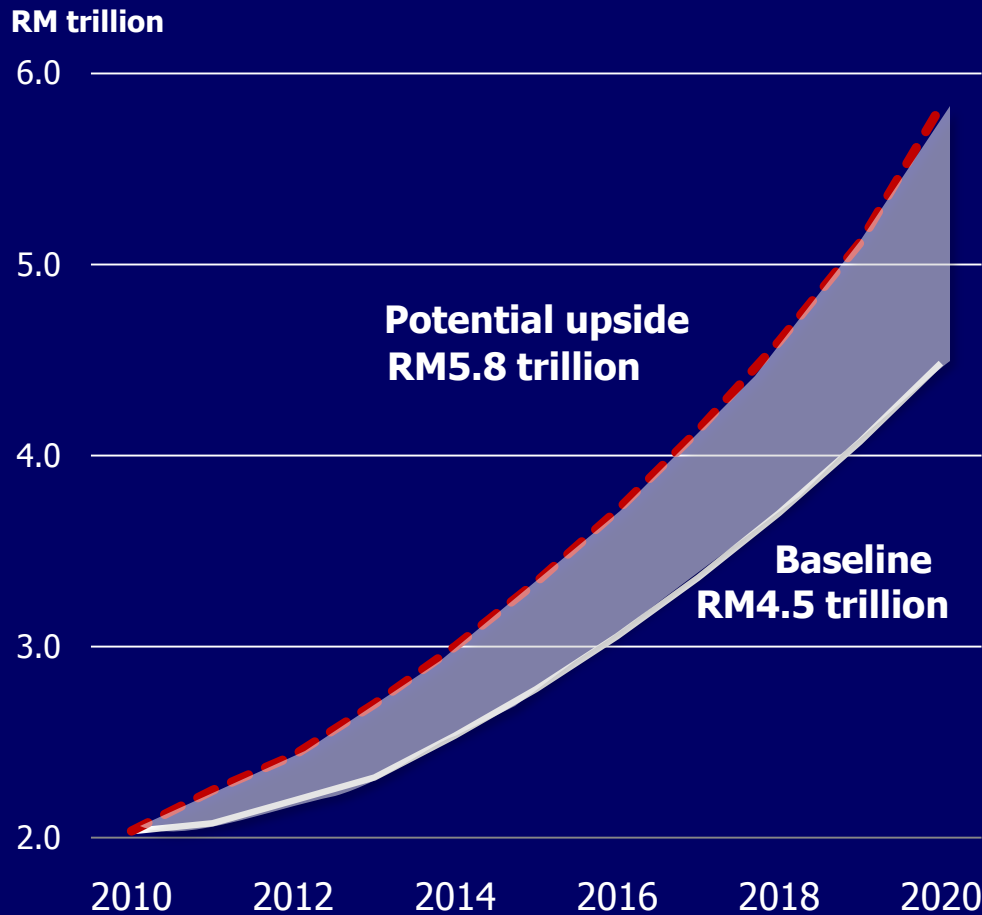
Facilitate efficient intermediation and deepen liquidity



Source: SC

- Address savings concentration
 - Working with GLICs to enhance savings intermediation
 - Expand diversity and value-add of investment strategies
- Expand intermediation opportunities
 - Derivatives and other assets
 - New business models
 - De-coupling and outsourcing
 - Trading, small-cap, retail, pre-IPO
- Enhance market connectivity and efficiency through technology

Size of Malaysian capital market



Source: SC

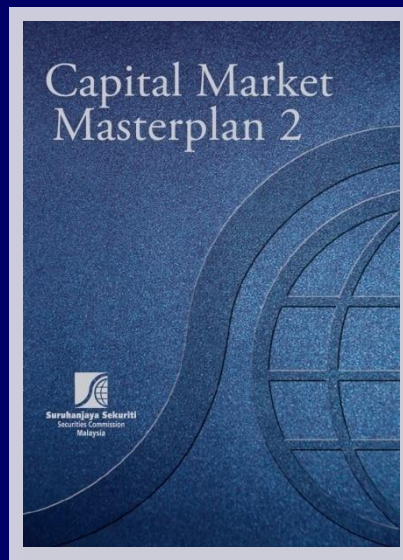
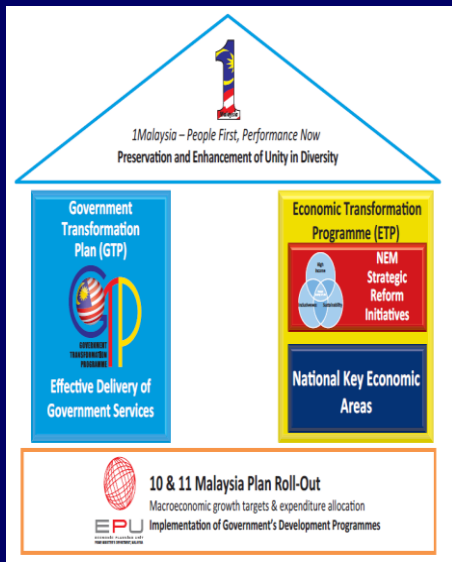
- Internationalise to expand scale
 - Foreign listings and issuances
 - Expansion into international markets
- Create hub opportunities
 - Middle and back office
 - Education and training
- Widen ICM's international base
 - Expand service infrastructure
 - Value-add Islamic fund management

Conducive environment for product innovation and intermediation

- Widen asset classes and scope of intermediation
- Delineate regulation for fund-raising and product offerings
- Enable de-coupling and outsourcing of business functions
- Streamline licensing and registration process

Enhance investor protection

- Ensure consistent investor protection for all capital market products and services
- Raise intermediary capabilities and standards of conduct
- Strengthen oversight of products and markets and enhance system-wide risk management
- Extend investor education
- Broaden participation in governance



A developed capital market

- Broad and deep markets
- Highly innovative and liquid
- Multi-venue, multi-product and multi-asset
- Electronic environment
- New growth segments
- High standards of governance

Thank you