

HIGHLIGHTS

- The SC approved amendments to *Bursa Malaysia's Listing Requirements* (Listing Requirements) and Rules, procedures manual and guide relating to operational efficiency, director appointment and independence, and service tax fee.
- The FBMKLCI ended higher by 1.27% in Q1 2022.
- In Q1 2022, a total of 265 applications for new Capital Markets Services Representative's Licence (CMSRL) were approved.

INSTITUTION SUPERVISION

Amendments to the Depository Rules, ADA Procedures Manual, ADM Procedures Manual and CDS Guide for Depositors relating to operational efficiency

The SC approved amendments to the Rules of Bursa Malaysia Depository Sdn Bhd on 12 January 2022 to enable Bursa Malaysia Depository to implement the following regulatory changes:

- Enabling any authorised depository agents (ADA) to entertain requests for balance enquiry from personal representatives to facilitate the transfer of title; and
- Requiring additional particulars of end beneficiaries on authorised nominee accounts.

These amendments took effect on 7 March 2022.

Amendments to the Main Market and ACE Market Listing Requirements of Bursa Malaysia Securities Bhd relating to director appointment and independence

The SC approved amendments relating to a director's appointment and independence in the Listing Requirements on 19 January 2022 including limiting the tenure of an independent director and requiring a listed issuer to have in place a fit and proper policy for the appointment and re-election of its directors and the directors of its subsidiaries.

With these amendments, Bursa Malaysia aims to encourage board renewal, improve board quality and promote greater independence and transparency within the board of directors.

These amendments will take effect in phases between 19 January 2022 to 1 June 2023 to provide listed issuers with sufficient time to comply with these new requirements.

Amendments in relation to service tax fees charged by Bursa Malaysia

The SC approved amendments relating to the following fees on 9 March 2022 to operationalise the 6% service tax pursuant to the amendments to the *Service Tax Act 2018*: Effective 1 April 2022, the amendments follow from the confirmation received from the MOF that the abovementioned fees are subject to the service tax as the services are construed as 'digital services'.

Registration of IEO operators

On 23 March 2022, the SC announced the registration of 2 IEO operators, Kapital DX Sdn Bhd and Pitch Platforms Sdn Bhd, pursuant to section 34 of the CMSA. Both IEO operators were given up to 9 months to satisfactorily comply with all relevant requirements, including the terms and conditions of the SC's registration, before commencing their operations.

MARKET SURVEILLANCE

Domestic equity market performance

The FBMKLCI Index ended Q1 2022 higher by 1.27%. The benchmark index recorded losses in January and March 2022 but gains in February 2022 contributed to a rebound into positive territory. Heavyweight banks led the domestic benchmark index higher on the back of optimism surrounding economic recovery, with several local and international agencies projecting favourable gross domestic product (GDP) growth figures for Malaysia in 2022. Banks also benefitted from the expectations of tighter monetary policy as higher policy interest rates tend to be favourable to the banks' profitability. Sime Darby Plantation emerged as the top percentage gainer among the FBMKLCI components, rising in tandem with higher crude palm oil prices. In addition, the company announced several improvements to its governance structures and policies in response to forced labour allegations from the US authorities.

On the broader market, sectors ended mostly higher. Plantation (+21.38%) outperformed due to increases in vegetable oil prices given the significant disruptions to global supplies, following the Russian invasion of Ukraine, a major sunflower oil producer. In contrast, Technology (-19.89%) underperformed as the prospects of tighter monetary policy prompted investors to re-evaluate their positions in highly valued growth stocks.

Across the market segments, other indices (Mid 70:-2.51%, Fledgling:-0.66%, ACE: -12.47%) experienced losses mainly due to the declines in technology stocks, while the Small Cap Index

(+3.38%) closed in positive territory thanks to gains in plantation counters as well as Hibiscus Petroleum which reported better earnings and received positive coverage by analysts. In terms of trading activity, the daily average volume traded declined by -9.05% q-o-q to 3.34 billion shares while the average value traded per day increased by 0.51% q-o-q to RM2.68 billion in Q1 2022.

Domestic equity market outlook

The market will continue to be largely attuned to developments surrounding the post-pandemic economic recovery. Other external factors such as monetary policy stances by major central banks and the geopolitical situation in Ukraine are also expected to influence the Malaysian equity market's dynamics.

Additionally, domestic catalysts will include progress on megaprojects such as the revival of the MRT3 project. Sectors that stand to benefit the most from the full reopening of the nation's borders such as hospitality, travel, tourism, and airlines, may attract investors' attention.

Nonetheless, the downside risks to the market remain. The evolving geopolitical situation in Ukraine coupled with volatile commodity price movements, negative impact from new variants of the COVID-19, slowdown in China's economic growth and supply chain disruptions may result in heightened financial market volatility.

LICENSING

The SC approved 2 applications for new CMSL and 265 applications for new CMSRL in Q1 2022.

Details on the total CMSL and CMSRL holders are provided in Table 1.

Table 1

Total number of CMSL and CMSRL holders as at 31 March 2022

By core activity	Total number of licensees (CMSL)
Dealing in securities ⁴	37
Dealing in derivatives	7
Fund management	105
Advising on corporate finance	40
Investment advice	17
Investment advice (individual)	1
Financial planning	34
Financial planning (individual)	2
TOTAL	243

By core activity	Total number of licensees (CMSRL)
Dealing in securities	6,700
Dealing in derivatives	440
Fund management	826
Advising on corporate finance	720
Investment advice	290
Financial planning	1,368
TOTAL	10,344

Registration

In Q1 2022, the SC approved 2 new registrations for venture capital management corporation (VCMC) which were Indelible Ventures Sdn Bhd and Vynn Capital Sdn Bhd.

⁴ Includes 5 CMSLs for dealing in securities restricted to unit trust and 1 dealing in securities restricted to listed securities.