

The background of the page is a dark blue color with a complex pattern of lighter blue lines. These lines are arranged in a series of parallel, slightly curved paths that create a strong sense of perspective, drawing the viewer's eye towards the top-left corner. The lines are thin and closely spaced, creating a textured, almost woven appearance.

CHAIRMAN'S MESSAGE

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2023 heralds the SC's 30th anniversary, reflecting our maturity and resilience. With this, we remain committed to ensuring the continued vitality of the capital market, enhancing its efficiency, competitiveness, and accessibility for all. ”

As the Chairman of the Securities Commission Malaysia (SC), I am pleased to present our 2023 Annual Report. As reflected in the front cover of this Annual Report, 2023 holds special significance as it marks the 30th anniversary of the SC, a major milestone that underscores the growing maturity and resilience of this institution.

To commemorate our three decades, we have published and launched *Capital Market in Malaysia – Past, Present, and Future*. This book, drawing insights from SC Chairmen from its inception to the present, and senior SC staff as well as key stakeholders, charts the evolution of Malaysia's capital market. It highlights past challenges and how these were overcome, and projects future trends in the capital market. The book also encapsulates our dedication to fostering a resilient and progressive capital market.

MARKET RESILIENCE DESPITE HEADWINDS

In 2023, despite global economic challenges and divergent monetary policies, the Malaysian economy remained resilient, supporting economic activity and intermediating savings.

The capital market grew by 5.6% to RM3.8 trillion in 2023 from 2022, driven largely by a vibrant bond market. The fund management industry also contributed to the resilience of the Malaysian capital market, with total assets under management (AUM) hitting a new high of RM975.5 billion, up sharply from RM906.5 billion in 2022 and even higher than RM951.1 billion recorded in 2021. However, just as with most markets in the region, the equities market did not perform as well in 2023 due to global headwinds. The FTSE Bursa Malaysia KLCI (FBMKLCI) declined by 2.73% during the year. Nonetheless, positive developments in our stock market in the first two months of 2024 have been most encouraging.

ADVANCING CAPITAL MARKET AGENDA

The SC is committed to *Malaysia's MADANI Economy Framework (Ekonomi MADANI)* and the *Capital Market Masterplan 3 (CMP3)* to steer Malaysia's capital market in a challenging global environment. Our focus on building a robust, inclusive and sustainable ecosystem is reflected in the introduction of several reforms designed to enhance the efficiency, competitiveness, and accessibility of the capital market, thus ensuring its continued vitality.

In the ever-evolving market landscape, stakeholder collaboration is key. We are committed to engaging with and consulting all key stakeholders in developing relevant policies to reflect changing needs. We are undertaking significant reforms to the two key legislations – the *Capital Markets and Services Act 2007 (CMSA)* and *Securities Commission Malaysia Act 1993 (SCMA)*. This is to ensure that the SC is future-ready in discharging its developmental and regulatory roles.

Additionally, we continue to make our impact felt internationally. As a board member of the International Organization of Securities Commissions (IOSCO) and incoming chair of the ASEAN Capital Markets Forum (ACMF) in 2025, we are not just strengthening our regulatory framework, but also showcasing our commitment to global best practices and leading the region in capital market development.

Efficiency and Competitiveness

We recognise that better *time-to-market* is crucial for businesses or products to successfully time their market entry. This will promote market dynamism, mitigate the risk of missed opportunities, and improve cost-effectiveness for businesses.

We have rolled out several initiatives to support this goal. They include the Focused Scope Assessment (FSA) for new and eligible Capital Market Intermediaries (CMI) and Recognised Market Operators (RMOs). The FSA halves the licensing and registration processing time to three months for identified activities while improving the quality of submissions.

As for companies going for listing on the Main Market, we have enhanced our processes to improve our turnaround time to three months. The streamlining in our gatekeeping approach is also in response to

the capital market's evolving maturity and regulatory landscape.

We are also focusing on clearer delineation of key market segments as part of the SC's ongoing public market review. The new accelerated transfer process from the ACE to the Main Market for eligible ACE Market companies is one such initiative. It will also help reduce market friction.

As part of the SC's commitment to maintain capital market competitiveness and vibrancy, and boost investor participation, we have implemented the *Guidelines on Categories of Sophisticated Investors*. The new 'Knowledge and Experience' category will benefit individuals who do not meet financial criteria but are able to demonstrate financial knowledge sophistication to participate in relevant market offerings.

We also want to widen access and affordability in the domestic stock market through initiatives such as the Foreign Exempt Scheme (FES) and the introduction of fractional trading, which enables investors to buy portions or slices of stocks, to cater for their budgets especially among the young investors.

But we are not only seeking to make investment available to a wider group of investors. The SC is also grooming more micro, small and medium-sized enterprises (MSMEs) so they can eventually access capital market funding. Towards this end, we signed a Memorandum of Understanding with SME Corp Malaysia in 2023. The tie-up will help groom MSMEs towards an eventual listing, which will include improving their sustainability and corporate governance, thus creating a robust pipeline to reinforce and enliven our stock market.

Enhancing Sustainability

The SC remains serious about advancing Malaysia's capital market and support its transition towards a low-carbon economy. Following the introduction of the *Principles-Based SRI Taxonomy for the Malaysian Capital Market* in December 2022, we are working on the *SRI Taxonomy Plus-Standards* to improve clarity when identifying economic activities.

In addition, we have come up with the *SRI Guide for Private Markets* and revised guidelines on SRI Funds. We also want SMEs to make a start towards ESG disclosures, which are already important if they have international customers and will become even more so,

as they progress towards listing. Towards this end, we have introduced the *Simplified ESG Disclosure Guide for SMEs*. We have also expanded the wholesale fund framework to include permissible investments beyond current conventional assets.

However, we are not only looking to help companies transition to a more sustainable path. The SC is also looking to transform our own practices, and with that in mind, we have embarked on the Sustainability First Initiative (SFI), which is in line with the ongoing efforts to encourage adoption of sustainability initiatives in the capital market.

We understand that you need to do more than pay lip service to sustainability and corporate governance if these practices are to become firmly entrenched within the boards of listed companies in Malaysia. Thus, we have introduced the Leading for Impact Programme (LIP) for directors of public companies, to enhance their corporate governance and sustainability practices.

We believe that Malaysia should play to its strengths. With that in mind, we are leveraging Malaysia's Islamic finance leadership, which has topped the Global Islamic Economy Indicator (GIEI) for 10 consecutive years. The SC's industry sustainability efforts also aligned with the Islamic capital market (ICM) initiatives, which promote an inclusive and equitable economy. These include harnessing the potential of waqf and introducing the *Maqasid Al-Shariah Guidance for the Islamic Capital Market Malaysia* (Guidance). The universal guiding principles in the Guidance are designed to enhance the ICM's competitive edge and fortify its societal and economic impacts.

UPHOLDING MARKET INTEGRITY

At the heart of our mission lies a steadfast commitment to maintaining the integrity of the market. We take breaches of securities laws very seriously. Throughout 2023, the SC has been relentless in its pursuit of those who violate these laws, achieving successful outcomes in cases of insider trading, securities fraud and offences related to the *Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001*. For instance, in early 2024, we initiated criminal proceedings against individuals involved in alleged money laundering offences totalling RM183.5 million. Currently, we are dealing with 32 cases in various stages of legal proceedings. Through successful civil suits and

regulatory settlements, we have identified RM4.5 million for restitution.

Our aim is to ensure that investors are empowered with the necessary information and education to make informed decisions. To combat unlicensed activities and scams, we have ramped up our surveillance and strategic communication. In 2023, we established an internal Task Force to focus on scams and unlicensed activities. Through this initiative, we rolled out user-friendly tools, such as the *Investor Alert* page and '*Scam Meter*', helping investors to stay informed and one step ahead of scammers. We also introduced the new '*Investment Checker*' portal which provides a quick way for investors to verify the legitimacy of regulated activities.

We need a proactive strategy to address the growing threats of investment scams and unlicensed activities. Towards this end, the SC is also establishing a dedicated unit to enhance its effectiveness in combating financial scams. However, as much as we take up the cudgels on their behalf, investors must also exercise caution and take ownership of their investment decisions.

BOOSTING DIGITAL INNOVATION

We encourage new ideas, solutions, and advancements in digital technology within the Malaysian capital market. The SC is focused on meeting the growing need for digital and online services by encouraging market players to embrace innovative digital capabilities, leading to greater growth and development in the market. Some of our notable initiatives in this sphere include the RM30 million DIGID fund to catalyse digital transformation and greater innovation within the capital market ecosystem, while FIKRA ACE is dedicated to expanding the Islamic fintech sector and its talent pool.

With digital technology advancing rapidly, navigating the complexities of digital communication and devices becomes increasingly challenging. For instance, we need to enhance our digital forensic capabilities to effectively address securities laws breaches and offences. That is why we have set up the Digital Forensic Lab, a dedicated centre housed at the SC to strengthen our investigative capabilities and stay ahead in digital crime investigations.

While the SC continues to promote the industry's greater adoption of Regulatory Technology (RegTech), we are also taking a proactive approach by adopting Supervisory Technology (SupTech) and data analytics.

By harnessing these digital tools, we aim to streamline processes and address emerging challenges in this dynamic digital age.

LOOKING AHEAD

The SC remains unwavering in our resolve to strengthen our regulatory framework and uphold market integrity, not least because we continue to be measured against global regulatory standards. In fact, Malaysia will be subject to the Financial Action Task Force (FATF) evaluation exercise in 2025.

We will also continue to pursue engagements and collaborations. By fostering partnerships with industry stakeholders and regulatory bodies, both local and global, we can collectively address emerging challenges. Additionally, regular dialogues and knowledge sharing initiatives will enable us to stay abreast of global best practices and adopt these into our regulatory framework accordingly.

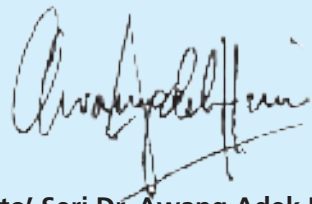
We will also invest in talent development and retention. Programmes such as *investED*, which was launched by Prime Minister Dato' Seri Anwar Ibrahim, are currently underway to cultivate the next generation of capital market leaders.

As we continue to nurture talent, it is crucial to provide opportunities for continuous learning and skill enhancement. This is to be achieved through collaborations with educational institutions and industry experts, offering specialised courses tailored to the

needs of the industry. Additionally, initiatives such as the Shariah Mentorship Programme can help provide guidance and support to aspiring professionals in the capital market industry.

Furthermore, our commitment to inclusivity extends to supporting tertiary education. We are working with the industry to set up and launch '*Tabung Kebajikan Pasaran Modal*' for eligible B40 university students targeted for 2024.

These achievements and aspirations stem from the strong commitment and professionalism of the SC staff, to whom I extend deep appreciation. Our progress has been significantly enriched by the invaluable insights from our experienced Board Members. I wish to express my gratitude as we bid farewell to Ms. Lynette Yeow Su-Yin and Datin Rashidah Mohd Sies, and warmly welcome Dato' Alizatul Khair Osman Khairuddin, Dato' Mohd Faiz Azmi, Encik Kemal Rizadi Arbi and Datuk Dr. Shahrazat Haji Ahmad to the SC Board. The unwavering support and meaningful perspectives gained through engagements with our industry leaders and international counterparts have benefitted us in strengthening Malaysia's capital market and propelling it to greater heights.



Dato' Seri Dr. Awang Adek Hussin