



PART 5 STATEMENTS, STATISTICS AND ACTIVITIES

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BOARD MEMBERS



**JOHAN MAHMOOD
MERICAN**

**TAN SRI DR NOORUL
AINUR MOHD NUR**

**TAN SRI DATO' SERI
MOHAMED JAWHAR
HASSAN**

**DATUK ZAINAL
IZLAN ZAINAL
ABIDIN**



**DATUK SYED
ZAID ALBAR**

**DATUK FAZLUR
RAHMAN
EBRAHIM**

**TAN SRI DATO'
HASMAH
ABDULLAH**

**DATUK DR KHAW
LAKE TEE**

**AHMAD FARIS
RABIDIN**

BOARD MEMBERS



DATUK SYED ZAID ALBAR

Appointed 1 November 2018

Datuk Syed Zaid Albar was appointed the Executive Chairman of the SC on 1 November 2018. He was previously the Managing Partner of Albar & Partners. Before joining the SC, Datuk Syed Zaid has relinquished all his interest in Albar & Partners.

He has over 38 years' experience in legal practice predominantly in the fields of corporate law, capital market, conventional banking and Islamic finance.

Datuk Syed Zaid has served on the Islamic Law Review Committee of BNM and the Appeals Committee of Bursa Malaysia Bhd. He has also served on the boards of several PLCs in Malaysia, and Secretary to the Perdana Leadership Foundation and the Perdana Global Peace Foundation.

He has a degree in law from the UK. He is a Barrister at Law of the Lincoln's Inn, UK and an Advocate and Solicitor of the High Court of Malaya.

Datuk Zainal Izlan Zainal Abidin was appointed Deputy Chief Executive of the SC on 5 April 2018.

He joined the SC in January 2011 as Executive Director, Islamic Capital Market and was appointed Managing Director, Development and Islamic Markets in November 2016. He is also Chairman of Capital Markets Malaysia, an entity established by the SC to promote the Malaysian capital market.

Datuk Zainal Izlan has over 25 years' experience in the financial services industry. He began his career with Citibank before joining MIDF Amanah Asset Management. Before joining the SC, Datuk Zainal Izlan was the Chief Executive Officer of i-VCAP Management, an Islamic fund management firm based in Malaysia. He holds a Bachelor of Science in Economics (dual concentration in Accounting and Finance) from The Wharton School, University of Pennsylvania, US, and is a Chartered Financial Analyst (CFA) charter holder.



DATUK ZAINAL IZLAN ZAINAL ABDIN

Appointed 5 April 2018



DATUK FAZLUR RAHMAN EBRAHIM

Appointed 1 May 2006

Datuk Fazlur Rahman Ebrahim is currently the Corporate Advisor of Johor Corporation. He sits on the Board of Pelaburan Hartanah Bhd, Bank Simpanan Nasional, Permodalan Felcra Sdn Bhd, Credit Counselling and Debt Management Agency, Johawaki Holdings Sdn Bhd, DEMC Management Sdn Bhd and Dana Amal Jariah.

He is also a member of the Shariah Council of BNP Paribas Malaysia Bhd, the Business Advisory Council of International Islamic University Malaysia, the Audit Committee of Razak School of Government, the Investment Committee of Lembaga Kemajuan Johor Tenggara (KEJORA), the Investment Committee of Majlis Amanah Rakyat and the Advisory Council of Faculty of Economics and Management, Universiti Kebangsaan Malaysia.

Datuk Fazlur holds a bachelor's degree in Business Administration from Ohio University, US and a master's degree in Business Administration (Finance) from Universiti Kebangsaan Malaysia.

Tan Sri Dato' Seri Mohamed Jawhar Hassan was the Chairman and Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia. He was also previously the Non-Executive Chairman of the New Straits Times Press (Malaysia) until August 2016.

He has served the Malaysian government in various senior leadership positions, including Director-General, Department of National Unity; Undersecretary, Ministry of Home Affairs; Director (Analysis) Research Division, Prime Minister's Department; and Principal Assistant Secretary, National Security Council.

He served as Counselor in the Malaysian Embassies in Indonesia and Thailand, and was a member of the Advisory Board, Malaysian Anti-Corruption Commission. He was also Co-Chair, Network of East Asia Thinktanks (NEAT) 2005-2006 and Co-Chair, Council for Security Co-operation in the Asia Pacific (CSCAP) 2007-2009.

Tan Sri Jawhar is a member of the Consultative Council on Foreign Policy Malaysia and Malaysia's Expert and Eminent Person to the ASEAN Regional Forum.



**TAN SRI DATO' SERI MOHAMED
JAWHAR HASSAN**

Appointed 15 May 2010

BOARD MEMBERS



TAN SRI DATO' HASMAH ABDULLAH

Appointed 10 March 2011

Tan Sri Dato' Hasmah Abdullah was former Director General and Chief Executive Officer of the Inland Revenue Board Malaysia (IRBM) and had served the agency for almost 38 years. After retirement, she joined PricewaterhouseCoopers Taxation Services Sdn Bhd as a Tax Advisor from 1 July 2011 until 30 September 2013. She is currently an independent and non-Executive Director of UMW Holdings Bhd since 1 September 2013 and Panasonic Manufacturing Malaysia Bhd from 1 October 2013.

Tan Sri Hasmah also sits on the Board of Trustees of the Malaysian Tax Research Foundation, Dana Amal Jariah, Yayasan Allammiyyah and Alzheimers Disease Foundation Malaysia (since 7 June 2018), and a member of the Executive Council of the Selangor and Federal Territory Association for the Mentally Handicapped (SAMH). Tan Sri Hasmah graduated in 1973 with a bachelor's degree in Arts (Honours) from University of Malaya.

Tan Sri Dr Noorul Ainur Mohd Nur has over 38 years' experience in the public sector spanning several ministries, including serving as Secretary-General of the Ministry of Higher Education; Ministry of Science, Technology and Innovation Malaysia; and Ministry of Women, Family and Community Development.

She has also held key positions in the Ministry of Finance, Ministry of Education, Ministry of Information, and the National Institute of Public Administration Malaysia (INTAN).

In the international arena, she has served as Senior Advisor in the Southeast Asia Group for the World Bank in Washington DC from 2006 to 2008. In 2013, she was appointed as the Vice President of the Intergovernmental Council of the Management of Social Transformations Programme of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) for the Asia Pacific region, a post she held until 2015.

Tan Sri Noorul was also the first Malaysian to be elected as President of the Science Commission, UNESCO Paris from 2015 to 2017. Tan Sri Dr Noorul obtained her PhD in Political Science from the Graduate Centre, City University of New York, and holds a Masters of Social Science degree (MSocSci) in Development Administration from the University of Birmingham.



TAN SRI DR NOORUL AINUR MOHD NUR

Appointed 5 April 2018



JOHAN MAHMOOD MERICAN

Appointed 17 August 2018

Johan Mahmood Merican is currently the Director, National Budget Office of the Ministry of Finance. Prior to his appointment at the National Budget Office in 2018, Johan was the Deputy Director General (Human Capital) at the Economic Planning Unit (EPU) under the Prime Minister's Office from 2016.

Johan was Chief Executive Officer of Talent Corporation Malaysia from its inception in January 2011 until 2016. He has also served as Principal Private Secretary to the Minister in the Ministry of Finance and subsequently, in the Economic Planning Unit (EPU). Before serving the Government, Johan worked in the private sector for nine years in corporate finance and accounting roles at MRCB, Sime Darby and PricewaterhouseCoopers.

Johan trained as a Chartered Accountant, being member of the Institute of Chartered Accountants of England & Wales since 1998. He holds a degree in Economics from the University of Cambridge.

Datuk Dr Khaw Lake Tee was former Vice Chairperson of the Human Rights Commission of Malaysia (SUHAKAM). Until her retirement from University of Malaya, Datuk Dr Khaw was a professor at the Faculty of Law, University of Malaya, where she joined as a lecturer in 1982. At the University, she was the Deputy Vice-Chancellor of Development from 2007 to 2010 and the Dean of the Faculty of Law from 2004 to 2007.

Datuk Dr Khaw, who graduated with a Bachelor of Law (LLB) degree from the University of Malaya, obtained her PhD from the London School of Economics and a Masters of Law (LLM) degree from Monash University, Melbourne, and was called to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in 1979.



DATUK DR KHAW LAKE TEE

Appointed 17 August 2018



AHMAD FARIS RABIDIN

Appointed 4 November 2018

Ahmad Faris Rabidin served as an independent consultant with the Asian Development Bank (ADB) providing technical assistance to Badan Pengawas Pasar Modal dan Lembaga Keuangan (Bapepam-LK) and the Otoritas Jasa Keuangan (OJK) of Indonesia between 2006 and 2018.

He has been involved in various strategic leadership roles in market development initiatives for the Indonesian financial and capital markets. He was also the Lead Advisor for the OJK Financial Market Masterplan and designed the Indonesian Bond Market Development Plan. Prior to this, Faris was the Regional Director of MainStream & Co Ltd, where he was responsible for the Enterprise Risk management solutions, financial market architecture framework and incubated Bond Pricing Agencies in Malaysia and Indonesia. Faris was also a member of the 1MDB Investigating Committee and Secretariat of the Council of Eminent Persons until September 2018.

Faris graduated from the Heriot Watt University, Edinburgh with a degree in Actuarial Mathematics and Statistics.

EXECUTIVE TEAM



**SALMAH BEE
MOHD MYDIN**

Director
Intermediary
and Fund
Supervision

CHIN WEI MIN

Executive Director
Innovation,
Digital and
Strategy

FOO LEE MEI

Chief Regulatory
Officer

**DATUK ZAINAL IZLAN
ZAINAL ABIDIN**

Deputy Chief Executive



**DATUK SYED
ZAID ALBAR**
Chairman

**EUGENE WONG
WENG SOON**
Managing Director
Corporate Finance and
Investments

**KAMARUDIN
HASHIM**
Executive Director
Market and
Corporate
Supervision

**NURULHUDA
NUR'AINI
MOHAMAD**
Executive Director
Enforcement

**TENGKU ZARINA
TENGKU CHIK**
Director
Corporate Resources

SHARIAH ADVISORY COUNCIL MEMBERS



**ASSOCIATE
PROFESSOR DR SYED
MUSA SYED JAAFAR
ALHABSHI**

**DATO' AHMAD
TAJUDIN HAJI
ABDUL RAHMAN**

**PROFESSOR DR
ASHRAF
MD HASHIM**

**ASSOCIATE
PROFESSOR
DR AZNAN HASAN**
Deputy Chairman



**PROFESSOR DR
ENGKU RABIAH
ADAWIAH ENGKU ALI**

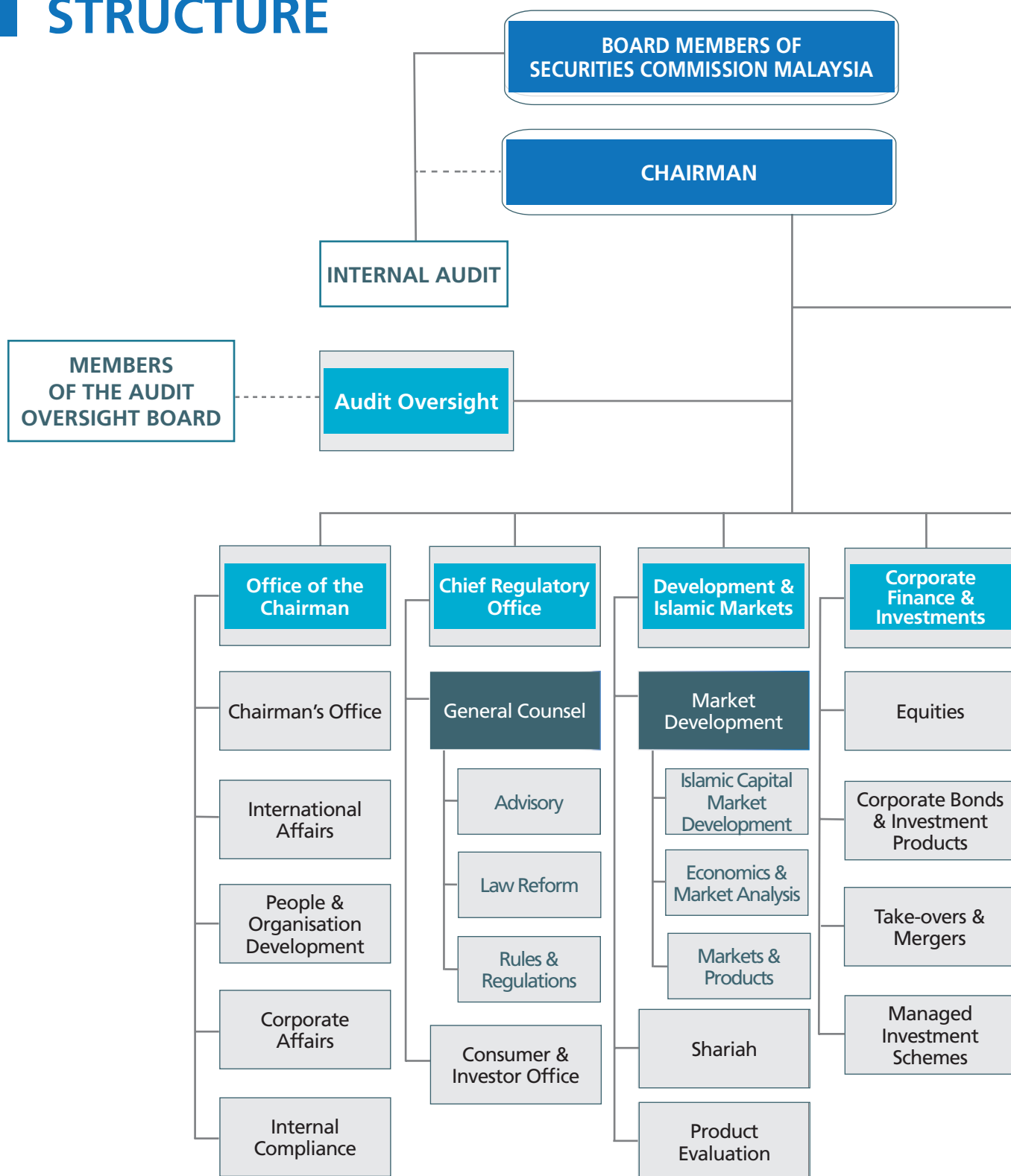
**DR SHAMSIAH
MOHAMAD**

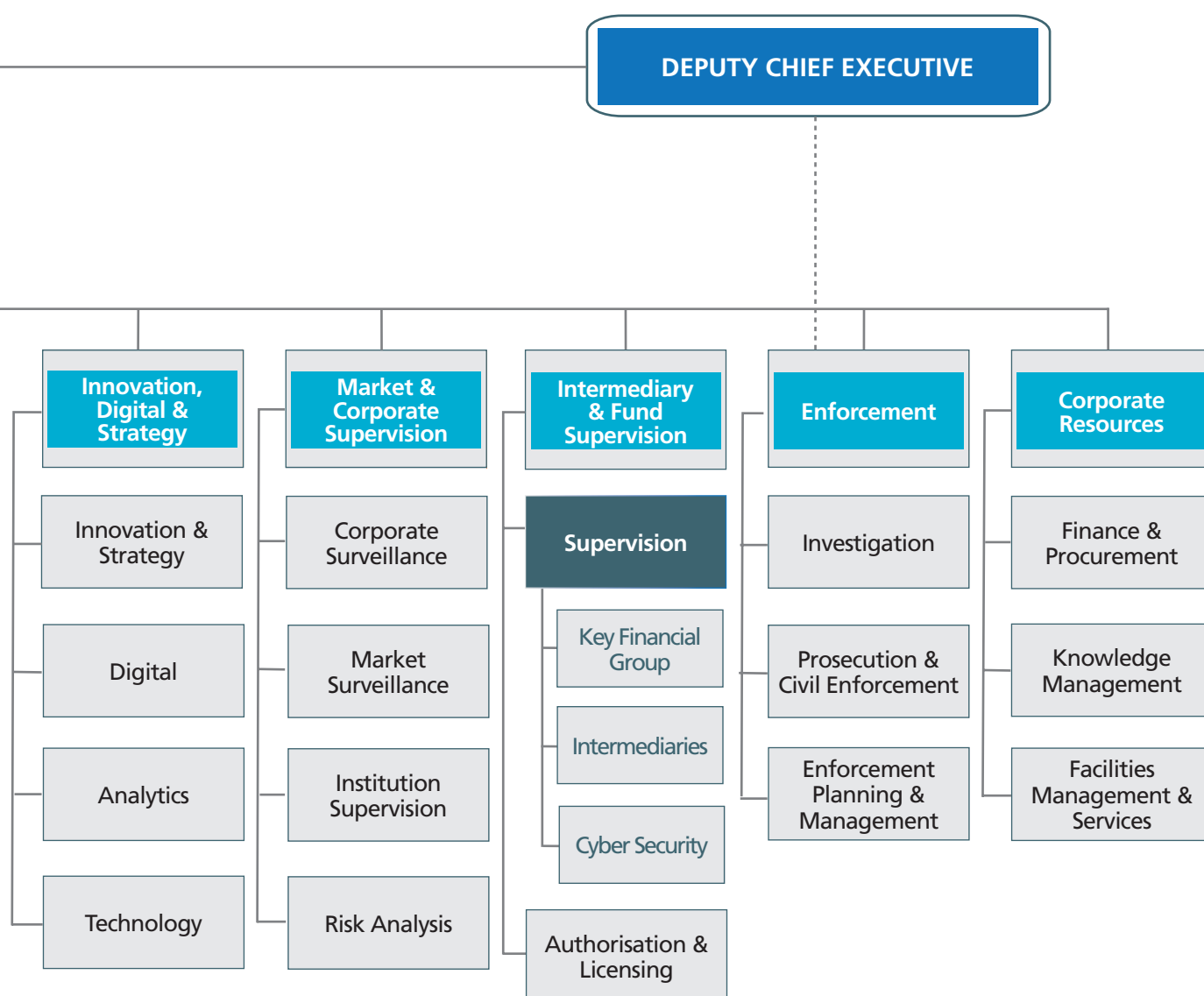
**DATUK DR MOHD
DAUD BAKAR**
Chairman

**PROFESSOR
DR ASMADI
MOHAMED
NAIM**

**ASSOCIATE
PROFESSOR
DR MOHAMED
FAIROOZ
ABDUL KHIR**

ORGANISATION STRUCTURE





STATEMENT ON GOVERNANCE

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. The SC's mission is to promote and maintain fair, efficient and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensure investor protection, fair and orderly markets, and monitor, mitigate and manage systemic risks arising from the capital market. The SC's responsibilities, powers and authorities are clearly defined and transparently set out in securities laws, namely the SCMA, *Capital Markets and Services Act 2007* (CMSA) and *Securities Industry (Central Depositories) Act 1991* (SICDA).

ABOUT THE COMMISSION

Board Members

The Board is responsible for the overall governance of the Commission. The Minister of Finance appoints Board members. The Board comprises a Chairman, a Deputy Chief Executive and seven other members who may include persons representing the government and private sector. The Chairman is entrusted with the day-to-day administration of the SC as provided by section 4B(1) of the SCMA.

Datuk Syed Zaid Albar assumed the position of Chairman on 1 November 2018. This follows the retirement of Tan Sri Dato' Seri Ranjit Ajit Singh on 31 October 2018. A profile of the Board members is featured on pages 94 to 97 and their involvement in

the various committees established by the Board is provided in Table 2.

The Chairman is appointed for a term of three years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of two years, and are eligible for reappointment upon completion of the term.

A person is disqualified from holding the office of a Board member if he or she holds a full time office in any PLCs, becomes a member of either Houses of Parliament, or becomes an officer or director of an entity that is regulated by the Commission. Further, a Board member will also be disqualified if he or she:

- is convicted of an offence under the law involving fraud, dishonesty, corruption or violence;
- is declared a bankrupt;
- is not capable of discharging his or her duties;
- fails to attend three consecutive meetings of the Board without leave;
- conducts himself in such a way as to bring disrepute to the Commission;
- fails to disclose his or her interests; or
- becomes involved in any activity which may interfere with his or her independence in discharging his or her functions.

The SCMA requires a Board member to manage conflicts of interest by disclosing his or her interest in any matter under discussion by the Board or any of its committees. Once a disclosure has been made, he or she:

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and
- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

Functions of the Commission

The Commission shall have the following functions:

- to advise the Minister on all matters relating to the capital market;
- to regulate all matters relating to the capital market;
- to ensure that the provisions of the securities laws are complied with;
- to regulate the take-overs and mergers of companies;
- to promote and regulate all matters relating to fund management, including unit trust schemes and PRS;
- to be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- to take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- to promote and encourage proper conduct among participating organisations, participants, affiliates, depository participants and all licensed or registered persons of an exchange, clearing house and central depository, as the case may be;
- to suppress illegal, dishonourable and improper practices in the capital market, and the provision of investment advice or other services relating to the capital market;
- to consider and make recommendations for the reform of the securities laws;
- to encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- to encourage and promote self-regulation by professional associations or market institutions in the capital market;
- to license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under any securities law;
- to promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- to register or recognise all auditors of public-interest entities (PIEs) or schedule funds, and to exercise oversight over any person who prepares a report in relation to financial information of PIEs or schedule funds, in relation to capital market activities;
- to promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;

- to take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;
- to promote and regulate corporate governance and approved accounting standards of listed corporations; and
- to set and approve standards for professional qualification for the capital market.

The Commission also has the functions and powers conferred upon it by or under the securities laws.

Board Meetings

Eleven Board meetings were held in 2018. The quorum required is 5. The attendance record is set out in Table 1.

The work of the Board in governing the SC is facilitated by various board committees established under section 18 of the SCMA, as listed in Table 2.

Shariah Advisory Council

The Shariah Advisory Council (SAC) is given the mandate to ensure that the implementation of the Islamic capital market (ICM) complies with Shariah principles. It advises the Commission on all matters related to the development of ICM, and functions as a reference centre for all ICM issues.

Members of the SAC are appointed by DYMM Seri Paduka Baginda Yang di-Pertuan Agong. The 9 SAC members will serve for a three-year period commencing 1 July 2017, as listed in Table 3.

Table 1

Attendance at Board meetings

Board Member	Number of meetings attended
Datuk Syed Zaid Albar ¹	1/1
Tan Sri Dato' Seri Ranjit Ajit Singh ²	10/10
Dato' Ahmad Fairuz Zainol Abidin ³	2/2
Datuk Francis Tan Leh Kiah ⁴	3/4
Datuk Fazlur Rahman Ebrahim ⁵	10/11
Tan Sri Dato' Seri Mohamed Jawhar Hassan ⁶	10/11
Tan Sri Dato' Hasmah Abdullah ⁷	11/11
Dato' Dr Mohd Isa Hussain ⁸	1/2
Emeritus Professor Dato' Dr Hassan Said ⁹	4/5
Datuk Zainal Izlan Zainal Abidin ¹⁰	8/8
Tan Sri Noorul Ainur Mohd Nur ¹¹	6/8
Datuk Dr Khaw Lake Tee ¹²	3/4
Johan Mahmood Merican ¹³	2/4
Ahmad Faris Rabidin ¹⁴	1/1

¹ Appointed to the Board as Executive Chairman of the SC on 1 November 2018

² Retired from the Board on 31 October 2018

³ Completed tenure as Deputy Chief Executive on 31 March 2018

⁴ Retired from the Board on 17 May 2018

⁵ Retired from the Board on 31 December 2018

⁶ Retired from the Board on 31 December 2018

⁷ Retired from the Board on 31 December 2018

⁸ Retired from the Board on 10 March 2018

⁹ Resigned from the Board on 26 June 2018

¹⁰ Appointed to the Board as Deputy Chief Executive of the SC on 5 April 2018

¹¹ Appointed to the Board on 5 April 2018

¹² Appointed to the Board on 17 August 2018

¹³ Appointed to the Board on 17 August 2018

¹⁴ Appointed to the Board on 4 November 2018

Table 2

Board Committees

Committee	Key Responsibility	Members
1. Audit Committee	Review effectiveness of the SC's risk management and internal control systems and review the annual financial statements.	<ul style="list-style-type: none"> • Tan Sri Dato' Hasmah Abdullah⁷ (Chairman) • Datuk Fazlur Rahman Ebrahim⁵ • Tan Sri Noorul Ainur Mohd Nur¹¹ • Datuk Dr Khaw Lake Tee¹²
2. Issues Committee	Evaluate any proposed issuance and listing of securities of a corporation on the main market; corporate proposals involving acquisition of asset which results in significant change in the business direction or policy of a corporation listed or to be listed on the main market; corporate proposals involving the issuance of securities for the amalgamation of two or more corporations listed on the main market; and registration of listing prospectus.	<ul style="list-style-type: none"> • Datuk Syed Zaid Albar¹ (Chairman) • Tan Sri Dato' Seri Ranjit Ajit Singh² • Datuk Zainal Izlan Zainal Abidin¹⁰ • Dato' Ahmad Fairuz Zainol Abidin³ • Datuk Francis Tan Leh Kiah⁴ • Datuk Fazlur Rahman Ebrahim⁵ • Tan Sri Mohamed Jawahar⁶ • Prof Dato' Dr Hassan Said⁹
3. Take-overs and Mergers Committee	Review take-over and merger related applications of a novel and/ or complex nature and matters relating to national policy.	<ul style="list-style-type: none"> • Datuk Syed Zaid Albar¹ (Chairman) • Tan Sri Dato' Seri Ranjit Ajit Singh² • Datuk Zainal Izlan Zainal Abidin¹⁰ • Dato' Ahmad Fairuz Zainol Abidin³ • Datuk Francis Tan Leh Kiah⁴ • Tan Sri Hasmah Abdullah⁷ • Dato' Dr Mohd Isa Hussain⁸ • Johan Mahmood Merican¹³
4. Managed Investment Schemes Committee	Approve the establishment of listed schemes.	<ul style="list-style-type: none"> • Datuk Syed Zaid Albar¹ (Chairman) • Tan Sri Dato' Seri Ranjit Ajit Singh² • Datuk Zainal Izlan Zainal Abidin¹⁰ • Dato' Ahmad Fairuz Zainol Abidin³ • Datuk Fazlur Rahman Ebrahim⁵ • Tan Sri Mohamed Jawahar Hassan⁶ • Tan Sri Hasmah Abdullah⁷
5. Licensing Committee	Evaluate and approve (or reject) application for the grant of a new Capital Markets Services Licence (CMSL), applications for new licensed representatives, directors, key management or compliance officers that are submitted together with the new CMSL applications, and applications relating to private retirement scheme providers and consider any policy recommendations relating to licensing issues.	<ul style="list-style-type: none"> • Datuk Syed Zaid Albar¹ (Chairman) • Tan Sri Dato' Seri Ranjit Ajit Singh² • Datuk Zainal Izlan Zainal Abidin¹⁰ • Dato' Ahmad Fairuz Zainol Abidin³ • Tan Sri Mohamed Jawahar Hassan⁶ • Tan Sri Hasmah Abdullah⁷ • Tan Sri Noorul Ainur Mohd Nur¹¹
6. Nomination and Remuneration Committee	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive (DCE) and make appropriate recommendations to the Minister of Finance.	<ul style="list-style-type: none"> • Datuk Fazlur Rahman Ebrahim⁵ (Chairman) • Datuk Francis Tan Leh Kiah⁴ • Tan Sri Mohamed Jawahar Hassan⁶ • Prof Dato' Dr Hassan Said⁹

Table 3

Shariah Advisory Council members

No.	SAC Members
1.	Datuk Dr Mohd Daud Bakar – Chairman
2.	Associate Professor Dr Aznan Hasan – Deputy Chairman
3.	Dato' Ahmad Tajudin Haji Abdul Rahman
4.	Professor Dr Ashraf Md Hashim
5.	Professor Dr Engku Rabiah Adawiah Engku Ali
6.	Professor Dr Asmadi Mohamed Naim
7.	Associate Professor Dr Syed Musa Syed Jaafar Alhabshi
8.	Associate Professor Dr Mohamed Fairouz Abdul Khir
9.	Dr Shamsiah Mohamad

Audit Oversight Board

The Audit Oversight Board (AOB) was established under Part IIIA of the SCMA, and its mandate is to assist the Commission in discharging its regulatory function in respect of developing an effective audit oversight framework, promoting confidence in the quality and reliability of audited financial statements, and regulating auditors of PIEs and scheduled funds.

The AOB also exercises oversight over any person who prepares a report relating to financial information of PIEs and schedule funds, in relation to capital market activities. The AOB members are appointed by the Board (Table 4).

Table 4

Audit Oversight Board members

No.	AOB Members
1.	Dato' Gumuri Hussain (Non-Executive Chairman)
2.	Alex Ooi Thiam Poh (Executive Officer)
3.	Eugene Wong Weng Soon
4.	Dato' Zahrah Abd Wahab Fenner
5.	Marzunisham Omar ¹
6.	Wong Chong Wah
7.	Dato' Darawati Hussain
8.	Hew Ee-Lu ²

¹ Retired on 25 September 2018

² Appointed on 5 October 2018

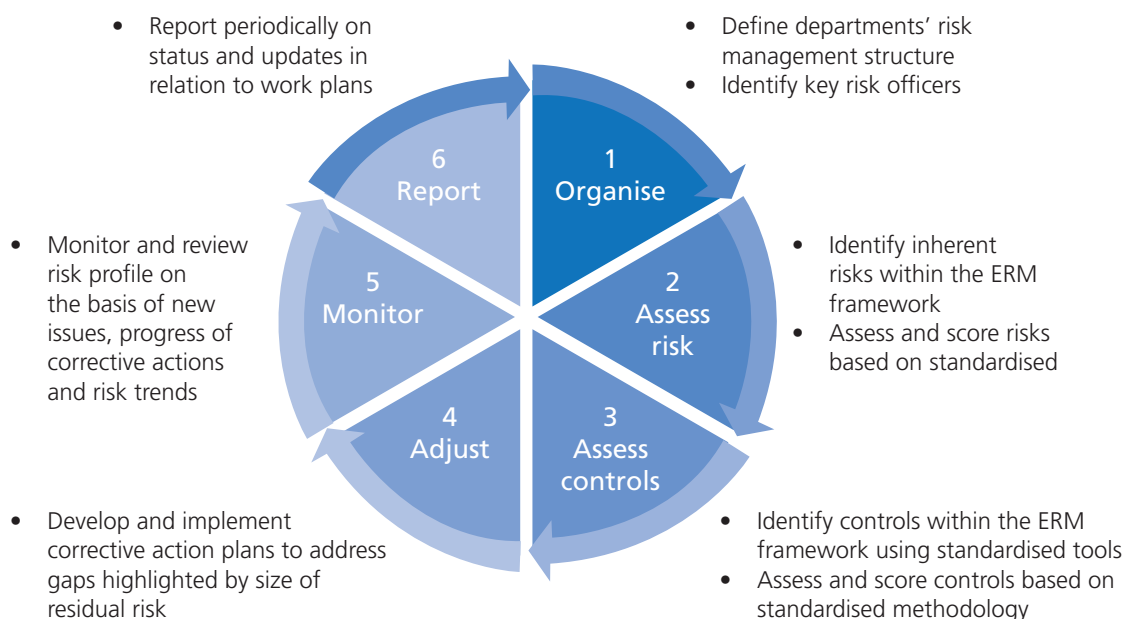
RISK MANAGEMENT AND INTERNAL CONTROLS

The Chairman with the assistance of the Executive Team is responsible for the effectiveness of risk management and internal controls in the SC. The risk management and internal control approach of the SC is organised through a robust governance arrangement, incorporating the Board, Board Committees, management committees, internal governance processes and the line departments.

There is a clear organisational structure with well defined lines of responsibility, effective framework and processes to identify, monitor, mitigate and manage risks which the SC might be exposed to and the appropriate internal control mechanism. These set of policies and standards are reviewed periodically to ensure risks and internal controls are managed responsibly with integrity, fairness, transparency and accountability.

The risk governance structure is supported by the three key components of internal governance, namely risk management, internal compliance and internal audit. This facilitates the effective

The SC's 6 steps Enterprise Risk Management Methodology



governance, risk management and compliance practices through implementation of various guidelines and standards.

The Systemic Risk Oversight Committee, with members comprising all Executive Team members, is responsible for providing the necessary challenge, deliberation and strategic direction on risk management issues of the SC. The Audit Committee, on behalf of the Board, reviews the adequacy and effectiveness of the SC's risk management and internal control systems.

The SC faces various operational risks, which may impact its financial position or result in operational disruption. In this regard, a well established system of risk oversight, risk management and internal control is put in place through the Enterprise Risk Management Framework. The SC is continuously enhancing its approach to risk management to promote strong risk culture among employees including the management and escalation of risks.

The SC has also put in place sound internal control to manage risks in its day-to-day operations.

1. **People Risk** including risks from integrity and ethical conduct of staff member and stakeholders. Management of such risks are guided through:

- A revised Code of Conduct, which came into effect on 1 July 2018, sets out the expectations required of staff on ethical conduct and standards of behaviour;
- Statement of the SC's Principles and Standards facilitates efficient and ethical engagement between the SC and its external stakeholders, which include suppliers, contractors, vendors and consultants. The SC also expects its business stakeholders and all market participants engaging with the SC to emulate similar ethical principles;

- Feedback channels for stakeholders to raise concerns on employee conduct. This includes the Internal Whistleblowing Procedure established as a safe channel of communication for individuals to expose or report internal wrongdoing or suspected breaches of law within the organisation;
 - Framework for Handling External Complaints Against The SC Employees which sets out the process for handling complaints made by external parties against any employee of the SC in relation to the discharge of his functions;
 - There are also Conflict of Interest Declaration processes in which Board members and employees must comply with when faced with a conflict situation; and
 - The *Compliance Management Guidelines* provides a structured approach in ensuring compliance with laws, regulations and internal governance standards which impact the day-to-day operations of the SC.
2. **Data Risk** including managing confidentiality, integrity and availability of data, both internally and externally. Management of such risks are guided through:
- The *Data Loss Mitigation Guidelines* act as a guide and reference point for employees in handling both physical and electronic records containing sensitive information. These Guidelines ensure sensitive information is appropriately secured from unauthorised disclosure and protected from alteration, corruption, loss or misuse; preventing reputational damage and adversely impacting our stakeholders; and
3. **Process Risk** including risks from inefficient, inadequate or failed internal processes that may have negative impact on the SC. Management of such risks are guided through:
- The *Records Management Policy* is established to give clear guidance of the standards and procedures that need to be put in place to ensure that records are fit to be used as evidence and/or information by the SC, in carrying out business operations or legal obligations.
 - The Business Process Flows which are available on the SC's intranet to serve as a guide to all staff, particularly new recruits, in understanding the SC's operations; and
 - The *Policy and Guidelines on Procurement* (PGP) is currently under review and is targeted to be effective April 2019. The holistic review of the PGP would identify the areas for improvement which include reviewing the end-to-end procurement process as well as enhancing its governance and controls.
4. **Infrastructure Risk** including adequacy and effectiveness of IT, physical assets and operating premises. Management of such risks are guided through:
- The *Asset Management Policy and Guidelines* set out the conduct for the treatment of assets in the SC to ensure that the SC's fixed assets are safeguarded and properly recognised, properly maintained and are in good working condition;
 - The *IT User Policy* and *IT Policy* are established to ensure the effective protection and proper usage of the SC's computer systems; and

- Business Continuity Management (BCM) is a fundamental tool to protect the SC from any operational disruption. The ability to rapidly recover critical operations through a structural approach is always on the forefront of the SC's BCM Framework. The BCM Framework is an organisation-wide approach designed to ensure that identified critical business processes can continue to operate in the event of a major internal or external incident. Annual BCM practices (business impact analysis review, desktop and full simulation) are conducted to ensure the SC remains resilient and persevere to operate in the event of a disruption.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

Consistent and constant communication with capital market participants is necessary to facilitate the effective discharge of the SC's responsibilities. Regular meetings and discussions with our key stakeholders enable the SC to provide facilitative policies, a robust regulatory framework and encourage continuous growth and development of the capital market. All media releases, publications, guidelines, annual reports as well as consultation and response papers are posted on the official website – www.sc.com.my.

The SC's Consumer and Investor Office acts as one of the key channels in engaging investors and the public. The office receives and handles public complaints and enquiries relating to the capital market. In addition, it is responsible for the SC's investor empowerment strategy under the InvestSmart® brand targeted towards the public and investors of all life stages. Through InvestSmart®, the SC undertakes various initiatives via different modalities such as exhibitions, seminars, roadshows,

digital and social media on the fundamentals of making sound investment decisions.

The Securities Industry Dispute Resolution Center (SIDREC) is a body approved by the SC to handle capital market-related disputes involving monetary claims by investors against its members. SIDREC's members comprise banks, stockbrokers, future brokers, fund managers, unit trust management companies, PRS providers and distributors, among others, who are licensed under the CMSA to conduct regulated activities in Malaysia. SIDREC's scope has been significantly enlarged by the increase of its maximum claim limit from RM100,000 to RM250,000. It is also now able to accept claims exceeding RM250,000 for mediation where both parties agree to use SIDREC's services. Additionally, following the amendment of the SIDREC's *Capital Markets and Services (Dispute Resolution) Regulations 2010* in September 2010, 43 commercial and Islamic banks and 2 Developmental Finance Institutions (DFI) are now deemed to be members of SIDREC.

This is a significant increase in SIDREC's scope and gives it purview over disputes involving capital market services and products between DFI, commercial and Islamic banks as well as their investor clients. Apart from engagement during the dispute resolution process with both SIDREC's members and the investor claimants, it engages the investing public through its awareness initiatives. SIDREC also concurrently engages its members, the Commission and other stakeholders such as industry associations and self-regulatory organisations to share and provide insights on positive observations as well as concerns that come through from its dispute resolution process. This provides valuable feed to the market, investors and regulator. SIDREC also has an obligation to report to the Commission on issues of systemic concerns that may arise from disputes received.

AUDIT COMMITTEE REPORT

The SC is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

MEMBERS AND MEETINGS

The Audit Committee comprises the following non-executive members of the SC:

- Tan Sri Dato' Hasmah Abdullah (Chairman);
- Datuk Francis Tan Leh Kiah (*retired with effect from 17 May 2018*);
- Datuk Fazlur Rahman Ebrahim;
- Emeritus Professor Dato' Dr Hassan Said (*resigned with effect from 26 June 2018*);
- Tan Sri Dr Noorul Ainur Mohd Nur (*appointed with effect from 26 July 2018*); and
- Datuk Dr Khaw Lake Tee (*appointed with effect from 17 August 2018*).

The Committee convened 7 meetings during the financial year. A member of senior management is invited to be in attendance at the Audit Committee meetings.

TERMS OF REFERENCE

The Audit Committee is a Board committee. The Board members determine the membership and appoint the Audit Committee members and the Chairman of the Committee.

The Committee meets at least 4 times a year or as frequently as required with a minimum quorum of 2.

The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The proceedings of the Committee are recorded and the minutes of meetings are tabled at Board meetings. The purpose, authority and responsibility of the Audit Committee are set out in the Audit Committee Charter. The main responsibilities of the Audit Committee are to—

- assist the Board in its review of the adequacy and effectiveness of the SC's risk management and internal control systems;
- appoint or terminate the appointment of external auditor, its remuneration and any issues regarding its performance;
- review the external auditor's audit scope and plans of audit, including co-ordination of audit efforts with internal audit;
- review the accounting policies and practices adopted by the SC in the preparation of its financial statements and the integrity of the financial reporting processes;
- review the annual financial statements and make appropriate recommendation(s) to the Board regarding the adoption of the SC's annual financial statements and the level of disclosure, focusing in particular on—
 - compliance with applicable accounting standards;
 - changes in significant accounting policies and practices;

- significant adjustments arising from the audit; and
 - significant unusual events.
- vi. approve the Internal Audit Charter and support as well as provide direction to the Internal Audit Department (IAD) to ensure its effectiveness;
- vii. consider and review the findings arising from internal audit reports or other internal investigations and responses by management, and to determine appropriate corrective actions required of management;
- viii. review the implementation of action plans to address key audit observations raised by IAD; and
- ix. review the effectiveness of processes and procedures to ensure compliance with laws, regulations and contracts.
- Reviewed and approved the reappointment of the existing external auditors for the financial year ending 31 December 2018.

Internal audit

- Reviewed the internal audit reports and management's action plans to address the audit issues. The Audit Committee also monitored the implementation of agreed actions and suggestions for improvements arising from the audits performed.
- Reviewed the achievement of the 2018 internal audit plan, which provided an overall indication of the performance of the internal audit function for the year.
- Considered the adequacy of scope and comprehensive coverage of internal audit's activities, and approved the internal audit plan for the financial year ending 31 December 2019.
- Reviewed the representation made on risk management and internal controls in the Statement on Governance for the SC's *Annual Report 2018*.

ACTIVITIES OF THE COMMITTEE

During the financial year, the main activities of the Audit Committee included the following:

Financial reporting

- Reviewed the financial statements for the financial year ended 31 December 2017 prior to presentation to the Board.

External audit

- Reviewed the audit findings and auditor's report arising from the statutory audit for the financial year ended 31 December 2017.
- Reviewed and approved the external audit plan for the financial year ending 31 December 2018. Various audit and accounting issues were discussed at the Audit Committee meetings.

INTERNAL AUDIT

IAD assists the Audit Committee in the discharge of its duties and responsibilities. IAD reports directly to the Audit Committee, which determines the adequacy of scope and function of the department. IAD accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control and governance processes.

IAD carries out its responsibilities by conducting reviews based on the approved internal audit plan, which is developed using a risk-based methodology.

The main activities of IAD for 2018 included performing predominantly risk-based audits for the areas identified in the internal audit plan. The result of the audits and activities performed by the internal audit function was presented to the Audit Committee for its review. Where applicable, the internal audit conducted follow-up audits to ensure that Management's corrective actions were implemented appropriately and provided updates

on the status of the key actions to the Audit Committee. In addition, IAD played an advisory role in the course of performing its audit activities.

IAD also reviewed the Audit Committee Charter and Internal Audit Charter to ensure they were in line with the Institute of Internal Auditors' International Professional Practices Framework.

FINANCIAL STATEMENTS

Financial statements for the
year ended 31 December 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Non-current assets			
Property, plant and equipment	3	163,377	167,414
Other receivables	4	6,324	8,234
Other investments	5	475,052	511,570
		<u>644,753</u>	<u>687,218</u>
Current assets			
Other investments	5	262,459	213,741
Trade and other receivables	6	23,722	32,098
Cash and cash equivalents	7	64,024	62,101
		<u>350,205</u>	<u>307,940</u>
Total assets		<u>994,958</u>	<u>995,158</u>
Reserves			
Accumulated surplus		757,165	759,209
Compensation fund reserve	8	100,000	100,000
Total reserves		<u>857,165</u>	<u>859,209</u>
Non-current liabilities			
Post-employment benefits	9	75,690	70,758
Deferred income	10	3,331	5,609
		<u>79,021</u>	<u>76,367</u>
Current liabilities			
Deferred income	10	1,244	210
Other payables and accruals	11	57,528	59,372
		<u>58,772</u>	<u>59,582</u>
Total liabilities		<u>137,793</u>	<u>135,949</u>
Total reserves and liabilities		<u>994,958</u>	<u>995,158</u>

The notes on pages 120 to 146 are an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Revenue			
Levies		150,354	147,691
Fees and charges		15,392	16,144
Finance income		31,976	30,102
License fees		3,236	3,187
Registration fees		3,130	1,875
Other income		5,452	5,315
	12	209,540	204,314
Less: Expenditure			
Staff costs	13	157,575	145,580
Administrative expenses		32,122	34,904
Depreciation of property, plant and equipment	3	10,962	11,176
Rental expenses		1,775	2,542
		202,434	194,202
Net operating surplus		7,106	10,112
Less: Grants	14	(9,150)	(8,000)
(Deficit)/Surplus before tax	15	(2,044)	2,112
Tax expense	16	-	-
(Deficit)/Surplus after tax		(2,044)	2,112
Other comprehensive expense, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	9	-	(16,729)
Deficit and total comprehensive expense for the year		(2,044)	(14,617)

The notes on pages 120 to 146 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Compensation fund reserve RM'000	Accumulated surplus RM'000	Total RM'000
At 1 January 2017	100,000	773,826	873,826
Remeasurement of defined benefit liability	-	(16,729)	(16,729)
Total comprehensive expense for the year	-	(16,729)	(16,729)
Surplus for the year	-	2,112	2,112
At 31 December 2017/1 January 2018	100,000	759,209	859,209
Deficit for the year	-	(2,044)	(2,044)
At 31 December 2018	100,000	757,165	857,165

Note 8

The notes on pages 120 to 146 are an integral part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM'000	2017 RM'000
Cash flows from operating activities			
(Deficit)/Surplus before tax		(2,044)	2,112
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	3	10,962	11,176
Finance income		(31,976)	(30,102)
Gain on disposal of plant and equipment		(120)	(10)
Operating deficit before working capital changes		(23,178)	(16,824)
Changes in working capital:			
Deferred income		(1,244)	5,819
Post-employment benefits		4,932	(684)
Trade and other receivables		9,432	(2,530)
Other payables and accruals		(1,844)	13,492
Net cash used in operating activities		(11,902)	(727)
Cash flows from investing activities			
Maturity of investments in Malaysian Government Securities and Government Guaranteed Bonds		31,464	1,402
Increase in restricted deposits		(6,479)	(9,587)
(Increase)/decrease in investments in deposits placed with licensed banks		(43,664)	3,080
Finance income received		32,830	33,449
Proceeds from disposal of plant and equipment		332	156
Acquisition of plant and equipment		(7,137)	(5,692)
Net cash from investing activities		7,346	22,808
Net (decrease)/increase in cash and cash equivalents		(4,556)	22,081
Cash and cash equivalents at 1 January		30,633	8,552
Cash and cash equivalents at 31 December		26,077	30,633
Cash and cash equivalents comprise:			
Cash and bank balances	7	16,242	20,128
Deposits placed with licensed banks	7	47,782	41,973
		64,024	62,101
Less: Restricted deposits		(37,947)	(31,468)
		26,077	30,633

The notes on pages 120 to 146 are an integral part of these financial statements.

The Securities Commission Malaysia (SC) is a statutory body established under the *Securities Commission Malaysia Act 1993* for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions including the exchanges and clearing houses and regulating all persons licensed under the *Capital Markets and Services Act 2007*. The address of the SC is at:

3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur, Malaysia

These financial statements were authorised for issue by the Board Members on 30 January 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the SC have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) and International Financial Reporting Standards.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the SC:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The SC plans to apply the abovementioned accounting standards, amendments and interpretations that are applicable and effective from its annual period beginning on or after 1 January 2019 and 1 January 2020, respectively.

The SC does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the SC.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the SC.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the SC's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

(i) Post-employment benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, medical inflation rate, retirement age and life expectancy. As such, this estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are as disclosed in Note 9.

(ii) Measurement of expected credit loss (ECL) and fair value of financial instrument

The measurement of ECL and fair value of financial instrument involved making assumptions about probability of default and loss given default. As such, this estimated amount is subject to significant uncertainty. The assumptions used to estimate the amount are as disclosed in Note 19.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the SC, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- (i) financial instruments;
- (ii) revenue recognition; and
- (iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. There are no significant impact from adoption of MFRS 15. The impact arising from adoption of MFRS 9 is disclosed in Note 21.

(a) Financial instruments

Unless specifically disclosed below, the SC generally applied the following accounting policies retrospectively. Nevertheless, as permitted in MFRS 9, *Financial Instruments*, the SC has elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the SC becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivatives is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivatives is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivatives is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement***Financial assets*****Current financial year**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the SC changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(d)(i)) where the effective interest rate is applied to the amortised cost.

Previous financial year

In the previous financial year, the financial assets of the SC were classified under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Held-to-maturity

Held-to-maturity investments category comprises debt instruments that were quoted in an active market and the SC had the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

(b) Loans and receivables

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(d)(i)).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the SC were subsequently measured at amortised cost.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the SC currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts, if any, of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the SC and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the SC will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative year are as follows:

Leasehold land	Over the lease period of 99 years expiring in 2094
Buildings	50 years
Office equipment, furniture and fittings	5 – 10 years
Computer and application systems	3 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the SC in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of restricted deposits.

(d) Impairment

(i) Financial assets

Unless specifically disclosed below, the SC generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the SC elected not to restate the comparatives.

Current financial year

The SC recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The SC measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and cash equivalents for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the SC considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the SC's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the SC is exposed to credit risk.

The SC estimated the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the SC assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the SC determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the SC's procedures for recovery of amounts due.

Previous financial year

All financial assets were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

If, in a subsequent period, the fair value of the financial asset increased and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(e) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third party. The SC recognises revenue when (or as) it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The SC transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the SC performs;
- (b) the SC's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the SC's performance does not create an asset with an alternative use and the SC has an enforceable right to payment for performance completed to date.

(ii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the SC will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the SC for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(iii) Registration fees and license fees

Registration fees and license fees are recognised as it accrues in profit or loss.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(f) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the SC has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The SC's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

Post-employment benefits

The SC provides post-employment medical coverage to eligible employees engaged prior to 1 January 2003.

The SC's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the SC, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The SC determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Costs and expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The SC recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(g) Grants

The SC provides grants to eligible entities to undertake capital market activities. Grants are recognised in profit or loss when payments have been made.

(h) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the SC uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the SC can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The SC recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer and application systems RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2017	9,154	232,162	109,381	71,156	2,928	606	425,387
Additions	-	-	482	1,790	339	3,081	5,692
Disposals	-	-	(516)	(702)	(632)	(129)	(1,979)
Transfer from/(to)	-	-	-	233	-	(233)	-
At 31 December 2017/ 1 January 2018	9,154	232,162	109,347	72,477	2,635	3,325	429,100
Additions	-	-	902	945	-	5,290	7,137
Disposals	-	-	(98)	(53)	(933)	-	(1,084)
Transfer from/(to)	-	-	3,199	3,196	-	(6,395)	-
At 31 December 2018	9,154	232,162	113,350	76,565	1,702	2,220	435,153

3. Property, plant and equipment *(Continued)*

	Leasehold land RM'000	Buildings RM'000	Office equipment, furniture and fittings RM'000	Computer and application systems RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2017							
Accumulated depreciation	2,035	81,354	103,127	63,773	1,945	-	252,234
Accumulated impairment loss	-	109	-	-	-	-	109
	2,035	81,463	103,127	63,773	1,945	-	252,343
Depreciation for the year	92	4,643	2,062	3,935	444	-	11,176
Disposals	-	-	(506)	(695)	(632)	-	(1,833)
At 31 December 2017/ 1 January 2018							
Accumulated depreciation	2,127	85,997	104,683	67,013	1,757	-	261,577
Accumulated impairment loss	-	109	-	-	-	-	109
	2,127	86,106	104,683	67,013	1,757	-	261,686
Depreciation for the year	92	4,643	1,841	4,008	378	-	10,962
Disposals	-	-	(96)	(45)	(731)	-	(872)
At 31 December 2018							
Accumulated depreciation	2,219	90,640	106,428	70,976	1,404	-	271,667
Accumulated impairment loss	-	109	-	-	-	-	109
	2,219	90,479	106,428	70,976	1,404	-	271,776
Carrying amounts							
At 1 January 2017	7,119	150,699	6,254	7,383	983	606	173,044
At 31 December 2017/ 1 January 2018	7,027	146,056	4,664	5,464	878	3,325	167,414
At 31 December 2018	6,935	141,413	6,922	5,589	298	2,220	163,377

4. Other receivables

	2018 RM'000	2017 RM'000
Staff financing	8,043	10,108
Less: Unearned profit		
- Islamic financing on housing and motor vehicles	(388)	(538)
	7,655	9,570
Less: Amount due within 12 months (Note 6)	(1,331)	(1,336)
Amount due after 12 months	6,324	8,234

Staff financing relates to Islamic financing and conventional housing loans, Islamic financing and conventional motor vehicle loans, computer loans and study loans. The financing for housing and motor vehicles are secured over the properties and motor vehicle of the borrowers, respectively. The staff financing are repayable over a maximum period of 25 years, 7 years, 5 years and 4 years. The rate charged on these staff financing ranges from 2.0% to 4.0% per annum (2017: 2.0% to 4.0% per annum).

The maturity structures of the financing to staff as at the end of the financial year were as follows:

	2018 RM'000	2017 RM'000
Within 1 year	1,331	1,336
More than 1 year and up to 5 years	3,762	4,345
More than 5 years	2,562	3,889
	7,655	9,570

5. Other investments

	Non-current		Current		Total	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortised costs:						
– Malaysian Government Securities and Government Guaranteed Bonds	151,972	-	90,569	-	242,541	-
– Deposits placed with licensed banks	323,080	-	171,890	-	494,970	-
	475,052	-	262,459	-	737,511	-

	Non-current		Current		Total	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Held-to-maturity:						
– Malaysian Government Securities and Government Guaranteed Bonds	-	244,017	-	29,988	-	274,005
Loans and receivables:						
– Deposits placed with licensed banks	-	267,553	-	183,753	-	451,306
	-	511,570	-	213,741	-	725,311

Included in deposits placed with licensed banks are amounts restricted for stockbroking industry development of RM13.2 million (2017: RM12.6 million) and amount restricted for planning and implementing capacity building programmes in relation to the accounting and auditing profession of approximately RM0.7 million (2017: RM0.2 million).

6. Trade and other receivables

	2018 RM'000	2017 RM'000
Levies	9,670	14,608
Interest receivable	7,348	8,202
Other receivables	2,115	2,787
Deposit	718	905
Prepayments	2,540	4,260
Short term staff financing (Note 4)	1,331	1,336
	<u>23,722</u>	<u>32,098</u>

7. Cash and cash equivalents

	2018 RM'000	2017 RM'000
Cash and bank balances	16,242	20,128
Deposits placed with licensed banks	47,782	41,973
	<u>64,024</u>	<u>62,101</u>

The deposits placed with licensed banks earned income at rates ranging from 3.15% to 3.75% per annum (2017: 2.45% to 4.20% per annum).

Included in deposits placed with licensed banks are amounts restricted for brokers' security deposits of approximately RM1.2 million (2017: RM1.2 million), stockbroking industry development of approximately RM3.2 million (2017: RM3.1 million) and other miscellaneous deposits of approximately RM33.5 million (2017: RM27.2 million).

The bank balances are placed with licensed banks.

8. Compensation fund reserve

This represents an amount allocated from the accumulated surplus for the Capital Market Compensation Fund Corporation.

9. Post-employment benefits

	2018 RM'000	2017 RM'000
Net defined benefit liability	70,758	54,713
Expense recognised in profit or loss	6,419	657
Remeasurement of defined benefit liability recognised in other comprehensive income	-	16,729
Benefits paid	(1,487)	(1,341)
Total employee benefit liabilities	75,690	70,758

The defined benefit plan is an unfunded post-employment medical plan, which provides medical benefits for participants and their eligible dependants after retirement age until the death of the participant or spouse, or for child dependants up to age 18 or age 24, if they are still studying.

As such, the ultimate cost of the plan depends on the longevity of the retirees and their eligible dependants, the incidence and cost of events resulting in claims under the plan, and the inflation of such costs in the future.

Funding

The plan is unfunded. Employer contributions to the plan refer to the medical claim amounts paid directly by the SC. The SC expects to pay approximately RM1.1 million in contributions to its defined benefit plans in 2019.

Movement in net defined benefit liability

	2018 RM'000	2017 RM'000
Net defined benefit liability at 1 January	70,758	54,713
Included in profit or loss		
Current service cost	2,307	2,295
Past service cost	-	(5,444)
Interest cost	4,112	3,806
	6,419	657
Included in other comprehensive income		
Actuarial (gain)/loss arising from:		
– Financial assumptions	-	13,390
– Experience adjustments	-	3,339
	-	16,729
Other		
Benefits paid	(1,487)	(1,341)
Net defined benefit liability at 31 December	75,690	70,758

Defined benefit obligation Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	2018	2017
Discount rate	5.8%	5.8%
Medical cost inflation	10%, reducing to 5% in 4 years	10%, reducing to 5% in 5 years
Normal retirement age	60 years	60 years

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age 60 is 25 (2017: 60 is 25) for males and females at the end of the reporting date.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 20.6 years (2017: 20.6 years).

Change in estimate in prior year

In 2017, the SC has appointed Willis Tower Watson (TW) to perform actuarial valuation. There were changes in the assumption used in the valuation and as a result, there is a decrease in service cost recognised in profit or loss in 2017 by RM5.4 million.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	Defined benefit obligation	
	Increase RM'000	Decrease RM'000
2018		
Discount rate (1% movement)	(12,782)	16,425
Medical cost inflation rate (1% movement)	15,819	(12,565)
2017		
Discount rate (1% movement)	(12,052)	15,473
Medical cost inflation rate (1% movement)	14,937	(11,888)

10. Deferred income

	Note	2018 RM'000	2017 RM'000
At 1 January 2018/2017		5,819	-
Proceeds during the year	10.1	-	8,449
Less: recognised in profit or loss during the year		(1,244)	(2,630)
Deferred income		4,575	5,819
Current liabilities		1,244	210
Non-current liabilities		3,331	5,609
		4,575	5,819

10.1 In 2017, the SC has received approval from Ministry of Finance to utilise the residual sum disgorged from individuals for breaches of insider trading and market manipulation provisions under the securities laws, amounted to RM8.4 million. This sum is to defray the cost of regulating the market in Malaysia.

11. Other payables and accruals

	2018 RM'000	2017 RM'000
Other payables	52,331	52,731
Accruals	3,972	5,454
Brokers' security deposits	1,225	1,187
	57,528	59,372

12. Revenue

	2018 RM'000	2017 RM'000
Revenue	165,746	163,835
Other income		
– finance	31,976	30,102
– others	11,818	10,377
	43,794	40,479
Total revenue	209,540	204,314

12.1 Nature of goods and services

The following information reflects the typical transactions of the SC:

Nature of services	Significant Payment Term	Timing of recognition or method used to recognise revenue
Levies	30 days	Revenue is derived from Malaysia and are recognised at a point in time.
Fees and charges	Not applicable	Revenue is derived from Malaysia and are recognised at a point in time.

13. Staff costs

	2018 RM'000	2017 RM'000
Remuneration, bonus, staff medical, staff training and overtime	131,719	125,232
Employees Provident Fund and SOCSO contribution	17,840	18,420
Private Retirement Scheme	1,597	1,271
Post-employment benefits	6,419	657
	<u>157,575</u>	<u>145,580</u>

14. Grants

The SC provides grants to various entities involved in projects and programmes that develop, promote and enhance the well-being of the Malaysian capital market.

15. (Deficit)/Surplus before tax

	Note	2018 RM'000	2017 RM'000
(Deficit)/Surplus before tax is arrived at after charging:			
Auditors' remuneration		100	100
Executive members' emoluments*		4,410	4,901
Executive member's gratuity		1,925	-
Non-executive members' allowance		1,177	1,135
Rental expense:			
Property		1,573	2,260
Plant and equipment		201	282
Depreciation of property, plant and equipment	3	10,962	11,176
and after crediting:			
Gain on disposal of plant and equipment		<u>120</u>	<u>10</u>

* Included in executive members' emoluments are leave encashment amounted to RM194,000 (2017: Nil).

16. Tax expense

The SC was granted approval from the Minister of Finance to be exempted from taxation with effect from Year Assessment (YA) 2007 onwards.

17. Related parties

For the purpose of these financial statements, parties are considered to be related to the SC if the SC has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the SC and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the SC either directly or indirectly.

The SC has related party relationship with Securities Industry Development Corporation (SIDC), as the Chairman of the SC is also the Chairman of SIDC.

Significant related party transaction

The significant related party transactions of the SC are shown below. The balances related to the below transactions are shown in Note 6 and Note 11.

	2018 RM'000	2017 RM'000
Related party		
Management fee	502	502
Provision of grant	(2,500)	(2,500)
Key management personnel		
Proceeds from disposal of motor vehicles	242	-

18. Capital commitments

	2018 RM'000	2017 RM'000
Capital expenditure commitments		
Plant and equipment		
<i>Approved but not contracted for:</i>		
Within one year	18,616	13,110

19. Financial instruments

19.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as amortised costs (AC).

	Carrying amount RM'000	AC RM'000
2018		
Financial assets		
Other receivables	6,324	6,324
Other investments	737,511	737,511
Trade and other receivables*	21,181	21,181
Cash and cash equivalents	64,024	64,024
	829,040	829,040
Financial liabilities		
Other payables and accruals	(57,528)	(57,528)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Held-to-maturity investments (HTM); and
- (c) Financial liabilities measured at amortised cost (FL).

	Carrying amount RM'000	L&R/(FL) RM'000	HTM RM'000
2017			
Financial assets			
Other receivables	8,234	8,234	-
Other investments	725,311	451,306	274,005
Trade and other receivables*	27,838	27,838	-
Cash and cash equivalents	62,101	62,101	-
	823,484	549,479	274,005
Financial liabilities			
Other payables and accruals	(59,372)	(59,372)	-

* Exclude non-financial assets

19.2 Gains arising from financial instruments

	2018 RM'000	2017 RM'000
Gains on:		
Financial assets at amortised cost	31,976	-
Held-to-maturity investments	-	10,964
Loans and receivables	-	19,138
	31,976	30,102

19.3 Financial risk management

The SC has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund. The SC has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

19.4 Credit risk

Credit risk is the risk of a financial loss to the SC if a counterparty to a financial instrument fails to meet its contractual obligations. The SC's exposure to credit risk arises principally from the individual characteristics of each customer. There are no significant changes as compared to prior periods.

Receivables

Risk management objectives, policies and processes for managing the risk

The SC has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Recognition and measurement of impairment loss

In managing credit risk to of receivables, the SC manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, receivables will pay within 30 days.

The SC uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for receivables as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	Gross- carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2018			
Not past due	29,525	-	29,525
Past due 1 - 30 days	-	-	-
Past due 31 - 90 days	-	-	-
Past due 91 - 180 days	-	-	-
Past due more than 180 days	521	-	521
	30,046	-	30,046

The receivables that are past due has not recognised any loss allowance as the receivables are supported by collateral in the form of residential properties with respective fair value exceeding its outstanding debts.

The fair values of these collateralised properties are determined using the comparison method based on professional valuation.

No impairment was performed on the receivables.

Comparative information under MFRS 139, Financial Instruments : Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follow:

	Gross- carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2017			
Not past due	34,760	-	34,760
Past due 1 - 30 days	-	-	-
Past due 31 - 90 days	-	-	-
Past due 91 - 180 days	67	-	67
Past due more than 180 days	340	-	340
	35,167	-	35,167

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the SC are of the view that the loss allowance is not material and hence, it is not provided for.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have credit rating that are sovereign or near sovereign.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the SC has only invested in Malaysian government securities and government guaranteed bonds. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

19.5 Liquidity risk

Liquidity risk is the risk that the SC will not be able to meet its financial obligations as they fall due. The SC monitors and maintains a level of cash and cash equivalents deemed necessary by the SC to finance its operations and to mitigate the effects of fluctuations in cash flows.

Maturity analysis

The table below summarises the maturity profile of the SC's financial liabilities as at the end of the reporting period. There is no contractual interest rate for other payables and accruals.

	Carrying amount RM'000	Contractual cash flow RM'000	Under 1 year RM'000
2018			
Financial liabilities			
Other payables and accruals	57,528	57,528	57,528
2017			
Financial liabilities			
Other payables and accruals	59,372	59,372	59,372

19.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates, that will affect the SC's financial position or cash flows.

19.6.1 Interest rate risk

The interest rate profile of the SC's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2018 RM'000	2017 RM'000
Fixed rate instruments		
Financial assets	785,293	767,284

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The SC does not have any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

19.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of fixed deposits is assumed to reasonably approximate their fair values.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2018					
Non-current					
Financial assets					
Long-term receivables	-	-	6,324	6,324	6,324
Malaysian Government Securities and Government Guaranteed Bonds	-	152,533	-	152,533	151,972
	-	152,533	6,324	158,857	158,296
2017					
Non-current					
Financial assets					
Long-term receivables	-	-	8,234	8,234	8,234
Malaysian Government Securities and Government Guaranteed Bonds	-	245,831	-	245,831	244,017
	-	245,831	8,234	254,065	252,251

Level 1 fair value

Level 1 fair value is derived from unadjusted quoted price in active markets for identical financial assets that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2017: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Long-term receivables	Discounted cash flows using a rate based on the current market rate of borrowing.

20. Reserves management

The SC's financial management objective is to maintain adequate reserves to safeguard the SC's ability to perform its duties and functions independently and effectively. Management monitors the long-term capital commitments to ensure that sufficient funds are available to meet the obligations. The SC's investments are managed in a prudent manner to ensure the preservation of the funds.

21. Significant changes in accounting policies

During the year, the SC adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The SC generally applied the requirement of this accounting standard retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the SC have elected not to restate the comparatives. There are no significant impact from the adoption of MFRS 15.

21.1 Accounting for financial instruments**a. Transition**

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

- (i) The SC have not restated comparative information for prior periods with respect to classification and measurement requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.
- (ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:
 - the determination of the business model within which a financial asset is held.
- (iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the SC's financial assets and financial liabilities as at 1 January 2018:

Category under MFRS 139	31 December 2017 RM	1 January 2018 Reclassification to new MFRS 9 category AC RM
Financial asset		
Loan and receivables		
Other receivables	8,234	8,234
Other investments	451,306	451,306
Trade and other receivables	27,838	27,838
Cash and cash equivalents	62,101	62,101
	<hr/> 549,479 <hr/>	<hr/> 549,479 <hr/>
Held-to-maturity		
Other investments	274,005	274,005
	<hr/> 274,005 <hr/>	<hr/> 274,005 <hr/>
Financial liability		
Other financial liabilities measured at amortised cost		
Other payables and accruals	(59,372)	(59,372)
	<hr/> (59,372) <hr/>	<hr/> (59,372) <hr/>

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost.

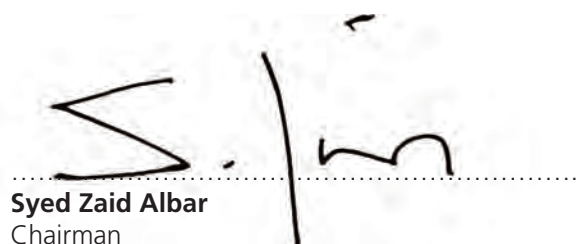
(ii) Reclassification from HTM to amortised cost

Quoted bond that were previously classified as HTM were now classified at amortised cost because the SC intends to hold the assets to maturity to collect contractual cash flows.

STATEMENT BY BOARD MEMBERS

In the opinion of the Board Members, the financial statements set out on pages 115 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Securities Commission Malaysia as of 31 December 2018 and of its financial performance and cash flows for the financial year then ended.

On behalf of the Board Members:



Syed Zaid Albar
Chairman



Wee Hoe Soon @ Gooi Hoe Soon
Member

Kuala Lumpur

Date: 30 January 2019

STATUTORY DECLARATION

I, **Vignaswaran A/L Kandiah**, the officer primarily responsible for the financial management of the Securities Commission Malaysia, do solemnly and sincerely declare that the financial statements set out on pages 115 to 146 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the *Statutory Declarations Act, 1960*.

Subscribed and solemnly declared by the abovenamed **Vignaswaran A/L Kandiah**, NRIC No. 561128-10-6171, at Kuala Lumpur in the Federal Territory on 30 January 2019.



.....
Vignaswaran A/L Kandiah
Officer

Before me:



Unit 50-10-1, Tingkat 10
Wisma UOA Damansara
No. 50, Jalan Dungun
Bukit Damansara
50490 Kuala Lumpur.
Tel: +603-2081 3770

INDEPENDENT AUDITORS' REPORT TO THE BOARD MEMBERS OF THE SECURITIES COMMISSION MALAYSIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Securities Commission Malaysia (SC), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 115 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SC as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the SC in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws), and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of Board Members of the SC for the Financial Statements

The Board Members are responsible for the preparation of financial statements of the SC that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Board Members are also responsible for such internal control as the Board Members determine is necessary to enable the preparation of financial statements of the SC that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the SC, the Board Members are responsible for assessing the SC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the SC or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the SC as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the SC, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the SC.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members.
- Conclude on the appropriateness of the Board Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the SC to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the SC or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the SC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the SC, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.


We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Board Members, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants



Loh Kam Hian
Approval Number: 02941/09/2020 J
Chartered Accountant

Petaling Jaya, Malaysia
Date: 30 January 2019

CORPORATE PROPOSALS

EQUITY

The SC received 11 equity applications in 2018 of which 8 applications were for initial public offerings (IPOs) and 3 were for transfer of listings. A total of 9 equity applications were considered in 2018 (Table 1).

In 2018, the SC approved 5 IPOs for the Main Market with total funds approved to be raised from these IPOs estimated at RM4.87 billion (Table 2) with aggregate market capitalisation of RM14.19 billion.

There were 11 new listings for 2018. Of these 11 listings, 2 were on the Main Market and the remaining 9 were on the ACE Market. The total amount of funds raised from these new listings in 2018 was approximately RM0.61 billion.

The SC registered 42 equity prospectuses in 2018, comprising 14 prospectuses for IPO, 1 prospectus for restricted offer for sale of ordinary shares and 27 abridged prospectuses (Table 3).

Table 1

Status of equity applications

Applications	2018	2017
Brought forward from the previous year	3	3
Received during the year	11	8
Total for consideration	14	11
Approved during the year	(9)	(6)
Not approved during the year	(-)	(-)
Returned during the year	(-)	(-)
Total considered during the year	(9)	(6)
Withdrawn during the year	(1)	(2)
Carried forward to the next year	4	3

Table 2

Equity applications approved by type of proposals

Type of proposals	2018		2017	
	No. of proposals approved	Amount raised (RM million)	No. of proposals approved	Amount raised (RM million)
IPO on Main Market: – Domestic companies	5	4,867.79	3	3,770.00
Subtotal	5	4,867.79	3	3,770.00
Restructuring/mergers and acquisitions	–	–	1	–
Transfer from ACE Market to Main Market	4	–	2	–
TOTAL	9	4,867.79	6	3,770.00

Table 3

Registration of equity prospectuses

Applications	2018	2017
Prospectus	15	11
Abridged prospectus	27	31
TOTAL	42	42

CORPORATE BONDS AND SUKUK

The Malaysian corporate bonds and sukuk market reported total issuance of RM105.45 billion in 2018, a 15.56% decrease from RM124.88 billion issued in 2017.

In 2018, the SC received 57 lodgements under the Lodge and Launch (LOLA) Framework and 2 applications for issuances of corporate bonds and sukuk, as compared to 79 lodgements and 3 applications received in the previous year (Table 4). Ringgit-denominated corporate bonds and sukuk continued to form the majority of the proposals

approved by/lodged with the SC with a total nominal value of RM89.87 billion, of which 56.72% or RM50.97 billion, were sukuk (Table 5).

There has been an overall decline in the maturity profile of ringgit-denominated corporate bonds and sukuk approved by/lodged with the SC in 2018. The maturity profile of ringgit-denominated corporate bonds and sukuk with tenures of 1 to 7 years exhibited a 14.29% decrease while total number of ringgit-denominated corporate bonds and sukuk with the tenures of 8 to 15 years saw a 37.50% decrease. There was also a 25.71% decrease in the total number of ringgit-denominated corporate

Table 4

Number of corporate bonds and sukuk lodgements and applications

(i) Lodgements ¹	2018	2017
Received during the year	57	79
(ii) Applications	2018	2017
Brought forward from the previous year	1	1
Received during the year	2	3
Total for consideration	3	4
Approved during the year	(3)	(3)
Not approved during the year	-	-
Returned during the year	-	-
Total considered during the year	(3)	(3)
Withdrawn during the year	-	-
Carried forward to the next year	-	1

Note:

¹ Pursuant to the Lodge and Launch Framework.

Table 5

Lodged/approved ringgit-denominated corporate bonds and sukuk issues

Type of issues	2018		2017	
	No. of issues	Nominal amount (RM million)	No. of issues	Nominal amount (RM million)
Corporate bonds				
– Commercial papers/Medium-term notes	19	26,224.00	27	91,004.00
– Bonds	2	10,080.00	3	2,080.00
– Loan stocks	3	802.88	3	674.92
Subtotal	24	37,106.88	33	93,758.92
Sukuk				
– Islamic commercial papers/ Islamic medium-term notes	32	50,965.00	45	93,004.00
– Islamic bonds	-	-	2	1,150.00
– Islamic loan stocks	-	-	-	-
Subtotal	32	50,965.00	47	94,154.00
Combination of corporate bonds and sukuk				
– Commercial papers/Medium-term notes	2	1,800.00	-	-
Subtotal	2	1,800.00	-	-
TOTAL	58	89,871.88	80	187,912.92

bonds and sukuk with tenures of more than 15 years which included 9 issuances with perpetual maturities (Chart 1).

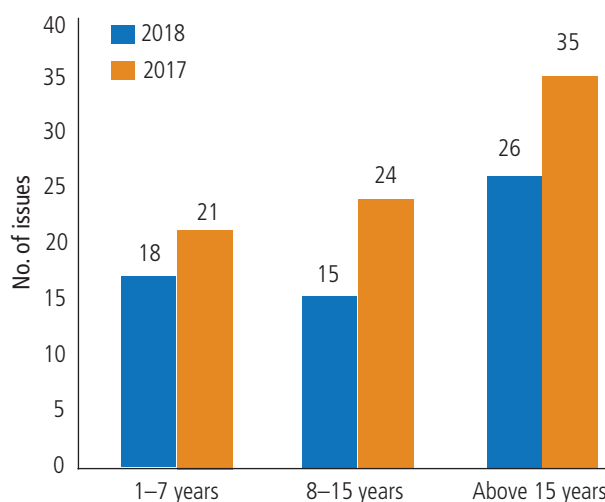
In 2018, a total of 26 ratings (based on initial rating) were assigned by credit rating agencies to ringgit denominated corporate bonds and sukuk issues approved by/loved with the SC. The number of unrated issues declined by 20% (Chart 2).

The mandatory rating requirement for corporate bonds and sukuk has been removed effective January 2017.

There were 2 foreign currency-denominated sukuk lodged with the SC in 2018 by foreign issuers.

Chart 1

Tenure of lodged/approved ringgit-denominated corporate bonds and sukuk issues

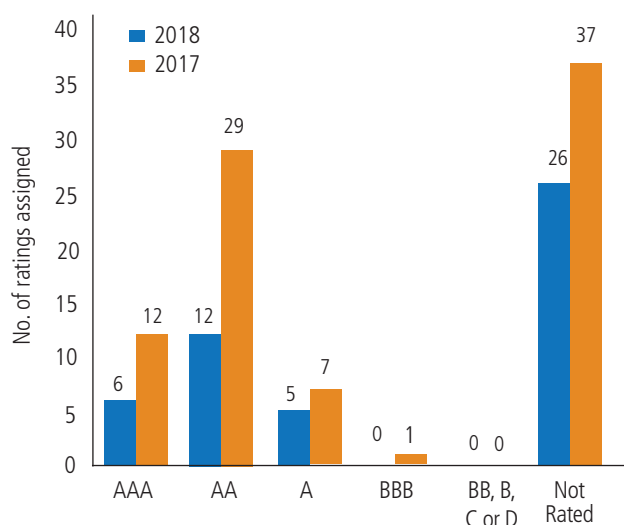


Note:
Tenure of facility, and not the respective notes or papers under the facility.

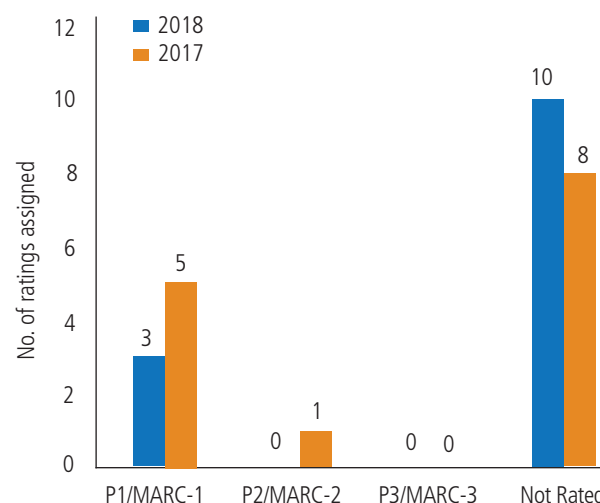
Chart 2

Rating summary of lodged/approved ringgit-denominated corporate bonds and sukuk issues

Long-term rating



Short-term rating



Note:
A corporate bond or sukuk issue may be assigned more than 1 credit rating (e.g. for commercial papers/medium-term notes programmes, both short-term rating accorded for commercial papers and long-term rating for medium-term notes are taken into account).

TAKE-OVERS AND MERGERS

In Malaysia, take-overs and mergers are regulated by the SC under the *Capital Markets and Services Act 2007* (CMSA), the *Malaysian Code on Take-overs and Mergers 2016* (Code) and the *Rules on Take-overs, Mergers and Compulsory Acquisitions* (Rules). The main purpose of take-over regulation is to provide an orderly framework for acquisitions or consolidation of control to take place. It aims to preserve the integrity of the capital market by ensuring fair and equal treatment of shareholders and by affording shareholders the opportunity to assess the merits of a take-over through full and timely disclosure of relevant information.

In 2018, the SC considered 72 applications under the Rules, compared to 94 applications in 2017. A total of 18 offer documents were cleared by the SC in 2018 involving a total offer value of RM7.32 billion or an average of RM406.57 million per offer. The SC also cleared a cash compensation scheme to shareholders which was implemented concurrently with an ongoing take-over scheme to address an earlier trigger of the mandatory offer obligation in respect of the same offeree company. The total offer value for 2018 represented an increase of RM3.84 billion against the previous year, and is recorded as the highest total offer value for take-overs under the Code in the past 5 years (2017: 24 offers with total offer value of RM3.48 billion). 4 take-over offers were undertaken by way of schemes in 2018, representing 22% of the total number of offers (2017: 7 schemes or 29%).

The largest offer for the year was in relation to Unisem (M) Bhd, which involved RM1,816.86 million in offer value and constituted 25% of the total offer value for 2018. Other notable offers in terms of value were the offers for OldTown Bhd and Iskandar Waterfront City Bhd with offer values of RM1,473.10 million and RM1,420.87 million respectively. The offer for Iskandar Waterfront City Bhd however, eventually lapsed when Ekovest

Bhd failed to obtain the requisite approval from its shareholders. In aggregate, these 3 offers represented 64% of the total offer value in 2018.

The property sector garnered the most interest with 7 target companies with total offer value of RM2,508.71 million, representing 39% of total number of offers and 34% of total offer value in 2018. A total of 4 offers involved foreign parties as offerors, i.e. from Netherlands (for OldTown Bhd), Singapore (for LCTH Corporation Bhd), Philippines (for MCT Bhd) and China (for Unisem (M) Bhd). Meanwhile, the number of proposed privatisations of listed companies effected via take-over offers remained the same, with 7 offers representing 39% of the total number of offers in 2018 (2017: 7 or 29%).

Additionally, the SC cleared 25 independent advice circulars comprising 18 circulars in relation to take-over offers/schemes and 7 circulars in relation to exemptions from the mandatory offer obligation arising mainly from rights issue exercises, pursuant to the whitewash procedures. The SC also approved 15 applications for exemptions from having to undertake a mandatory take-over offer and 13 applications for various matters including other waivers or rulings (Table 6).

Table 6

Applications considered in relation to take-overs, mergers and compulsory acquisitions

Type of applications/ documents cleared	2018	2017
Clearance of offer/ scheme documents	19	25
Clearance of independent advice circulars	25	33
Applications for exemption from mandatory offer obligation	15	18
Other applications	13	18
TOTAL	72	94

In addition to regulating firm offers and considering formal applications, a significant amount of resources was allocated to consultations sought on possible offers, exemptions, concert party matters, potential favourable deals and general enquiries pertaining to the interpretation and application of the Code and the Rules.

During the year, the SC organised dialogue sessions with various stakeholders as part of its post-implementation review of the Rules issued in 2016, and issued letters to practitioners to provide clarity in relation to opinions by independent advisers for offers that are 'not fair but reasonable'.

The SC also undertakes surveillance and enquiries on potential take-over related breaches and non-compliances. This has resulted in a number of actions taken in 2018 including issuances of reprimands and impositions of fines for failure to undertake a mandatory offer. Actions taken also include issuances of infringement notices for various non-compliances such as delay in serving the notice of take-over offer as well as delay in providing dealing disclosures during an offer period, and dealings in shares during a restricted period.

INVESTMENT MANAGEMENT

FUND MANAGEMENT

Total assets under management (AUM) of licensed fund management companies (FMCs) in Malaysia fell by 4.21% to RM743.58 billion as compared to RM776.23 billion in 2017. In 2018, top 5 FMCs contributed to 57.42% of total AUM as compared to 57.27% in 2017 (Chart 1).

Source of funds under management were largely from unit trust funds, Employees Provident Fund, corporate bodies, and wholesale funds (Table 1). The funds were allocated in various asset classes and locations, of which, investment inside Malaysia by FMCs amounted to RM590.03 billion, representing 79.35% of the total AUM as at end 2018 (Chart 2). The bulk of investment was allocated in equities with 47.24% at end 2018, as compared to 51.03% in 2017 (Chart 3). Similar trend was observed on assets allocation inside and outside Malaysia (Chart 4).

Table 1

Source of clients' funds under management

Source of funds	2018 (RM billion)	2017 (RM billion)
Unit trust funds	426.18	426.98
Employees Provident Fund	112.13	118.50
Wholesale funds	64.95	84.68
Corporate bodies	73.11	84.30
Statutory bodies and government agencies	32.81	26.79
Others	19.58	19.93
Individuals	10.06	9.66
Private pension funds	4.76	5.39
TOTAL	743.58	776.23

Chart 1

Assets managed by FMCs

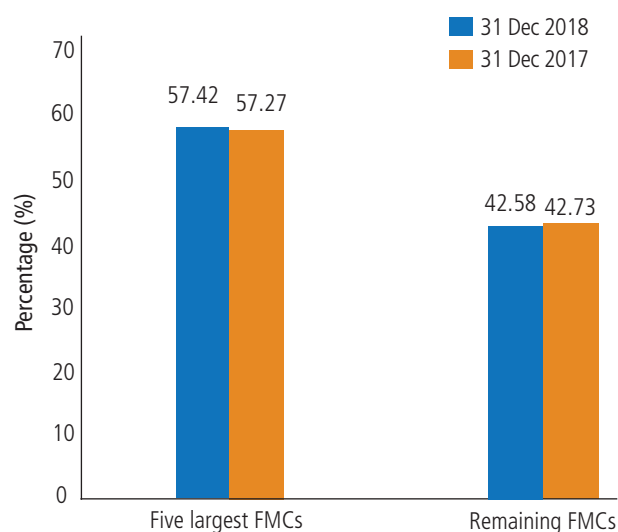


Chart 2

Assets invested inside and outside of Malaysia

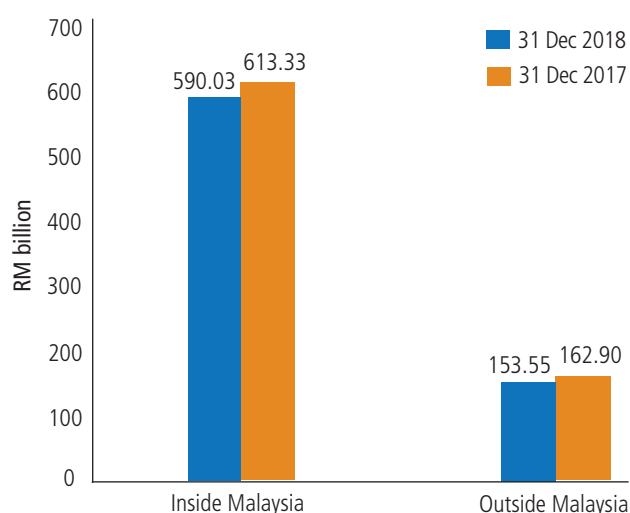


Chart 3

Assets Allocation

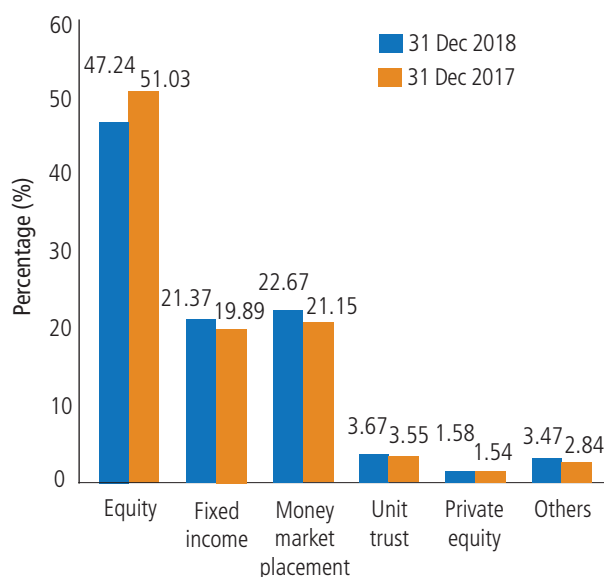
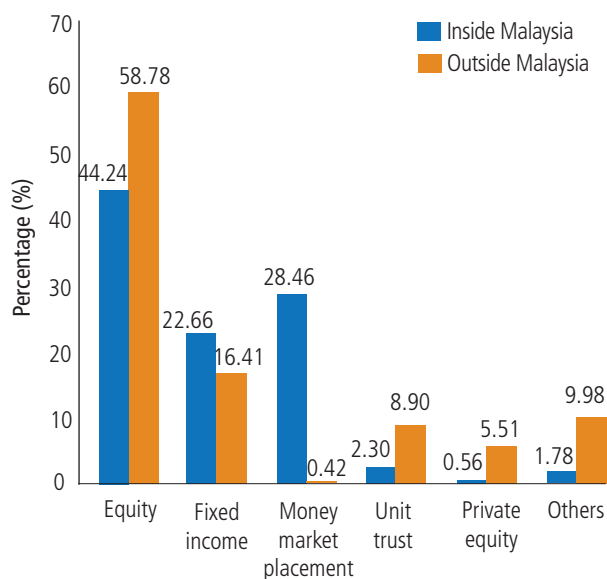


Chart 4

Assets allocation inside and outside of Malaysia as at 31 December 2018



COLLECTIVE INVESTMENT SCHEMES AND PRIVATE RETIREMENT SCHEMES

In 2018, unit trust funds continued to be the largest component of the Malaysian collective investment schemes (CIS) industry with a total net asset value (NAV) of RM426.18 billion recorded as at 31 December 2018 (2017: RM426.98 billion). Total NAV of unit trust funds as a percentage of Bursa Malaysia's market capitalisation is 25.06% as at 31 December 2018 (2017: 22.39%) (Table 2). As at 31 December 2018, there are 37 locally-incorporated management companies approved to offer unit trust funds.

In the year under review, 37 new unit trust funds were launched while 22 funds were terminated and 9 funds matured, bringing the total number of unit trust funds available to investors to 650 as at 31 December 2018. Of these, 426 funds were conventional unit trust funds while the remaining 224 were Shariah-compliant unit trust funds.

The unit trust funds industry recorded a total gross sales value of RM204.97 billion with unit trust management companies being the major distributors with sales amounting to RM87.57 billion (Table 3).

In the wholesale funds segment, 43 new funds were launched under the LOLA Framework (Table 4) to sophisticated investors while 25 funds were terminated and 6 funds matured in 2018, which brought the total number of wholesale funds in operation to 307 as at 31 December 2018. Of these, 231 funds were conventional wholesale funds while 76 were Shariah-compliant wholesale funds. The total NAV of wholesale funds as at 31 December 2018 was RM64.95 billion (2017: RM84.68 billion).

A total of 4 funds were qualified as SRI fund in 2018 pursuant to the introduction of the *Guidelines on Sustainable and Responsible Investment Funds* in December 2017. Of these, 2 were unit trust funds and 2 were wholesale funds.

As at 31 December 2018, 18 real estate investment trusts (REITs) were listed on the Main Market of Bursa Malaysia with a total market capitalisation (including a stapled group) of RM41.43 billion (2017: RM46.48 billion). The total asset size grew marginally from RM51.21 billion to RM52.77 billion for the same period. As at 31 December 2018, there continues to be only 1 unlisted REIT offered to sophisticated investors.

With the listing of MyETF Dow Jones U.S. Titans 50 on 28 February 2018, the total exchange-traded fund (ETFs) listed on the Main Market of Bursa Malaysia as at 31 December 2018 was 10 with a total market capitalisation of RM1.98 billion, an increase of 2.06% from a total market capitalisation of RM1.94 billion as at 31 December 2017.

Table 2

Overall status of unit trust fund industry

	31 December 2018	31 December 2017
No. of funds launched	650	644
– Conventional	426	431
– Shariah-compliant	224	213
Units in circulation (billion units)	629.24	562.39
No. of accounts (million)*	21.06	20.08
Total NAV (RM billion)	426.18	426.98
– Conventional (RM billion)	342.72	349.20
– Shariah-compliant (RM billion)	83.46	77.78
% of NAV to Bursa Malaysia market capitalisation^	25.06	22.39

Note:

* Including unitholders accounts with institutional unit trust advisers (IUTA) that operate nominee account system.

^ The comparison made between the total NAV of the unit trust funds industry and Bursa Malaysia's market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust funds.

Table 3

Distribution channels

	31 December 2018 RM billion	31 December 2017 RM billion
Unit trust management company	87.57	81.95
Institutional unit trust adviser	66.53	64.96
Unit trust consultant	47.75	50.45
Corporate unit trust adviser	0.83	0.36
Others	2.29	2.51
TOTAL	204.97	200.23

As at 31 December 2018, there continued to be only 1 closed-end fund (CEF) listed on the Main Market of Bursa Malaysia with a market capitalisation of RM345.80 million (2017: RM397.60 million).

The number of PRS funds remained unchanged with 12 schemes comprising 56 funds as at 31 December 2018. Of these, 31 were conventional funds while 25 were shariah-compliant funds. The total industry

NAV of RM2.68 billion as at 31 December 2018 represented an increase of 20.18% compared to a total NAV of RM2.23 billion as at 31 December 2017.

For the year under review, the SC has considered 350 applications relating to CIS and PRS, comprising applications to establish new funds, register prospectuses, register deeds and other ancillary matters (Table 4).

Table 4

Number of applications and lodgements relating to collective investment schemes and private retirement schemes

(i) Lodgement		Lodged		Launched			
		2018	2017	2018	2017		
Wholesale funds		45 ¹	48	43	49		
(ii) Application		Considered		Approved		Pending consideration	
		2018	2017	2018	2017	As at 31 December 2018	As at 31 December 2017
Establishment of collective investment schemes		43	51	43	51	5	5
– Unit trust funds		42	47	42 ²	47	5	5
– Real estate investment trusts		-	2	-	2	-	-
– Exchange-traded funds		1	2	1	2	-	-
Increase in fund size limit		2	6	2	6	-	-
– Unit trust funds		1	4	1	4	-	-
– Real estate investment trusts		1	2	1	2	-	-
Exemption / Variation from guidelines		9	14*	8	13*	3	1
Registration of prospectuses / disclosure documents		124	207	124	207	8	9
Registration of deeds		120	110	120	110	7	9
Other applications		52	57	51	57	3	3
TOTAL		350	445	348	444	26	27

Note:

1 Includes 2 funds which were qualified as SRI fund.

2 Includes 2 funds which were qualified as SRI fund.

* Tax certification applications are now reclassified as 'other applications'.

INVESTMENT PRODUCTS

Structured warrants

There were 6 eligible issuers of structured warrants in 2018. The SC received and registered 6 base prospectuses and 9 supplementary prospectuses from these issuers in 2018 (Table 5).

Table 5

Structured warrants considered

	2018	2017
No. of eligible issuers	6	7
Base prospectuses registered	6	5*
Supplementary prospectuses registered	9	12
Term sheets registered	1,037	925
Issue size (billion warrants)	53.19	48.25

Note:

* 2 issuers did not renew their base prospectuses which had expired in 2017.

A total of 1,037 term sheets for the offering of structured warrants were registered in 2018, representing an increase of 12.11% compared to the 925 term sheets registered in 2017. The increase was attributable to the active issuance by issuers in meeting investor interest during the year.

In 2018, there was an increase in issuances of structured warrants based on shares from 788 in 2017 to 879. In addition, issuances of structured warrants based on indices increased to 140 in 2018 compared to 120 in the previous year.

The term sheets registered in 2018 enabled the structured warrants issuers to offer up to a total of 53.19 billion structured warrants.

Structured products

In 2018, 16 issuers lodged 21 new structured product programmes with the SC under the LOLA Framework for unlisted capital market products. These programmes comprised a variety of underlying references and had an aggregate size of RM100.05 billion with each programme having a size limit of up to RM5.0 billion (Table 6).

Table 6

Structured product programmes considered

	2018		2017	
No. of issuers lodged new programmes	16		9	
New programmes lodged	No. of programmes	Size (RM billion)	No. of programmes	Size (RM billion)
Principle				
– Conventional	17	85.00	20	100.00
– Islamic	4	15.05	-	-
TOTAL	21	100.05	20	100.00

ISLAMIC CAPITAL MARKET

The Islamic capital market (ICM) represented 60.55% Malaysia's capital market. Its market size recorded RM1,880.73 billion as at end 2018 in comparison with RM1,893.47 billion as at end 2017. This comprises total market capitalisation of Shariah-compliant equities of RM1,036.52 billion and total sukuk outstanding amounted to RM844.21 billion (Chart 1 and Table 1).

Shariah-compliant securities

The SC released the updated list of Shariah-compliant securities approved by its Shariah

Advisory Council (SAC) in May and November 2018 respectively. The updated list, which took effect on 30 November 2018, featured a total of 689 Shariah-compliant securities. The list included 33 newly-classified Shariah-compliant securities and excluded 34 from the previous list issued in May 2018.

As at end December 2018, these securities remained at 689 Shariah-compliant securities, which constituted 75.30% of the 915 listed securities on Bursa Malaysia. The market capitalisation of Shariah-compliant securities stood at RM1,036.52 billion or 60.96% of the total market capitalisation, a decrease of 8.58% as compared to end 2017 (Chart 2 and Table 2).

Chart 1

Size of Islamic capital market

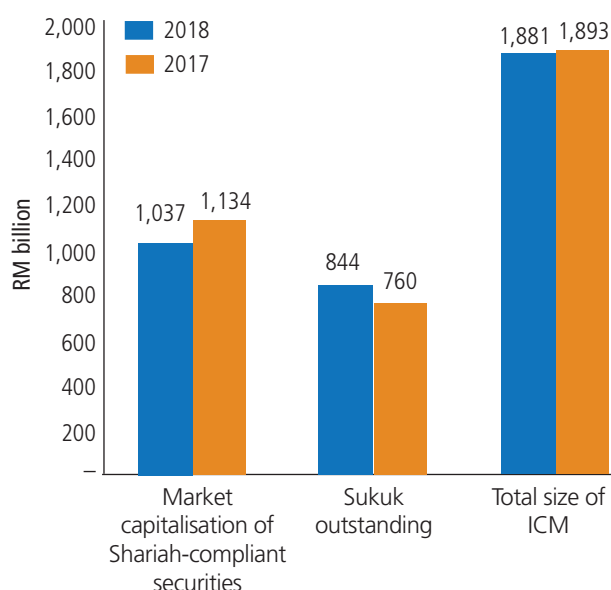
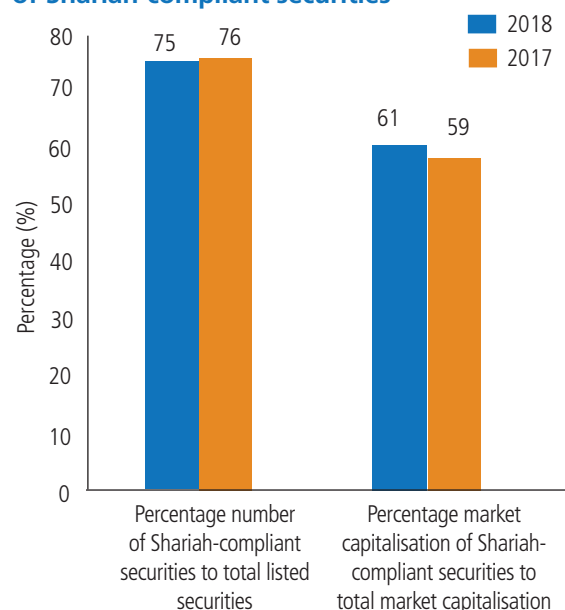


Chart 2

Percentage of number and market capitalisation of Shariah-compliant securities



Sukuk

In 2018, a total of 58 ringgit-denominated corporate bonds and sukuk have been approved and lodged with the SC amounting to RM89.87 billion of which 32 were sukuk valued at RM50.97 billion (Chart 3). The sukuk value represented 56.72% of the total new ringgit-denominated corporate bonds and sukuk approved and lodged.

In terms of issuances, corporate sukuk represented 68.92% (2017: 70.19%) of total corporate bonds and sukuk issuances while sukuk outstanding accounted for 76.01% (2017: 75.14%) of total corporate bonds and sukuk outstanding (Table 3).

Overall, sukuk issuances by Government and corporates in 2018 represented 51.80% (2017:

53.05%) of total bonds and sukuk issuances whereas total sukuk outstanding represented 60.05% (2017: 58.80%) of total bonds and sukuk outstanding (Table 4).

Islamic fund management

The Islamic AUM stood at RM158.83 billion registering 7.74% decrease from RM172.16 billion as at end 2017 (Chart 4). The number of Islamic CIS saw an increase from 324 in 2017 to 335 as at end 2018. During the year, two Islamic SRI funds were launched for unit trust and wholesale fund respectively. As at end 2018, there were 53 fund management companies managing Islamic funds, with 22 full-fledged Islamic fund management companies and 31 fund management companies offering Islamic windows.

Chart 3

Corporate sukuk approved/loved with the SC

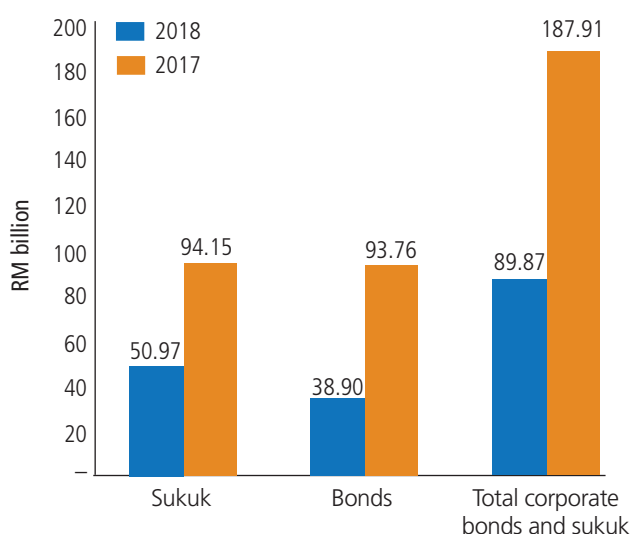
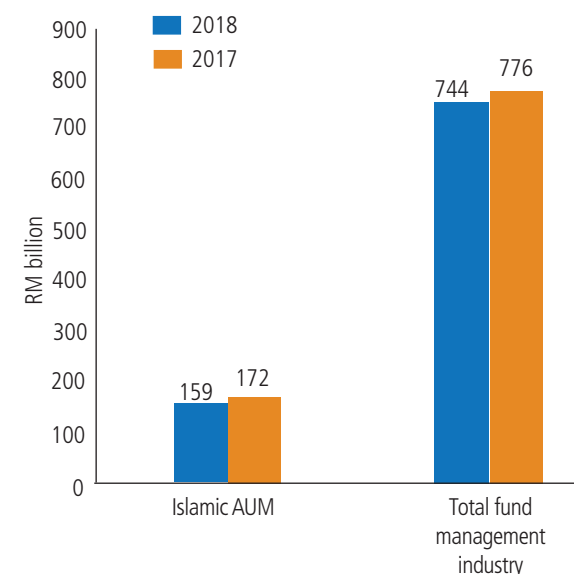


Chart 4

AUM of Islamic fund management



KEY STATISTICS

Table 1

Size of ICM

Islamic capital market	2018 RM billion	2017 RM billion
Market capitalisation of Shariah-compliant securities	1,036.52	1,133.83
Size of sukuk outstanding	844.21	759.64
Total size of ICM	1,880.73	1,893.47
% of ICM to total capital market	60.55%	59.19%

Table 2

Shariah-compliant securities

	2018	2017
Number of securities:		
Shariah-compliant securities	689	688
Total listed securities	915	905
% of Shariah-compliant to total listed securities	75.30%	76.02%

Market capitalisation (RM billion):	2018	2017
Shariah-compliant securities	1,036.52	1,133.83
Total market capitalisation	1,700.37	1,906.84
% of Shariah-compliant securities to total market capitalisation	60.96%	59.46%

Table 3

Corporate sukuk

Sukuk approved/loved	2018	2017
Number of sukuk	32	47
Size of sukuk (RM billion)	50.97	94.15
Size of total corporate bonds and sukuk (RM billion)	89.87	187.91
% of sukuk to total corporate bonds and sukuk approved/loved	56.72%	50.11%
Total issuance (RM billion) (long term)	2018	2017
Sukuk issuance	72.68	87.65
Total corporate bonds and sukuk issuances	105.45	124.88
% of sukuk to total corporate bonds and sukuk issuances	68.92%	70.19%
Total sukuk outstanding (RM billion) (long term)	2018	2017
Sukuk outstanding*	497.21	454.49
Total corporate bonds and sukuk outstanding	654.11	604.88
% of sukuk to total corporate bonds and sukuk outstanding	76.01%	75.14%

* including 5 green sukuk

Table 4

Government and corporate sukuk

Total issuance (RM billion)	2018	2017
Sukuk issuance	199.90	168.68
Total bonds and sukuk issuances	385.93	317.94
% of sukuk to total bonds and sukuk issuances	51.80%	53.05%
Total sukuk outstanding (RM billion)	2018	2017
Sukuk outstanding	844.21	759.64
Total bonds and sukuk outstanding	1,405.78	1,291.91
% of sukuk to total bonds and sukuk outstanding	60.05%	58.80%

Table 5

Islamic assets under management (AUM)

	2018	2017
Islamic AUM (RM billion)	158.83	172.16
Total fund management industry (RM billion)	743.58	776.23
% of Islamic AUM to total fund management industry	21.36%	22.18%

Table 6

Islamic unit trust funds (UTF)

	2018	2017
Islamic UTF*	224	213
Total industry	650	644
NAV of Islamic UTF (RM billion)	83.45	77.78
NAV of total industry (RM billion)	426.18	426.98
% NAV of Islamic UTF to total industry	19.58%	18.22%

* including 1 SRI fund

Table 7

Islamic wholesale funds (WF)

	2018	2017
Islamic WF*	76	77
Total industry	307	295
NAV of Islamic WF (RM billion)	23.58	37.72
NAV of total industry (RM billion)	64.95	84.68
% NAV of Islamic WF to total industry	36.30%	44.54%

* including 1 SRI fund

Table 8

Islamic private retirement scheme (PRS) funds

	2018	2017
Islamic PRS	25	25
Total industry	56	56
NAV of Islamic PRS (RM billion)	0.82	0.72
NAV of total industry (RM billion)	2.68	2.23
% NAV of Islamic PRS to total industry	30.60%	32.29%

Table 9

Islamic exchange-traded funds (ETF)

	2018	2017
Islamic ETF	6	5
Total industry	10	9
Market capitalisation of Islamic ETF (RM billion)	0.55	0.47
Market capitalisation of total industry (RM billion)	1.98	1.94
% market capitalisation of Islamic ETF to total industry	27.78%	24.20%

Table 10

Islamic real estate investment trusts (REIT)

	2018	2017
Islamic REIT	4	4
Total industry	18	18
Market capitalisation of Islamic REIT (RM billion)	17.19	19.07
Market capitalisation of total industry (RM billion)	41.43	46.48
% market capitalisation of Islamic REIT to total industry	41.49%	41.02%

VENTURE CAPITAL AND PRIVATE EQUITY

The total number of registered corporations stood at 117 as at 31 December 2018 (Table 1). The venture capital segment accounted for 105 registered corporations (VCMC and VCC) while the private equity segment consisted of 12 registered corporations (private equity management corporation (PEMC) and private equity corporation (PEC)). The year saw a number of new registrants of homegrown as well as local offices of regional firms such as RHL Ventures Sdn Bhd, Sun SEA Capital Sdn Bhd and V V P Advisors (Malaysia) Sdn Bhd.

The number of investee companies increased from 381 in 2017 to 387 in 2018. As of end 2018, the number of professionals employed by the industry with at least four years' experience stood at 235.

Total committed funds in the industry as at end of 2018 stood at RM6.1 billion (Table 2). This decrease is largely due to a deregistration of a major VC. Despite this, 2018 saw a 46.8% increase in investment activity amounting to RM613.3 million invested during the year from RM417.8 million in 2017. At the end of the year under review, the total

cumulative investments stood at RM3.1 billion. As for divestments, there was a decrease from RM375.2 million in 2017 to RM161 million in 2018. In this regard, the divestments, either partial or full, involved 75 investee companies which were divested in 2018 compared to 59 companies in 2017. Divestments recorded during the year were mainly through IPOs and sale or distribution to investors.

Public funds remain the largest source of capital for the industry with government agencies and investment companies making up 40.2% while sovereign wealth funds contributed 30.2%. Private sector contribution to the industry were led by asset managers (9.7%) followed by corporate investors (10.8%) and individual investors and family offices (5.1%).

The top 3 registered corporations by amount of investor commitments as at end 2018 were Xeraya Capital, Malaysia Venture Capital Management Bhd (MAVCAP) and COPE Private Equity Sdn Bhd.

Table 1

Statistics of industry participants

	31 December 2018	31 December 2017
Number of registered corporations	117	110
Number of registered VCMCs and VCCs	105	101
Number of registered PEMCs and PECs	12	9
Number of investee companies	387	381
Number of VC & PE professionals ¹	235	182

¹ Professionals with more than 4 years of experience.

Table 2

Industry key statistics (Figures in RM million)

	31 December 2018	31 December 2017
Total committed funds under management [1]	6,084.19	7,003.02
Total drawn capital [2]	4,102.12	3,651.62
Estimated capital available for investment [3]=[1]-[2]	1,982.06	3,351.40
Total investment as at end of the period	3,116.33	2,454.37
	During 2018	During 2017
Investments in investee companies	613.28	417.83
Divestments	160.96	375.20

Chart 1

Sources of funds (2018: RM6.08 billion)

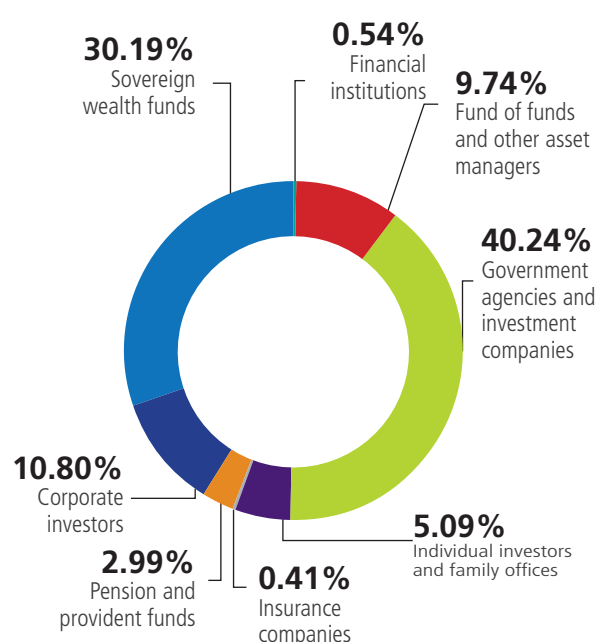
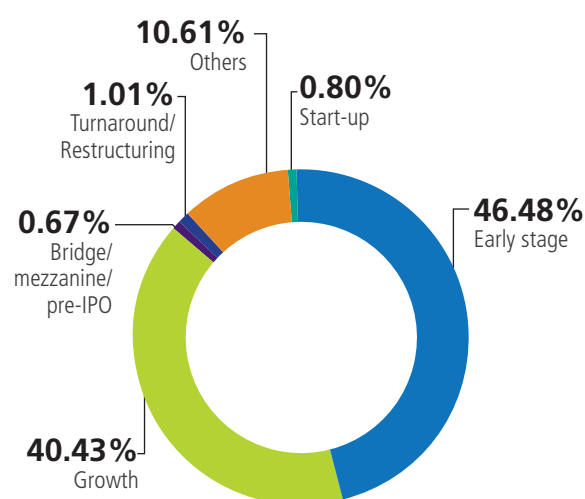


Chart 2

Investments by financing stage (2018: RM613.28 million)



Notes:

Government agencies and investment companies: Includes ministerial investment companies (e.g. Minister of Finance (Incorporated)), government agencies, statutory bodies and government-linked investment companies established for the purpose of managing investments of public funds (e.g. PNB, Ekuinas).

Table 3

Investments during 2018

Business stage	New investments (RM'000)	Percentage of all investment	No. of companies
Seed	-	-	-
Start-up	4,920.77	0.80%	5
Early stage	285,030.30	46.48%	35
Growth	247,963.88	40.43%	61
Bridge/mezzanine/pre-IPO	4,135.99	0.67%	3
Turnaround/Restructuring	6,182.11	1.01%	6
Others	65,044.29	10.61%	7
All investments	613,277.34	100.00%	117

Investee companies at the early and growth stages received the bulk of the funding in 2018 where 96 investee companies received funding amounting to RM533 million, representing 86.9% of total investments made during the year (Table 3).

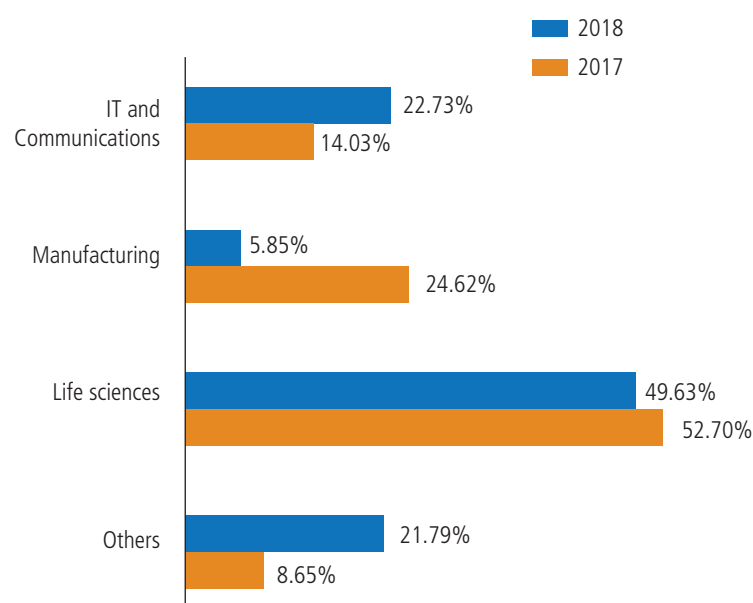
Investments into start-up stage stood at 0.8% of total investments made during the year, where the investments were channeled into 5 investee companies.

Investments towards the life sciences sector accounted for 49.6% of investments during the year. These investments were primarily channeled towards medical devices, pharmaceutical and environmental biotechnology. IT and communications saw an increase in share of investments to 22.7% while manufacturing share decreased to 5.9% (Chart 3).

Other sectors recorded a share of 21.8%. These sectors included investments in wholesale and retail trading, creative media, logistics, education and financial services.

Chart 3

Investments during year, percentage by sectors



Divestments in 2018 were mainly in investee companies in the growth stage amounting to approximately RM95 million, representing 59% of total divestments during the year. (Table 4)

Table 4

Divestments during 2018

Business stage	Divestments (RM '000)	% of All Divestments	No. of companies
Seed	618.00	0.38%	2
Start-up	1,458.76	0.91%	5
Early stage	9,175.58	5.70%	12
Growth	94,916.08	58.97%	39
Bridge/ Mezzanine/ Pre-IPO	841.77	0.53%	4
Turnaround/Restructuring	9,744.92	6.05%	6
Others	44,208.17	27.46%	7
All divestments	160,963.28	100.00%	75

EQUITY CROWDFUNDING AND PEER-TO-PEER FINANCING

EQUITY CROWDFUNDING

Since its inception, equity crowdfunding (ECF) has raised RM48.87 million capital (Chart 1) through 51 successful campaigns by 50 issuers, with 93% campaign success rate. In 2018, RM15.06 million was raised by 14 issuers (Chart 2).

Among the successful fundraising campaigns to date, 47% raised RM500,000 and below (Chart 3).

Chart 1

Capital raised

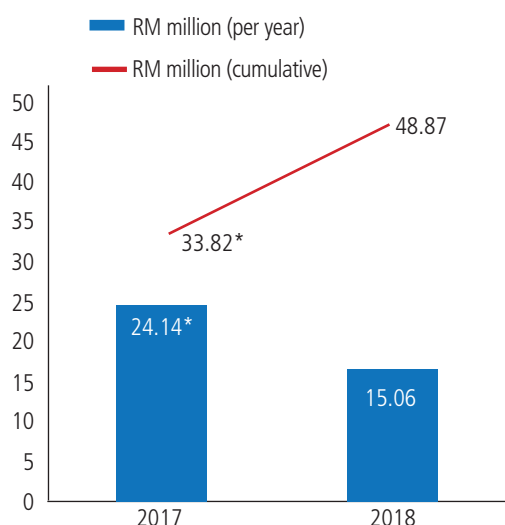


Chart 2

Number of successful campaigns and issuers by year

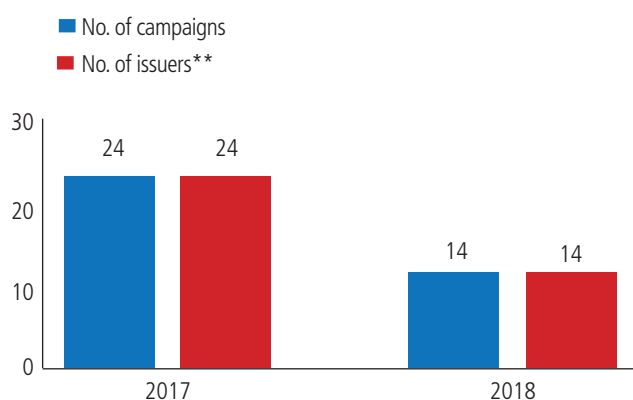
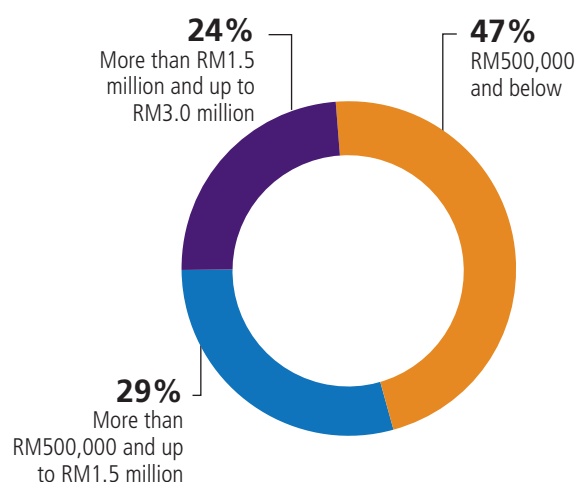


Chart 3

Distribution by fundraising quantity



* 2017 numbers have been adjusted according to the Recognized Market Operators' (RMOs) latest reported numbers.

** No. denotes issuers for the year and includes issuers that raised multiple campaigns across multiple years.

Chart 4

Individual investor age demographics

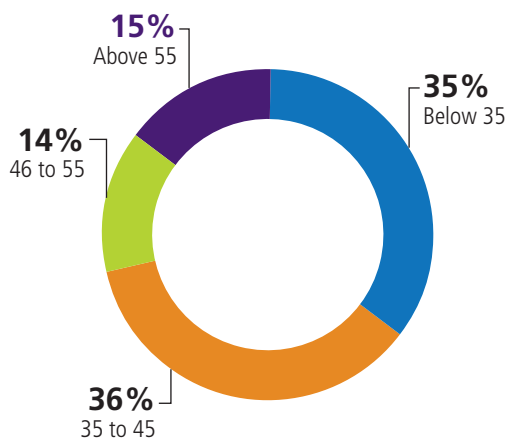
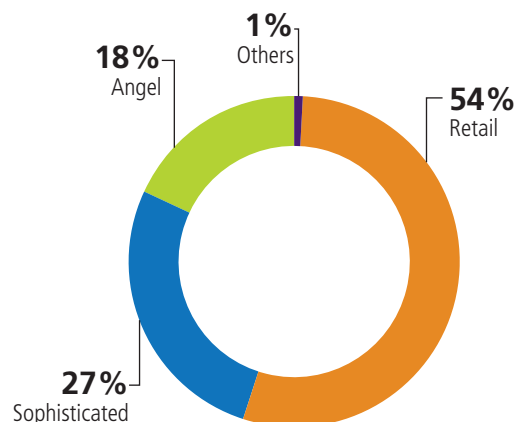


Chart 5

Investor type

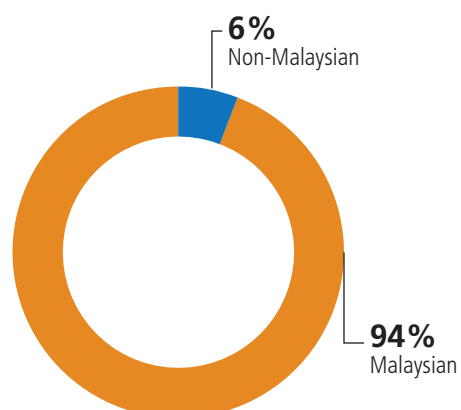


In relation to demographics based on individual investors, 35% investors are below 35 years old (Chart 4). As for investor type, retail investors make up 54% of the investor base (Chart 5).

Local investors accounted for 94% of total investors, with foreign investors comprising the remaining 6% (Chart 6).

Chart 6

Individual investor distribution by nationality



PEER-TO-PEER FINANCING

Since 2017, there have been 2,505 successful peer-to-peer (P2P) financing campaigns across 643 issuers, with a total of RM212.65 million raised. Issuers raising funds on P2P financing platforms have maintained a campaign success rate of 99%. In 2018, a total of RM180.05 million was raised reflecting 452% growth from 2017.

Among the successful fundraising campaigns, 91% raised RM200,000 and below (Chart 9). 22% of the successful issuers raised more than once (Chart 10).

Chart 8

Number of successful campaigns and issuers by year

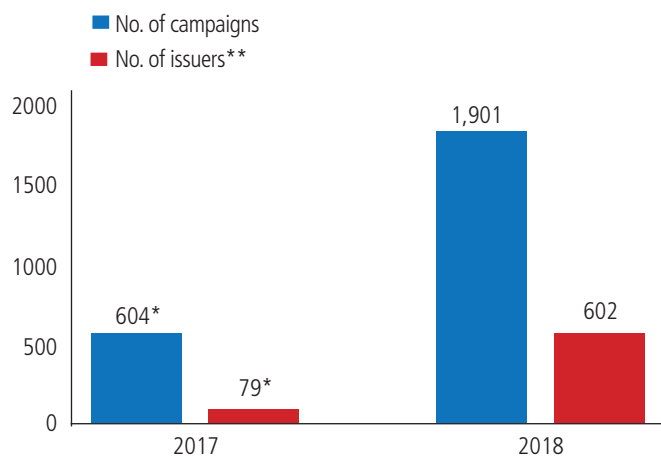


Chart 7

Capital raised

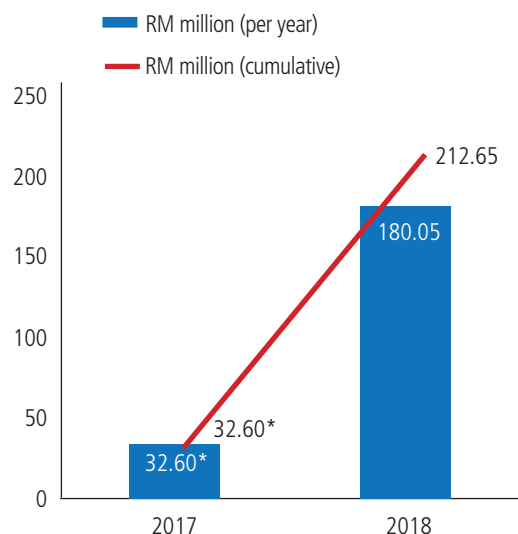
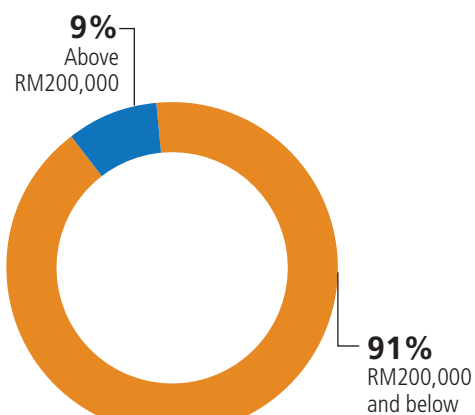


Chart 9

Distribution by fundraising quantity



* 2017 numbers have been adjusted to the RMOs latest reported numbers.

** No. denotes issuers for the year and includes issuers that raised multiple campaigns across multiple years.

Chart 10

Issuers and number of successful campaigns

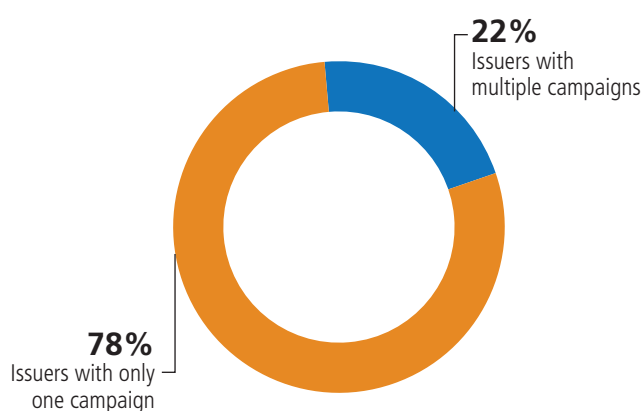
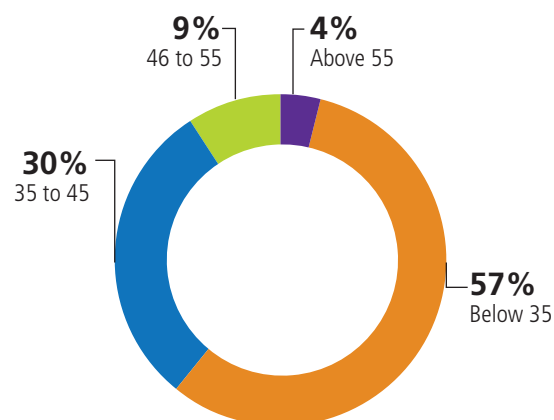


Chart 11

Individual investor age demographics

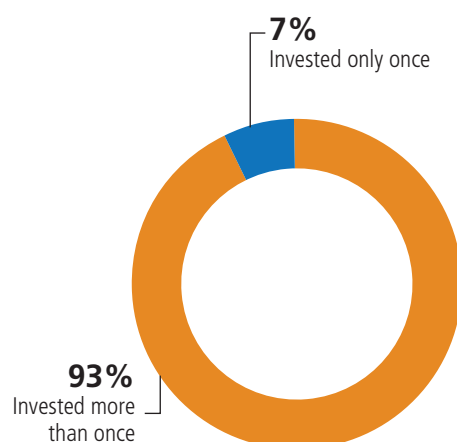


In terms of demographics based on individual investors, the majority of investors are below 35 years old, accounting for 57% of total individual investors (Chart 11). 93% of investors have invested in multiple campaigns (Chart 12).

A majority of investors came from the retail segment at 87% supported by an even stronger participation by local investors comprising 99% of the total investor base.

Chart 12

Repeat investors across multiple campaigns



AUTHORISATION AND LICENSING

The number of licensed intermediaries including individual licensees stood at 242 compared with 236 in previous year. The number of licensed representatives increased marginally to 9,587 compared with 9,545 in previous year. During the year, 805 new licensees were issued Capital Markets Services Representative's Licence (CMSRLs) to undertake various regulated activities. Advisory segment continues to attract new entrants, particularly financial planning.

During the year, the SC liberalised the Continuous Professional Education Framework (CPE Framework) to allow greater flexibility and greater avenue to collect CPE points. The enhanced CPE framework incorporates key changes such as wider selection of learning mode, flexible CPE points award system that recognises educational contributions by experienced personnel. The new *Guidelines on Compliance with the Continuing Professional Education (CPE) Requirement* took effect on 1 August 2018.

There was a significant increase in the number of Marketing Representatives that were registered, increasing from 320 to 541 as at December 2018. The number of registered Trading Representatives declined slightly to 126 compared to 139 in the previous year.

In 2018, a total of 7 new licences were issued of which 5 were issued to companies for fund management and 2 to companies for financial planning activities. The SC continues to see interest in the fund management and financial planning segments. There was interest for digitisation in the fund management segment. In respect of cessation of activities, 1 Capital Markets Services Licence (CMSL) had ceased due to business realignment and inability to sustain its business.

As at 31 December 2018, there were 242 CMSL holders carrying out various regulated activities as defined under Schedule 2 of the CMSA. (Table 1)

Table 1

Capital Markets Services Licence holders

By core activity	2018	2017
Dealing in securities ¹	39	39
Dealing in derivatives	8	8
Fund management	98	93
Advising on corporate finance	42	43
Investment advice	16	16
Investment advice (individual)	1	1
Financial planning	35	33
Financial planning (individual)	3	3
TOTAL	242	236

Note:

¹ Includes 6 CMSLs for dealing in securities restricted to unit trust and 1 CMSL for dealing in securities restricted to listed securities.

By regulated activity	2018	2017
Dealing in securities		
Investment banks	10	10
Universal brokers	1	1
1+1 stockbroking companies	12	12
Special scheme foreign stockbroking companies	7	7
Issuing houses	2	2
	32	32
Dealing in derivatives		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	8	8
	18	18
Clearing		
Investment banks	5	5
1+1 stockbroking companies	3	3
Special scheme foreign stockbroking companies	2	2
Others	7	7
	17	17

Table 1

Capital Markets Services Licence holders *(Continued)*

By regulated activity	2018	2017
Fund management		
Portfolio management		
Investment banks	1	1
Unit trust management companies	25	24
Special scheme foreign fund managers	5	5
Islamic fund managers	21	20
Boutique fund managers	3	2
Digital investment manager	1	-
Others	24	24
Asset management		
Real estate investment trusts	19	18
	99	94
Advising on corporate finance		
Investment banks	10	10
1+1 stockbroking companies	6	6
Special scheme foreign stockbroking companies	6	6
Others/standalone/boutique corporate finance companies	43	44
	65	66
Investment advice		
Investment banks	8	8
1+1 stockbroking companies	8	8
Special scheme foreign stockbroking companies	7	7
Unit trust management companies	2	2
Others/standalone/boutique investment advice companies	23	22
	48	47
Financial planning		
Unit trust management companies	5	4
Corporate unit trust advisers	17	15
Others/standalone/boutique financial planning companies	21	21
	43	40
Dealing in securities restricted to unit trusts		
Unit trust management companies	30	30
Islamic fund managers	8	7
Corporate unit trust advisers	17	15
Others	1	1
	56	53

By regulated activity	2018	2017
Dealing in securities restricted to listed securities		
Others	1	1
	1	1
Dealing in securities restricted to OTC bond		
Others	1	1
	1	1
Dealing in private retirement schemes		
Investment banks	1	1
Unit trust management companies	9	9
Corporate private retirement scheme advisers	17	12
Others	2	2
	29	24
GRAND TOTAL	409	393

Table 2

Capital Markets Services Representative's Licence holders

By core activity	2018	2017
Dealing in securities	6,373	6,431
Dealing in derivatives	495	521
Fund management	818	817
Advising on corporate finance	761	772
Investment advice	307	293
Financial planning	833	711
GRAND TOTAL	9,587	9,545

Table 3

Application for new company licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Issued	-	1*	-	-	5	3	-	4	-	-	2	4

Note:

* Dealing in securities restricted to listed to securities.

Table 4

Application for new representatives' licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Issued	317	261	40	68	100	107	128	150	52	68	168	138
Withdrawn*	43	40	9	14	83	53	23	43	7	13	77	114
Returned*	145	138	20	44	84	92	54	64	24	33	128	94

Note:

* By regulated activities

Table 5

Cessation of company/individual licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning		Financial planning (Individual)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Ceased	-	-	-	-	-	1	1	1	-	-	-	-	-	1
Revoked	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 6

Cessation of representatives' licences

Regulated activities	Dealing in securities		Dealing in derivatives		Fund management		Advising on corporate finance		Investment advice		Financial planning	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Ceased*	453	529	88	131	97	105	135	144	39	46	47	50
Revoked	2	8	-	-	-	-	1	-	-	1	-	-
Suspended	-	-	-	-	-	-	-	-	-	-	-	-

Note:

* By regulated activities

ENFORCEMENT

In 2018, the SC received 17 referrals of possible violations of securities offences arising mostly from active surveillance of market and corporate activities as well as referrals from local authorities. More than half of these referrals related to securities fraud and market manipulation offences, which is a departure from the trend of previous years where the majority of referrals were in relation to insider trading offences (Chart 1).

As at 31 December 2018, there were 43 active investigations. A significant portion of investigative resources was deployed to work on cases relating to market misconduct involving insider trading and market manipulation. Additionally, one third of active investigations in 2018 involved corporate governance transgressions relating to the

misconduct of PLC directors and officers causing wrongful loss to the PLC as well as securities fraud cases (Chart 2).

Chart 2

Active investigation by nature of offences

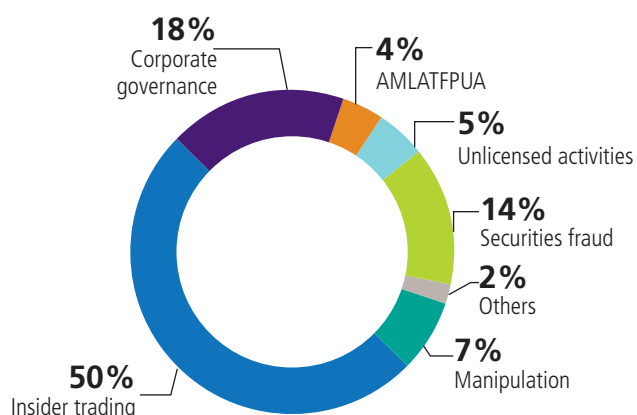
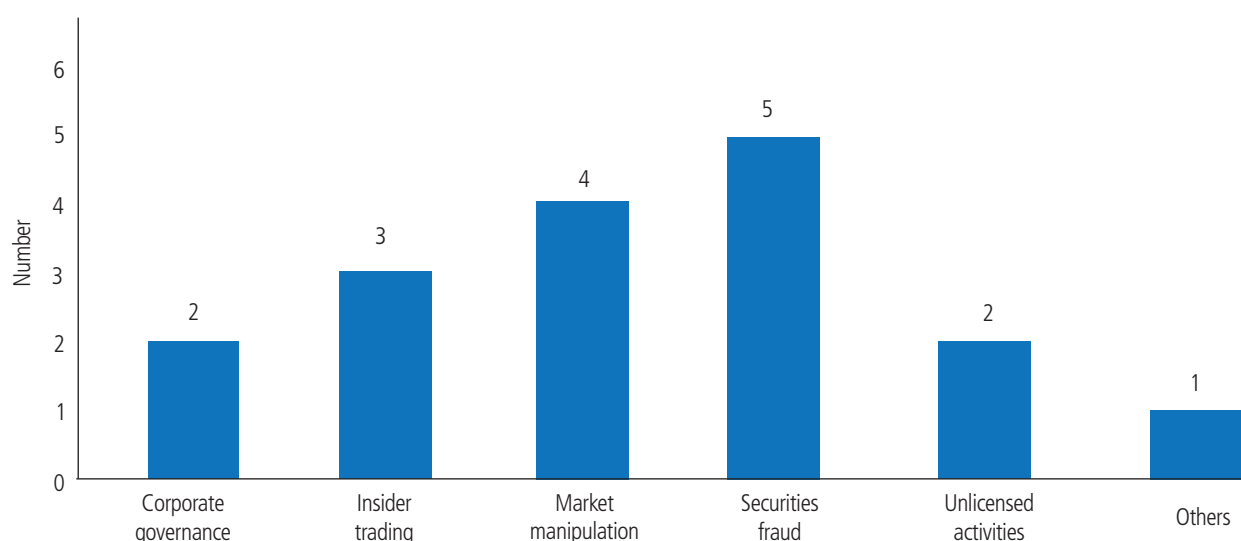


Chart 1

Total referrals by nature of offence



An integral part of the investigation process is the gathering of documentary and oral evidence. The SC's Investigating Officers are given investigation powers under the *Securities Commission Malaysia Act 1993* (SCA) to facilitate the gathering of such evidence.

In 2018, witness statements from a total of 381 individuals were recorded by the SC's Investigating Officers (Chart 3). Nearly half of these statements were recorded from professionals (which included auditors, bankers, lawyers and company secretaries), directors and senior management of PLCs as well as securities accountholders.

In addition to gathering documentary and oral evidence locally, the SC sought assistance from foreign supervisory authorities under the IOSCO Multilateral Memorandum of Understanding on Consultation and Co-operation and Exchange of Information to gather foreign evidence. The SC made 26 requests to 8 foreign supervisory authorities (see Table 1), mostly to seek assistance

to record statements from witnesses located overseas and to obtain documents, such as banking and securities transactions documents from foreign

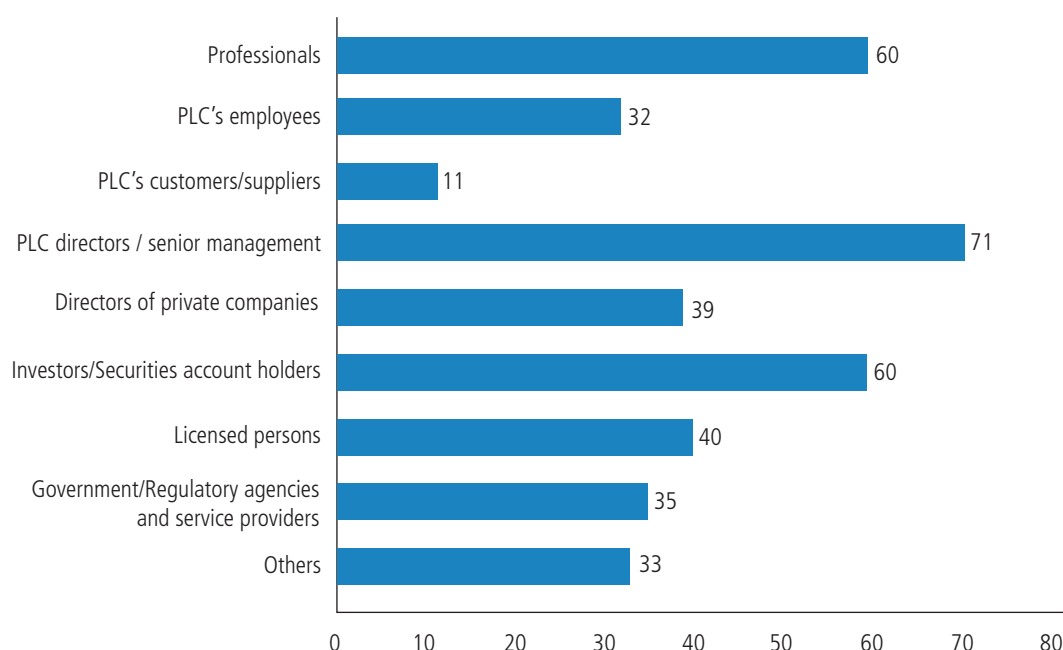
Table 1

Foreign assistance sought by the SC in 2018 by jurisdiction

Jurisdictions	No. of requests
BVI	2
China	3
Hong Kong	6
India	1
Korea	1
Singapore	11
Switzerland	1
United States	1
TOTAL	26

Chart 3

Witness statements recorded in 2018 by type of witness



entities. Conversely, during the year, the SC also rendered assistance to 6 foreign supervisory authorities in relation to 10 requests for investigative assistance.

Administrative actions

In 2018, 80 administrative sanctions were imposed by the SC for various misconducts and breaches of securities laws including making false or misleading statements to the SC, breaches of licensing conditions, failure to comply with approved accounting standards in the preparation of audited financial statements and for late submission of documents under the *Lodge and Launch (LOLA) Framework*.

Sanctions imposed on the parties in breach comprised reprimands, revocation and suspension of licences, imposition of penalties and directives and issuance of public statements (Table 2).

In 2018, a total of RM6.39 million in penalties were imposed against the following parties:

- A company applying for listing and certain of its directors for failure to inform the SC and a principal adviser of material developments prior to its listing;
- A reporting accountant and a principal adviser for failure to inform the SC of material developments to a company applying for listing prior to its listing;

Table 2

Administrative actions taken in 2018 by types of sanction and parties in breach

Parties in breach	Types of sanction				
	Reprimand	Revocation/ Suspension of Licence	Penalty	Directive	Issuance of Public Statement
Persons acting in concert	2	-	2	1	-
Licensed persons	3	4	12	-	-
Registered persons	-	-	2	-	-
PLCs or company applying for listing	5	-	2	3	-
Directors of PLC or company applying for listing	17	-	9	-	2
Unlisted public company	1	-	-	4	-
Reporting accountant	1	-	1	1	-
Principal adviser	2	-	1	1	-
Other individuals ¹	1	-	3	-	-
TOTAL	32	4	32	10	2

Note:

¹ An individual carrying out a regulated activity without holding a licence, a person who had knowingly provided false information to an investigating officer of the SC and a person who at the material time was the managing director and CEO of an investment bank

- A licensed intermediary for breaching provisions in the *Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries* and the *Licensing Handbook*;
- An individual who at the material time was the managing director and CEO of an investment bank for breaching a provision in the *Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives*;
- 10 licensed intermediaries for delay in submitting the monthly statistical returns for wholesale funds and a post-issuance notice under the LOLA framework;
- 2 registered persons for delay in submitting monthly post-issuance reports for structured products under the LOLA Framework;
- A licensed individual for failure to comply with the condition of the licence which requires a person to remain fit and proper at all times and for breaching a provision in the *Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives*;
- 5 individual directors of a PLC for their respective failure to comply with approved accounting standards in preparing the PLC's audited financial statements;
- Persons acting in concert for breaches of take-overs and mergers provision;
- An individual who had provided false information to an investigating officer of the SC; and
- An individual for carrying out a regulated activity without a licence.

Infringement notices

Apart from the administrative actions under its statutory powers, the SC also utilises other forms of non-statutory enforcement tools in the exercise of its monitoring, gate-keeping and supervisory functions.

Infringement notices are issued where breaches of securities laws or guidelines detected do not warrant the initiation of a formal enforcement action or the imposition of an administrative action.

Infringement notices issued by the SC include the following:

- **Supervisory letters involving Infringement** – issued pursuant to the exercise of a supervisory function or the conduct of an examination under section 126 of the *Securities Commission Malaysia Act 1993* (SCMA);
- **Warning letters** – issued pursuant to the discharge of the SC's gate-keeping function such as the issuance of licences, approval of corporate proposals and review of prospectuses. Warning letters may be issued to licensed, registered persons or other professionals or experts;
- **Non-compliance letters** – issued pursuant to the discharge of the SC's gate-keeping function for minor breaches; and
- **Cease and desist letters** – issued to stop or prevent violation of securities laws. Cease and desist letters may be issued to a person who is committing or about to commit an infringing act. Failure to comply with the cease and desist order may attract formal enforcement action by the SC.

In 2018, 66 infringement notices were issued by the SC as detailed in Table 3.

Table 3

Type of Infringement Notices

Type of Infringement Notices	Total
Supervisory letters involving Infringement	27
Warning letters	18
Non-compliance letters	15
Cease and desist letters	6
TOTAL	66

Ongoing court cases for 2018

In 2018, the SC had 51 ongoing cases in the Sessions Court, High Court and Court of Appeal (Table 4). Of these cases, 49% related to insider trading while 23% related to corporate governance breaches such as financial misstatements and disclosure offences. Out of this number of ongoing cases, 6% involved questions of law and interlocutory applications in superior courts. Cases relating to unlicensed activities, market manipulation and securities fraud made up the remaining 22% of the total number of cases (Chart 4).

Details of criminal prosecution in 2018

In 2018, the SC charged 8 individuals in the Sessions Court. Of this number, 5 individuals were charged for insider trading, 2 individuals were charged for allowing non-authorized individuals to effect dealings in their accounts and 1 individual for securities fraud. (Table 6)

Table 4

Cases currently pending in courts

Courts	No. of cases
Sessions Court	29
High Court (Criminal)	13
High Court (Civil)	6
Court of Appeal (Criminal)	2
Court of Appeal (Civil)	1
TOTAL	51

Table 5

Type of offences

Offences	No. of cases
Corporate governance	12
Insider trading	25
Securities fraud	4
Market manipulation	2
Unlicensed activities	2
Others	3
Questions of law	3
TOTAL	51

Chart 4

Ongoing court cases for 2018 by nature of cases

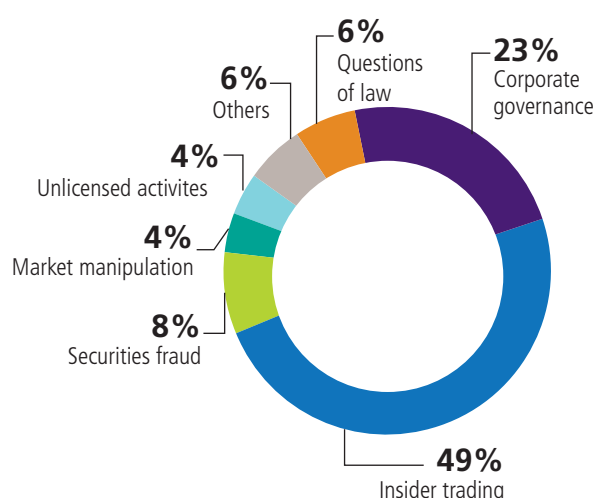


Table 6

Details of criminal prosecution in 2018

No.	Nature of offence	Offender(s)	Facts of charge(s)	Date charged
1.	Engaged in an act which operated as a fraud in connection with the purchase of securities	Ismail Basir (Ismail)	Ismail was charged with 2 counts of engaging in an act which operated as a fraud in connection with the purchase of securities under section 87A(b) of the <i>Securities Industry Act 1983</i> (SIA) and section 179(b) of the <i>Capital Markets and Services Act 2007</i> (CMSA). Between August 2007 and November 2008, Ismail was alleged to have defrauded a sum of RM350,000 from Koperasi Pelaburan Pekerja-Pekerja Proton Bhd (KOPRO) in connection with the purchase of Proton Holdings Bhd shares. Ismail was also alleged to have represented to KOPRO that he was a remisier, when in fact he was never licensed by the SC.	16 January 2018
2.	Insider trading	Mohd Nor Abdul Wahid (Nor)	Nor was charged with 1 count of insider trading under section 188(2)(a) of the CMSA. He is alleged to have acquired 500,000 units of Three-A Resources Bhd (Three-A) shares on 5 October 2009 while in possession of inside information in relation to the proposed collective venture between the businesses of Three-A and Wilmar International Limited.	13 February 2018
3.	Allowing a person who is not an authorised nominee of a deposited security to effect dealings in respect of the deposited security	Azuzay Zamani (Azuzay)	Azuzay was charged with 1 count under section 29A of the <i>Securities Industry (Central Depositories) Act 1991</i> (SICDA). Azuzay, who held an OSK Investment Bank Bhd account, is alleged to have allowed Mohd Nor Abdul Wahid to effect the acquisition of 500,000 units of Three-A Resources Bhd shares on 5 October 2009.	13 February 2018
4.	Insider trading	A.F.M Shafiquil Hafiz (Shafiquil)	Shafiquil was charged with 1 count of insider trading under section 188(3)(a) of the CMSA for having communicated to one Harjit Singh Gurdev Singh between 22 March 2009 and 6 April 2009 on material non-public information in relation to the proposed privatisation of Johor Land Bhd via a Voluntary General Offer at a price of RM1.55 per share.	22 February 2018
5.	Insider trading	Harjit Singh Gurdev Singh (Harjit)	Harjit was charged with 3 counts of insider trading under section 188(2)(a) of the CMSA. He is alleged to have acquired 346,500 units of Johor Land Bhd (JLand) shares between 23 March 2009 and 6 April 2009 while in possession of material non-public information in relation to the proposed privatisation of JLand via a Voluntary General Offer at a price of RM1.55 per share.	22 February 2018

Table 6

Details of criminal prosecution in 2018 *(Continued)*

No.	Nature of offence	Offender(s)	Facts of charge(s)	Date charged
6.	Insider trading	Tan Giap How (Tan GH)	Tan GH was charged with 1 count of insider trading under section 188(3)(a) of the CMSA for allegedly having communicated material non-public information to Ng Ee Fang between 25 September 2011 and 20 October 2011. The material non-public information was in relation to the proposed take-over offer by MBM Resources Bhd to acquire all voting shares and outstanding warrants in Hirotako Holdings Bhd.	13 March 2018
7.	Insider trading	Ng Ee Fang (Ng EF)	Ng EF was charged with 4 counts of insider trading under section 188(2)(a) of the CMSA. She is alleged to have acquired 1,000,000 units of Hirotako Holdings Bhd (Hirotako) shares between 14 October 2011 and 20 October 2011 while in possession of material non-public information in relation to the proposed take-over offer by MBM Resources Bhd to acquire all voting shares and outstanding warrants in Hirotako.	13 March 2018
8.	Allowing a person who is not an authorised nominee of a deposited security to effect dealings in respect of the deposited security	Daniel Yong Chen-I (Daniel)	Daniel was charged with 1 count under section 29A of the SICDA. Daniel, who holds an account at CIMB Investment Bank Bhd, is alleged to have allowed Ng Ee Fang to effect the acquisition of 1,000,000 units of Hirotako Holdings Bhd shares between 14 October 2011 and 20 October 2011.	13 March 2018

Table 7

Outcome of criminal trials and appeals in 2018

No.	Nature of offence	Offender(s)	Description
1.	<ul style="list-style-type: none"> Holding out as a representative in respect of a regulated activity without licence Carrying on a business in a regulated activity without licence 	Zamani Hamdan (Zamani)	<p>On 28 October 2011, Zamani, a director of Rantau Simfoni Sdn Bhd (Rantau Simfoni), was charged under section 59(1) of the CMSA for holding himself out as a representative of a CMSL holder to trade in futures contracts without a CMSRL.</p> <p>Zamani was also charged in the alternative for carrying on the business of trading in futures contracts without holding a CMSL, through Rantau Simfoni, an offence under section 58(1) read together with section 367(1) of the CMSA.</p> <p>On 30 April 2013, the Sessions Court convicted Zamani on the alternative charge and sentenced him to a fine of RM1 million (in default, 1 year jail).</p> <p>Zamani had filed an appeal to the High Court against the conviction and sentence while the Prosecution filed an appeal against the sentence.</p> <p>The High Court, on 19 January 2017, dismissed Zamani's appeal against his conviction.</p> <p>The High Court further enhanced the sentence by adding an imprisonment sentence of 2 months while reducing the fine to RM215,000 (in default, 4 months jail).</p> <p>The SC has filed an appeal to the Court of Appeal against the sentence imposed by the High Court.</p> <p>The Court of Appeal, on 30 January 2018, struck out the appeal against the sentence as the notice of hearing was not able to be served on Zamani despite numerous efforts by the SC to locate him.</p>
2.	Engaged in an act which operated as a fraud in connection with the purchase of securities	Ismail Basir (Ismail)	<p>On 16 January 2018, Ismail was charged under section 87A(b) of the SIA and section 179(b) of the CMSA. Between August 2007 and November 2008, Ismail was alleged to have defrauded a sum of RM350,000 from Koperasi Pelaburan Pekerja-Pekerja Proton Bhd (KOPRO) in connection with the purchase of Proton Holdings Bhd shares. Ismail was also alleged to have represented to KOPRO that he was a remisier, when in fact he was never licensed by the SC.</p> <p>On 28 February 2018, Ismail pleaded guilty to both charges and was sentenced to 1 year imprisonment and RM1 million (in default 6 months imprisonment) for each charge. The jail terms are to run concurrently.</p>

Table 7

Outcome of criminal trials and appeals in 2018 (Continued)

No.	Nature of offence	Offender(s)	Description
3.	Furnishing false statements to Bursa Malaysia Securities Bhd	Alan Rajendram Jeya Rajendram (Alan Rajendram)	<p>On 24 June 2010, Alan Rajendram, a former executive director of LFE Corporation Bhd (LFE), was charged under section 122B(b) (bb) of the SIA and section 369(b)(B) of the CMSA for knowingly permitting the furnishing of false statements by LFE to Bursa Malaysia Securities Bhd in relation to LFE's unaudited financial results for all 4 quarters for its financial year ended 31 December 2007. The false statements were in relation to fictitious purchases of approximately RM119 million made by LFE International Ltd, a subsidiary of LFE.</p> <p>On 10 October 2012, the Sessions Court convicted Alan Rajendram of all 4 charges and sentenced him to 1 year imprisonment and a fine of RM300,000 for each charge. The jail term is to run concurrently.</p> <p>On 28 November 2016, the High Court dismissed Alan Rajendram's appeal against his conviction and sentence.</p> <p>On 23 March 2018, the Court of Appeal dismissed his appeal and Alan Rajendram was ordered to serve his sentence with immediate effect.</p>
4.	Submission of misleading information to the SC in connection with a proposal	Dato' Lim Kim Ming (Dato' Lim KM)	<p>Dato' Lim KM was charged with having committed an offence under section 32B(1)(a)(aa) read together with section 138(2) of the SCA when GP Ocean Food Bhd (GP Ocean) submitted through Alliance Merchant Bank Bhd, misleading information to the SC contained in:</p> <ul style="list-style-type: none"> • <i>Gropoint Fisheries Sdn Bhd's Directors' Report and Audited Financial Statements</i> 31 January 2006; and • <i>Gropoint Seafood Industries Sdn Bhd's 'Directors' Report and Audited Financial Statements</i> 31 January 2006. <p>Gropoint Fisheries Sdn Bhd and Gropoint Seafood Industries Sdn Bhd were at the material time subsidiaries of GP Ocean. The information was required to be submitted to the SC in connection with GP Ocean's proposal for listing on the Main Board of Bursa Malaysia Securities Bhd.</p> <p>Dato' Lim KM was charged in the Sessions Court on 22 May 2007. On 6 January 2011, the Sessions Court acquitted and discharged him. The Prosecution then appealed to the High Court, which on 14 February 2017, overturned the acquittal and ordered Dato' Lim KM to enter his defence on the charge against him.</p> <p>On 28 March 2018, the Sessions Court acquitted Dato' Lim KM at the end of the Defence's case.</p> <p>On 9 April 2018, the Prosecution filed an appeal to the High Court against the acquittal.</p>

Table 7

Outcome of criminal trials and appeals in 2018 *(Continued)*

No.	Nature of offence	Offender(s)	Description
5.	Submission of misleading information to the SC in connection with a proposal	Lim Kim Hai (Lim KH)	<p>Lim KH was charged with having committed an offence under section 32B(1)(a)(aa) read together with section 138(2) of the SCA when GP Ocean Food Bhd (GP Ocean) submitted through Alliance Merchant Bank Bhd, misleading information to the SC contained in <i>GP Ocean's Directors' Report and Audited Financial Statements</i> 31 January 2006. This information was required to be submitted to the SC in connection with GP Ocean's proposal for listing on the Main Board of Bursa Malaysia Securities Bhd.</p> <p>Lim KH was charged in the Sessions Court on 22 May 2007. On 6 January 2011, the Sessions Court acquitted and discharged him. The Prosecution then appealed to the High Court, which on 14 February 2017, overturned the acquittal and ordered Lim KH to enter his defence on the charge against him.</p> <p>On 28 March 2018, the Sessions Court acquitted Lim KH at the end of the Defence's case.</p> <p>On 9 April 2018, the Prosecution filed an appeal to the High Court against the acquittal.</p>
6.	Submission of misleading information to the SC in connection with a proposal	Lee Sin Teck (Lee ST)	<p>Lee ST was charged with having committed an offence under section 32B(1)(a)(aa) read together with section 138(2) of the SCA when GP Ocean Food Bhd (GP Ocean) submitted through the Alliance Merchant Bank Bhd, misleading information to the SC contained in the <i>GP Ocean's Directors' Report and Audited Financial Statements</i> 31 January 2006. This information was required to be submitted to the SC in connection with the GP Ocean's proposal for listing on the Main Board of Bursa Malaysia Securities Bhd.</p> <p>Lee ST was charged in the Sessions Court on 18 April 2007. On 6 January 2011, the Sessions Court acquitted and discharged him. The Prosecution then appealed to the High Court, which on 14 February 2017, overturned the acquittal and ordered Lee ST to enter his defence on the charge against him.</p> <p>On 28 March 2018, the Sessions Court acquitted Lee ST at the end of the Defence's case.</p> <p>On 9 April 2018, the Prosecution filed an appeal to the High Court against the acquittal.</p>

Table 7

Outcome of criminal trials and appeals in 2018 *(Continued)*

No.	Nature of offence	Offender(s)	Description
7.	Submission of misleading information to the SC in connection with a proposal	Tan Siok Wan (Tan SW)	<p>Tan SW was charged with having committed an offence under section 32B(1)(a)(aa) read together with section 138(2) of the SCA when GP Ocean Food Bhd (GP Ocean) submitted through Alliance Merchant Bank Bhd, misleading information to the SC contained in a list titled 'GP Ocean Food Bhd Group Top Ten Customer'. This information was required to be submitted to the SC in connection with GP Ocean's proposal for listing on the Main Board of Bursa Malaysia Securities Bhd.</p> <p>Tan SW was charged in the Sessions Court on 18 April 2007. On 6 January 2011, the Sessions Court acquitted and discharged her. The Prosecution had then appealed to the High Court, which on 14 February 2017, overturned the acquittal and ordered Tan SW to enter her defence on the charge against her.</p> <p>On 28 March 2018, the Sessions Court acquitted Tan SW at the end of the Defence's case.</p> <p>On 9 April 2018, the Prosecution filed an appeal to the High Court against the acquittal.</p>
8.	Insider trading	Goh Keng Huat (Goh KH)	<p>Goh KH was charged with 10 counts of insider trading under section 89E(2)(a) of the SIA. He was alleged to have acquired 851,600 units of Road Builder Holdings (M) Bhd (RBH) shares through the accounts of Wee Siew Ling between 4 September 2006 and 16 October 2006 while in possession of inside information.</p> <p>The SC alleged that the inside information referred to in the charges related to the proposed acquisition of all assets and liabilities of RBH by IJM Corporation Bhd at a total indicative purchase consideration of approximately RM1.56 billion.</p> <p>On 10 April 2018, Goh pleaded guilty to 1 charge pursuant to an application for plea bargaining under section 172C of the CPC. A total of 9 of the remaining charges were taken into consideration by the Court.</p> <p>Goh KH was sentenced to 6 months imprisonment and a fine of RM1 million, in default 6 months imprisonment.</p>

Table 7

Outcome of criminal trials and appeals in 2018 *(Continued)*

No.	Nature of offence	Offender(s)	Description
9.	Insider trading	Wee Siew Ling (Wee SL)	<p>Wee SL was charged with 10 counts under section 122C(c) read together with section 89E(2)(a) of the SIA for abetting Goh Keng Huat (Goh KH) in acquiring 851,600 units of Road Builder Holdings (M) Bhd (RBH) shares through Wee SL's accounts between 4 September 2006 and 16 October 2006 while Goh KH was in possession of inside information.</p> <p>The SC alleged that the inside information referred to in the charges related to the proposed acquisition of all assets and liabilities of RBH by IJM Corporation Bhd at a total indicative purchase consideration of approximately RM1.56 billion.</p> <p>On 10 April 2018, all charges against Wee SL were withdrawn following the guilty plea by Goh KH.</p>
10.	Criminal breach of trust (CBT)	Alan Rajendram Jeya Rajendram (Alan Rajendram)	<p>Alan Rajendram, a former director of LFE Corporation Bhd (LFE), was charged on 24 June 2010 with 2 charges for CBT amounting to RM18.99 million. The charges for CBT were earlier tried together with 4 other charges under securities laws for furnishing false information to the stock exchange pertaining to LFE's operating expenses under section 122B(b)(bb) of the SIA and section 369(b)(B) of the CMSA.</p> <p>For the CBT charges, Alan Rajendram was alleged to have utilised RM18.99 million of funds belonging to LFE which was meant to be used for the working capital of LFE's wholly owned subsidiary, LFE International Ltd. Instead, Alan Rajendram used those funds to finance his personal subscription of shares in LFE and to repay his corporate debts.</p> <p>On 10 May 2012, the Sessions Court acquitted Alan Rajendram of the 2 CBT charges at the end of the Prosecution's case. The Prosecution appealed to the High Court. On 21 January 2016, the High Court affirmed the acquittal and the Prosecution appealed to the Court of Appeal.</p> <p>On 3 November 2016, the Court of Appeal reversed the acquittal and ordered for Alan Rajendram to enter his defence.</p> <p>On 10 April 2018, Alan Rajendram pleaded guilty to the CBT charges at the Sessions Court and was sentenced to 3 years imprisonment.</p>

Table 7

Outcome of criminal trials and appeals in 2018 (Continued)

No.	Nature of offence	Offender(s)	Description
11.	Misleading statements in connection with the purchase of securities [s.87A (c) of the SIA 1983]	Wahid Ali Kassim Ali (Wahid Ali)	<p>Wahid Ali, a former director of Aiwanna Manage Assets Sdn Bhd (Aiwanna) was charged on 10 October 2005 with 3 counts of omitting to state a material fact pertaining to the investment of Aiwanna's client, Eastern Pacific Industrial Corporation Bhd (EPIC) whereby the material fact was necessary to make the statement of accounts issued to EPIC not misleading.</p> <p>The High Court on 14 January 2013 dismissed Wahid Ali's appeal against his conviction and the sentence imposed by the Sessions Court on 30 June 2009. Wahid Ali then filed an appeal to the Court of Appeal. On 14 May 2015, the Court of Appeal remitted the case to the High Court for a re-hearing of the appeal.</p> <p>On 27 May 2016, at the re-hearing of the appeal, the High Court confirmed the conviction for all 3 charges. For each charge, he was sentenced to 1 year imprisonment term and a fine of RM1 million (in default of the total RM3 million fine, 1 year jail). The imprisonment terms were to be served concurrently. The High Court allowed for Wahid Ali's application to stay the execution of the sentences pending appeal to the Court of Appeal.</p> <p>On 13 April 2018, the Court of Appeal allowed Wahid Ali's appeal and set aside the conviction by the Sessions Court and the High Court.</p>
12.	Prohibited conduct of person in possession of inside information	<p>Dato' Lim Kim Chuan (Dato' Lim KC)</p> <p>Tay Hup Choon (Tay HC)</p> <p>Theng Boon Cheng (Theng BC)</p>	<p>Dato' Lim KC was charged with 11 charges under section 188(2) (a) of the CMSA for acquiring 398,000 units of M3nergy Bhd (M3nergy) shares between 6 August 2008 to 11 September 2008 while in possession of inside information. Dato' Lim KC was the CEO and Director of Melewar Industry Group Bhd and was also Director of M3nergy at the material time.</p> <p>The inside information was in relation to the proposed take-over offer by Melewar (BVI) Ltd (Melewar) to acquire M3nergy which was announced to Bursa Malaysia on 12 September 2008. The shares were acquired by Dato' Lim KC through trading accounts belonging to 2 other individuals.</p> <p>Tay HC was charged with 9 charges of abetting Dato' Lim KC in the commission of the offences under section 370(c) read together with section 188(2)(a) of the CMSA. Tay HC was one of the account holders of the trading account used by Dato' Lim KC to acquire the M3nergy shares. Tay is Dato' Lim KC's brother-in-law.</p> <p>Theng BC was charged with 11 charges of abetting Dato' Lim KC in the commission of the offences under section 370(c) read together with section 188(2)(a) of the CMSA. Theng BC was the remisier who executed the trades of the M3nergy shares for Dato' Lim KC.</p>

Table 7

Outcome of criminal trials and appeals in 2018 *(Continued)*

No.	Nature of offence	Offender(s)	Description
			<p>Dato' Lim KC, Tay HC and Theng BC were charged in the Sessions Court on 24 November 2015. On 30 April 2018, the Sessions Court acquitted and discharged Dato' Lim KC, Tay HC and Theng BC without calling for their defence to be entered on the charges against them.</p> <p>On 3 May 2018, the Prosecution filed an appeal to the High Court against the acquittal.</p>
13.	Failing to appear before an SC Investigating Officer in connection with an investigation	Chok Chew Lan (Chok CL)	<p>Chok CL was charged with 2 counts of failing to appear before an SC Investigating Officer to be examined orally on 5 September 2017 and 19 September 2017 under section 134(5) of the SCMA.</p> <p>Chok CL was charged at the Kuala Lumpur Sessions Court on 24 October 2017.</p> <p>On 30 July 2018, Chok CL pleaded guilty to all charges and was sentenced to a fine of RM35,000 (in default, 3 months imprisonment) for each charge.</p>
14.	Insider trading	Tan Bee Hong (Tan BH)	<p>Tan BH was charged with insider trading under s188(2)(a) CMSA as she was alleged to have disposed of 350,000 units of APL Industries Bhd (APLI) shares on 31 October 2007 while in possession of inside information in relation to the audit adjustments proposed by APLI's auditors which would result in APLI reporting a higher loss for the financial year ended 30 June 2007, as compared to the previously reported unaudited 4th quarter results for the same financial year and that APLI would be classified as an affected issuer pursuant to the <i>Listing Requirements of Bursa Malaysia Securities Bhd and Practice Note 17/2005</i>.</p> <p>Tan BH was charged at the Kuala Lumpur Sessions Court on 15 December 2014.</p> <p>On 9 August 2018, Tan BH was convicted by the Sessions Court and was sentenced to 5 years imprisonment and a fine of RM7 million.</p>

Table 7

Outcome of criminal trials and appeals in 2018 (Continued)

No.	Nature of offence	Offender(s)	Description
15.	Insider trading	Tan Bee Geok (Tan BG)	<p>Tan BG was charged under section 188(3)(a) CMSA for having communicated to Tan Bee Hong between 23 to 31 October 2007 inside information in relation to the audit adjustments proposed by APL Industries Bhd (APLI)'s auditors which would result in APLI reporting a higher loss for the financial year ended 30 June 2007, as compared to the previously reported unaudited 4th quarter results for the same financial year and that APLI would be classified as an affected issuer pursuant to the <i>Listing Requirements of Bursa Malaysia Securities Bhd and Practice Note 17/2005</i>.</p> <p>Tan BG was charged at the Kuala Lumpur Sessions Court on 15 December 2014.</p> <p>On 9 August 2018, Tan BG was convicted by the Sessions Court and was sentenced to 5 years imprisonment and a fine of RM7 million.</p>
16.	<ul style="list-style-type: none"> Fraud on a PLC CBT 	<p>Ngu Tieng Ung (Ngu TU)</p> <p>Wong Jit Kiang (Wong JK)</p>	<p>On 5 May 2005, Ngu TU, the former Managing Director of Pancaran Ikrab Bhd (PIB), was charged with 2 counts under section 87A(b) of the SIA for engaging in the act that operated as a fraud on PIB by utilising RM15.5 million of PIB's funds to purchase PIB shares.</p> <p>Ngu TU was also charged with 1 count of committing CBT under section 409 of the Penal Code in respect of RM21.5 million of PIB's funds.</p> <p>Further, an alternative charge of committing CBT under section 409 of the Penal Code involving RM37 million of PIB's funds was also preferred against Ngu TU.</p> <p>Wong JK was charged for abetting Ngu TU in the commission of the said offences.</p> <p>Wong JK failed to attend court since 23 March 2009 and on 24 March 2010, the Sessions Court granted a discharge not amounting to an acquittal against him. A warrant of arrest is still pending against him.</p> <p>In October 2010, Ngu TU pleaded guilty to the 2 principal charges under the SIA and was sentenced to 1-day imprisonment and a RM1 million fine for each charge.</p> <p>In August 2011 upon the Prosecution's appeal against the sentence, the High Court set aside the conviction and sentence, on the ground that the plea was qualified and remitted the matter for a retrial to the Sessions Court.</p> <p>The retrial against Ngu TU commenced in January 2012.</p>

Table 7

Outcome of criminal trials and appeals in 2018 (*Continued*)

No.	Nature of offence	Offender(s)	Description
			<p>In August 2013, the Sessions Court ordered Ngu TU to enter his defence on the alternative charge of committing CBT of RM37 million of PIB's funds.</p> <p>On 11 September 2015, the Sessions Court convicted Ngu TU of CBT under section 409 <i>Penal Code</i>. Ngu TU was sentenced to 6 years imprisonment and RM1 million fine, whereby in default of payment, 2 years imprisonment.</p> <p>On 5 May 2017, the High Court allowed Ngu TU's appeal and set aside the conviction and sentence of the Sessions Court. The Prosecution's cross appeal on sentence was also dismissed.</p> <p>On 6 September 2018, the Court of Appeal dismissed the Prosecution's appeal and affirmed Ngu TU's acquittal.</p>
17.	Insider trading	Lim Bun Hwa (Lim BH)	<p>Lim BH was charged under section 370(c) of the CMSA read together with section 188(2)(a) of the CMSA, for abetting Lim Boon Cheng in acquiring PacificMas Bhd (PacMas) shares between 18 December 2007 and 31 December 2007 while Lim Boon Cheng was in possession of inside information in relation to the proposed conditional take-over offer by OSPL Holdings Sdn Bhd (OHSB) to acquire all the voting shares in PacMas not already owned by OHSB.</p> <p>On 3 October 2018, Lim BH pleaded guilty to 5 charges of insider trading under section 188(2)(a) of the CMSA following a plea bargaining application under section 172C of the <i>Criminal Procedure Code</i>. Pursuant to the application, the abetment charge against Lim BH was substituted with 5 charges of insider trading. Lim BH was sentenced to 6 months imprisonment and a fine of RM1 million.</p>
18.	Insider trading	Lim Boon Cheng (Lim BC)	<p>Lim BC was charged with 5 counts of insider trading under section 188(2)(a) of the CMSA. He was alleged to have acquired 145,000 units of PacificMas Bhd (PacMas) shares between 18 December 2007 and 31 December 2007 while in possession of inside information in relation to the proposed conditional take-over offer by OSPL Holdings Sdn Bhd (OHSB) to acquire all the voting shares in PacMas not already owned by OHSB.</p> <p>On 3 October 2018, all charges against Lim BC were withdrawn following the guilty plea by Lim Bun Hwa. The SC took administrative action against Lim BC for breaching section 134(5) (c) of the SCMA. A penalty of RM100,000 was imposed against Lim BC by the SC in accordance with section 354(3) of the CMSA.</p>

Table 7

Outcome of criminal trials and appeals in 2018 (Continued)

No.	Nature of offence	Offender(s)	Description
19.	Insider trading	Dato' Vincent Leong Jee Wai (Dato' Vincent LJW)	<p>Dato' Vincent LJW was charged with 2 counts under section 188(3)(a) of the CMSA for having communicated to Datuk Leong Wye Keong between 26 November 2010 and 18 January 2011 inside information in relation to the decrease in Maxbiz Corporation Bhd (Maxbiz)'s shareholders' equity which was close to Maxbiz being classified as financially distressed and the classification of Maxbiz as an affected listed issuer under <i>Practice Note 17 (PN17)</i> criteria 2.1(a).</p> <p>Dato' Vincent LJW was charged on 22 May 2017. Both charges were withdrawn on 17 October 2018 on the instructions of the Attorney General.</p>
20.	Insider trading	Datuk Leong Wye Keong (Datuk Leong WK)	<p>Datuk Leong WK was charged with 4 counts of insider trading under section 188(2)(a) of the CMSA for disposing 2,131,400 units of Maxbiz Corporation Bhd (Maxbiz) shares in the account of Leong Khai Shaun on 30 December 2010 and another 8,100,000 units of Maxbiz shares in his own account between 30 December 2010 and 18 January 2011 while in possession of inside information. The alleged inside information related to the decrease in Maxbiz's shareholders' equity which was close to Maxbiz being classified as financially distressed and the classification of Maxbiz as an affected listed issuer under <i>Practice Note 17 (PN17)</i> criteria 2.1(a).</p> <p>Datuk Leong WK was charged on 29 May 2017. All charges against Datuk Leong WK were withdrawn on 17 October 2018 on the instructions of the Attorney General.</p>

Civil enforcement actions and regulatory settlements in 2018

In 2018, the SC obtained judgment at the High Court against 1 individual for insider trading which resulted in a disgorgement of RM3,238,760.55. A total of RM5,227,904.05 was disgorged from 14 individuals by way of settlements following the

filing of civil suits, while RM792,944 was disgorged from 3 individuals by way of regulatory settlements. The total civil penalty paid in 2018 was RM1.45 million by 15 individuals. Out of this sum, RM950,000 was paid for market manipulation while the remaining RM500,000 was paid for insider trading.

Further details are set out in Tables 8 and 9.

Table 8

Outcome of civil action taken

No.	Nature of breach	Defendants	Description	Outcome
1.	Insider trading	Chan Soon Huat (Chan SH)	<p>On 27 May 2015, the SC filed a civil suit against Chan SH, former founder of WCT Bhd for insider trading.</p> <p>The SC sought, among others:</p> <ul style="list-style-type: none"> • A declaration that Chan SH had engaged in insider trading in respect of WCT Bhd securities between 30 December 2008 and 5 January 2009; • A payment of the sum of RM3,238,760.55 which is equivalent to 3 times the amount of RM1,079,586.85 being the difference between the price at which the securities had been disposed of by Chan SH and the price at which the securities would have been likely to have been disposed of at the time of the disposal, if the material non-public information had been generally available; • Civil penalty of RM1 million; • An order that Chan SH be barred from being a director of any PLC for a period of 5 years; • Interest; and • Costs. 	On 24 January 2018, after a full trial, the High Court declared that the SC had successfully proven its claim against Chan SH. The High Court ordered Chan SH to pay the claimed sum of RM3,238,760.55, a civil penalty of RM500,000 and costs of RM50,000 to the SC.

Table 8

Outcome of civil action taken (Continued)

No.	Nature of breach	Defendants	Description	Outcome
2.	<ul style="list-style-type: none"> False trading and market rigging transaction Stock market manipulation 	<ul style="list-style-type: none"> Kenneth Vun @ Vun Yun Liun Teng Choo Teik Simon Ling Siang Hock Lye Pei Ling Chuah Hock Soon Choong Lay Ti Gui Boon Huat 	<p>On 22 July 2014, the SC filed a civil suit against the 7 Defendants. The SC sought, among others:</p> <ul style="list-style-type: none"> A declaration that the defendants had engaged in false trading and market rigging transactions in respect of DVM shares from 14 March 2006 until 21 March 2006; A declaration that the defendants had engaged in stock market manipulation in respect of DVM shares from 14 March 2006 until 21 March 2006; A declaration that all profits earned by the defendants are held on constructive trust for the benefit of affected investors; Order that all assets and properties of each defendant be traced and followed and then paid to the SC for the purpose of compensating affected investors; An order that each defendant be barred from being a director of any PLC for a period of 5 years; An order to restrain each defendant/their agents/servants or otherwise howsoever from trading in any counter on Bursa Malaysia for a period of 5 years; Special damages of RM3,073,231.92; Civil penalty of RM1 million against each of the defendants; General and/or aggravated and/or exemplary damages; Interest; and Costs. 	<p>On 1 March 2018, the High Court recorded a Consent Judgment between the SC and all the Defendants granting the following orders:</p> <ul style="list-style-type: none"> The Defendants shall jointly and severally pay the sum of RM3,823,231.92 which consist of: Special damages of RM3,073,231.92; and A civil penalty of RM750,000. The Defendants shall not hold office as directors in any PLC for a period of 5 years; The Defendants shall not, whether by themselves, their agents, servants or otherwise howsoever, trade in any securities on Bursa Malaysia for a period of 5 years; In the event of default in any of the terms of the Consent Judgment, the Defendant(s) in default shall be liable to pay a civil penalty of RM1 million to the SC, and the SC will be at liberty to take the necessary actions to execute or enforce the Consent Judgment against the Defendant(s) in default; The SC is at liberty to publish the terms of the Consent Judgment on the SC website and/or in the SC Annual Report and/or in any other publication the SC deems fit; and The Consent Judgment shall constitute full and final settlement of the SC's claim against the Defendants.

Table 8

Outcome of civil action taken *(Continued)*

No.	Nature of breach	Defendants	Description	Outcome
3.	<ul style="list-style-type: none"> False trading and market rigging transaction Stock market manipulation 	<ul style="list-style-type: none"> Ng Wai Hong Lo Ga Lung Toh Pik Chai Ling Pik Ngieh Ng Soo Tian Chan Kok Chai Shou Wei 	<p>On 21 September 2017, the SC filed a civil suit against the 7 defendants. The SC sought, among others:</p> <ul style="list-style-type: none"> A declaration that the defendants had engaged in false trading and market rigging transactions in respect of APLI shares from 7 November 2006 to 9 November 2006; A declaration that the defendants had engaged in stock market manipulation in respect of APLI shares from 7 November 2006 to 9 November 2006; An order that all the assets and properties of each of the defendants be traced and/or followed, and thereafter paid over to the SC; A declaration that all profits earned by each of the defendants by reason of their false trading and market rigging transactions and stock market manipulation of APLI shares are held in constructive trust for the benefit of the affected investors; General and/or aggravated and/or exemplary damages against all the defendants; Special damages; Civil penalty of RM1 million against each of the defendants for the breach of section 84 and 85 of the SIA; Interest; An injunction to restrain each defendant, whether by themselves, their agents, servants or otherwise howsoever, from trading in any counter on Bursa Malaysia for a period of 5 years; An order that each defendant be barred from being a director of any PLC for a period of 5 years; and Costs. 	<p>On 16 March 2018, all 7 defendants entered into a settlement with the SC when they agreed without admission or denial of liability to settle the claim that the SC had initiated against them:</p> <ul style="list-style-type: none"> The defendants agreed to pay a settlement sum of RM2,154,672.13 being the unlawful gains from the false trading, market rigging and market manipulation. A civil penalty of RM200,000.

Table 9

Regulatory settlements in 2018

No.	Insider trading	Offender(s)	Description
1.	Insider trading	Tan Eng Kean (Tan EK)	<p>On 6 April 2018, Tan EK entered into a settlement with the SC in the sum of RM56,900.00 when he agreed without admission or denial of liability to settle a claim that the SC was proposing to institute against him for acquiring 5,000 units of PacificMas Bhd (PacMas) shares in his account while in possession of inside information contrary to section 188(2) of the CMSA.</p> <p>The inside information was in relation to a proposed conditional take-over offer by OSPL Holdings Sdn Bhd (OSPL) to acquire all the voting shares in PacMas not already owned by OSPL which was announced on 4 January 2008. Additionally, a civil penalty of RM50,000 was imposed by the SC.</p> <p>The settlement was reached following a letter of demand sent by the SC pursuant to its civil enforcement powers under the securities laws, where the sum that Tan EK was required to disgorge was equivalent to 3 times the difference between the price at which the shares were acquired and the price at which the shares would have been likely to have been acquired at the time of the acquisition, if the information had been generally available. The monies recovered will be applied in accordance with section 201(7) of the CMSA.</p>
2.	Insider trading	Tan Sri Abdul Rahman Omar (Tan Sri Abdul Rahman)	<p>On 20 July 2018, Tan Sri Abdul Rahman entered into a settlement with the SC in the sum of RM69,144.00 when he agreed without admission or denial of liability to settle a claim that the SC was proposing to institute against him for acquiring Edaran Otomobil Nasional Bhd (EON) shares while in possession of inside information, contrary to section 89E(2) of SIA.</p> <p>The inside information was in relation to EON's announcement to Bursa Malaysia Bhd of a proposed special gross dividend of 137 cent per share less 27% tax in respect of the financial year ended 31 December 2006. Tan Sri Abdul Rahman had acquired 100,000 units of EON shares on 23 February 2007, prior to the announcement.</p> <p>The settlement was reached following a letter of demand sent by the SC pursuant to its civil enforcement powers under the securities law, where the sum that Tan Sri Abdul Rahman was required to disgorge was equivalent to 3 times the difference between the price at which the shares were acquired and the price at which the shares would have been likely to have been acquired at the time of the acquisition, if the information had been generally available. The monies recovered have been applied in accordance with section 90A(7) of the SIA.</p>

Table 9

Regulatory settlements in 2018 *(Continued)*

No.	Insider trading	Offender(s)	Description
3.	Insider trading	Dato' Lim Lean Heng (Dato' Lim LH)	<p>On 18 October 2018, Dato' Lim LH entered into a settlement with the SC in the sum of RM666,900.00 when he agreed without admission or denial of liability to settle a claim that the SC was proposing to institute against him for acquiring 727,000 units of Hirotako Holdings Bhd (Hirotako) shares in the account of Bright Memory Sdn Bhd while in possession of inside information contrary to section 188(2)(a) of the CMSA.</p> <p>The inside information was in relation to a proposed take-over offer by MBM Resources Bhd to acquire all voting shares and outstanding warrants in Hirotako.</p> <p>The settlement was reached following a letter of demand sent by the SC pursuant to its civil enforcement powers under the securities laws, where the sum that Dato' Lim LH was required to disgorge was equivalent to 2.5 times the difference between the price at which the shares were acquired and the price at which the shares would have been likely to have been acquired at the time of the acquisition, if the information had been generally available. The monies recovered will be applied in accordance with section 201(7) of the CMSA.</p>

INVESTOR EMPOWERMENT INITIATIVES

InvestSmart® Fest 2018

12 – 14 October 2018
Kuala Lumpur
Convention Centre,
Kuala Lumpur

14,389
Visitors

45
Exhibitors

397
Participants for
#FinPlan4U Service Desk

Description

The fifth instalment of the SC's annual flagship investor education event held jointly with capital market intermediaries and other regulatory agencies to promote awareness and enhance knowledge of the Malaysian capital markets. Themed 'Investing for a Sustainable Future', the event was officiated by Syed Saddiq Syed Abdul Rahman, Minister of Youth and Sports. The event also featured Jeffrey Ong, former Malaysian Olympic swimmer and Datuk Mohammad Nor Mohammad Khalid (Datuk Lat). The 'FinPlan4U' complimentary service desk allowed the public to engage licensed financial planners on the benefits of financial planning.



Anti-Scam Awareness Campaign

ScamBuster Run 2018

14 October 2018
Kuala Lumpur City Centre

2,558
Runners

Description

For the second consecutive year, the SC organised a charity fun run in conjunction with the InvestSmart® Fest 2018 with the hashtag #RunFromScams. Proceeds of RM104,240 were channelled to Persatuan Kebajikan Suara Kanak-kanak Malaysia (SUKA Society).



Anti-Scam Poster Competition

1– 30 August 2018

66

Entries

Description

As part of raising awareness on scam prevention, the competition was launched pre InvestSmart® Fest 2018. The winning posters are currently featured on the InvestSmart® website.



InvestSmart® Jingle 'Silap Labur Duit Lebur'

Description

To reinforce the SC's anti-scam messaging, the InvestSmart® team in partnership with Money Money Home, a financial literacy programme on Astro AEC, produced a jingle titled 'Silap Labur Duit Lebur'. This fun and catchy promo seeks to warn investors to be more vigilant when investing and avoid illegal investment schemes.



Description

Face-to-face community engagement initiative where the SC provides information on smart investing and promotes the Malaysian capital market among retail investors.

InvestSmart® @ Karnival Kewangan Kedah by Bank Negara Malaysia

19 – 21 January 2018
Alor Setar, Kedah

25,000

Participants

Description

At BNM's 3-day event, the InvestSmart® team distributed collaterals and educational leaflets on the capital markets and engaged with the public on investment opportunities. The SC's representatives also participated in a forum discussion on financial crime along with the Royal Malaysian Police, BNM and the Ministry of Domestic Trade, Co-operatives and Consumerism.



InvestSmart® @ TN50/PRS Youth Event – Building Savings for the Future

26 January 2018
Securities Commission Malaysia

600

Participants

Description

The 'TN50 PRS Youth Incentive' was launched to encourage Malaysian youth to save and invest for the future. The InvestSmart® team engaged youth on the importance of early retirement planning as well as the SC's role and its InvestSmart® brand.

InvestSmart® @ Scientific Convention and Trade Exhibition 2018

27 January 2018
Putra World Trade Centre, Kuala Lumpur

150

Participants

Description

The Malaysian Dental Association organised their annual Scientific Convention and Trade Exhibition 2018, in which the InvestSmart® team participated to engage with this professional demographic to highlight the SC's role as a capital market regulator and its investor education initiatives.



InvestSmart® @ Ministry of International Trade and Industry Open Day (MITI) Day 2018

26 February 2018
MITI Tower, Kuala Lumpur

8,000

Participants

Description

In addition to engaging the visitors, a short pocket talk under the segment 'Kapsul Usahawan dan Saham' was presented at the MITI's annual event.

InvestSmart® @ Seminar Pelaburan Saham Terengganu by MITI

19 March 2018
Permai Hotel, Kuala Terengganu

1,000

Participants

Description

A Shariah stock investment seminar jointly organised by MITI and Yayasan Islam Terengganu. The InvestSmart® team spoke on the Islamic capital market and the SC's investor education programme.



InvestSmart® @ Ministry of Finance Open Day 2018

22 March 2018
Kompleks Kementerian Kewangan, Putrajaya

1,009
Participants

Description

Together with various agencies under the Ministry, the InvestSmart® team participated in the Ministry of Finance (MOF) Open Day 2018 to create awareness on the Malaysian capital markets to the public.

InvestSmart® @ EXPO PEMUDA 2018

14 – 15 April 2018
Putra World Trade Centre, Kuala Lumpur

50,000
Participants

Description

This 2-day job fair offered opportunities to the youth to kick-start their career. The InvestSmart® team took the opportunity to engage the youth to raise awareness on the capital market and smart investing, and promote the SC's role.



InvestSmart® @ Minggu Saham Amanah Malaysia 2018 by Permodalan Nasional Bhd

19 – 25 April 2018
Batu Pahat, Johor

200,168
Participants

Description

Permodalan Nasional Bhd's premier annual event provided the SC a platform to share information on the Malaysian capital markets with the community in Johor during the week-long event. The InvestSmart® pocket talk sessions and investment games were a big hit among the visitors.

InvestSmart® @ Bursa Shariah Investing Fair

21 – 22 July 2018
Kuala Lumpur Convention Centre,
Kuala Lumpur

11,000
Participants

Description

Bursa Malaysia's Shariah Investing Fair 2018 themed 'Jom Labur BM-i' gathered industry partners such as the Islamic Participating Organisations, Islamic Fund Management Companies, Islamic Financial Institutions, Takaful Operators and Shariah PLCs. The InvestSmart® team together with the SC's staff from the ICM department distributed collaterals and brochures to create awareness on the capital market. Dipstick surveys and engagements with the public were also carried out to seek feedback on their investment experiences.

InvestSmart® @ KL Car Free Morning

16 September 2018

Dataran Dewan Bandaraya Kuala Lumpur

350

Participants

Description

The InvestSmart® team set up booth at the Dataran Dewan Bandaraya Kuala Lumpur (DBKL) in conjunction with the Kuala Lumpur Car Free Morning. Held every first and third Sunday of the month, this event attracts thousands of Malaysian to jog, walk and cycle on major streets of Kuala Lumpur. During this event, the team promoted the InvestSmart® Fest 2018 and ScamBuster Run 2018. Collaterals were distributed and anti-scam awareness was reinforced through the screening of T.I.P.U. video.



InvestSmart® @ Financial Literacy of Youth: Malaysia Fintech Conference

22 September 2018

HELP University Damansara Campus

250

Participants

Description

As part of the SC's promotional campaign for InvestSmart® Fest 2018 and ScamBuster Run 2018, the team set up booth at the Financial Literacy of Youth:Malaysia (FLY:Malaysia) Fintech Conference to engage university students.

InvestSmart® @ My Money & Me by Malaysian Financial Planning Council (MFPC)

27 October 2018

Dataran Dewan Bandaraya Kuala Lumpur

400

Participants

Description

My Money & Me is a financial literacy programme by MFPC for undergraduates on the importance of financial planning. The InvestSmart® team engaged the participants at the event by promoting the Malaysian capital market.

InvestSmart® @ 4th Financial Planning Tournament by MFPC

2 – 4 November 2018

EPF Learning Centre, Kajang

2,000

Participants

Description

During the MFPC's fourth Financial Planning Tournament, the InvestSmart® team reached out to undergraduates from 24 universities throughout Malaysia to raise awareness on the role of the SC and the Malaysian capital market. In conjunction with the event, MFPC also organised its inaugural Financial Freedom Run on 4 November 2018 at the Universiti Kebangsaan Malaysia where the SC staff also participated in the run.



InvestSmart® @ Forum Pasca Bajet Negara 2018 by INTAN Bukit Kiara

8 November 2018
National Institute of Public Administration (INTAN)
Kuala Lumpur

800

Participants

Description

The InvestSmart® booth was set up to engage and distribute collaterals and pamphlets to civil servants who attended the talk on Malaysia's 2019 Budget conducted by INTAN

InvestSmart® @ Karnival Rasa Sayang by Retirement Fund (Incorporated) (KWAP)

24 November 2018
Bulatan Sultan Azlan Shah, Ipoh

1,446

Participants

Description

The InvestSmart® team was invited to give a talk on retirement planning at KWAP's inaugural 'Karnival Rasa Sayang' held in Ipoh.



Description

In 2018, the SC launched the InvestSmart® @ SC programme. The half-day event focuses on specific capital market topics related to specific investor demography.

Protecting Your Investment

10 March 2018
Pre-retirees and retirees

149

Participants

Never too Young to Invest

12 May 2018
Youth

81

Participants

An Informed Investor is a Protected Investor

15 December 2015
General public

177

Participants



Description

In collaboration with Securities Industry Development Corporation (SIDC), 1-day seminars were conducted nationwide, focusing on topics relating to stock trading, unit trusts, private retirement scheme (PRS), equity crowdfunding (ECF) and peer-to-peer (P2P) financing by industry experts. Mini exhibitions by investment banks, stockbroking and unit trust companies as well as PRS providers were also featured at the following locations.

21 April 2018
Ayer Keroh, Melaka

54
Participants

12 May 2018
Petaling Jaya, Selangor

190
Participants

7 July 2018
Bukit Tinggi, Klang

106
Participants

21 July 2018
Alor Setar, Kedah

68
Participants

4 August 2018
Kota Bahru, Kelantan

88
Participants

18 August 2018
Kuantan, Pahang

73
Participants

8 September 2018
Miri, Sarawak

72
Participants

22 September 2018
Sibu, Sarawak

89
Participants

20 October 2018
Kota Kinabalu, Sabah

122
Participants

27 October 2018
Taiping, Perak

50
Participants

3 November 2018
Seberang Jaya, Penang

208
Participants

10 November 2018
Johor Bahru, Johor

105
Participants





Description

The following InvestSmart® programmes were designed, in collaboration with SIDC, for specific groups including school children, university students and communities.

Kids & Cash

A half-day programme whereby knowledge on basic money management skills is shared with primary school children.

6 July 2018
Sekolah Kebangsaan
Klang

100
Participants

17 August 2018
Sekolah Kebangsaan
Sungai Talam, Kuantan

100
Participants

26 October 2018
Sekolah Kebangsaan
Taman Panglima, Taiping

100
Participants

Teens & Cash

Secondary school students gained tips on money management and the importance of investing.

17 August 2018
Sekolah Menengah
Kebangsaan Pandan,
Kuantan

100
Participants

7 September 2018
Sekolah Menengah
Kebangsaan Dato
Permaisuri, Miri

105
Participants

21 November 2018
Sekolah Menengah
Kebangsaan Pasir Gudang
Tiga, Johor Bahru

100
Participants

Cash@Campus

Equipping university students with better financial planning and investment skills in preparation for their working life.

24 September 2018
Multimedia University
Melaka

142
Participants

4 October 2018
Universiti Teknologi
MARA Kelantan

103
Participants

13 October 2018
Universiti Sains Islam
Malaysia

103
Participants

19 October 2018
Tunku Abdul Rahman
University College Sabah

115
Participants

14 November 2018
HELP University Subang

42
Participants



Money@Work

This is a half-day programme tailored particularly for employees of government agencies and private corporations on smart investing.

26 July 2018 Collaboration with Amanah Ikhtiar Malaysia	137 Participants
2 November 2018 Collaboration with Institut Integriti Pulau Pinang	118 Participants
12 November 2018 Collaboration with Pejabat Residensi Sibu	59 Participants

Be Money Wise (B.M.W)

Targeted segments for women, blue-collar workers and rural communities were organised on financial management.

20 April 2018 Ayer Keroh, Melaka	104 Participants
22 July 2018 Alor Setar, Kedah	133 Participants
7 September 2018 Miri, Sarawak	47 Participants



- The revamped InvestSmart® website was launched in September 2018 and has attracted 27,718 users to-date;
- InvestSmart® Mobile Application has 2,771 registered users

- InvestSmart® Facebook Page garnered 62,919 followers;
- InvestSmart® Instagram gained 950 followers;
- InvestSmart® Twitter garnered 71 followers;
- Launched in October 2018, 'Jump2 Invest' game has over 250 downloads



- The SC, through the Ministry of Communications and Multimedia, has released 2 public service announcements in 2018:
 - 30-second 'T.I.P.U Video' highlights the modus operandi of scammers. Televised in all local TV stations and public transportations operated by Prasarana Malaysia from 31 May to 31 December 2018.
 - Crawler message to remind the public on dealing only with licensed persons when investing in capital market product. The crawler message is broadcasted during the news in the local television stations from 15 August to 31 December 2018.
- In conjunction with the IOSCO World Investor Week 2018 (WIW2018) from 1 to 7 October 2018, the SC:
 - Produced an InvestSmart® Series on BFM 89.9 to educate listeners on the risks of investing in ICOs; and
 - Published a series of infographics in *The Star*, *Sin Chew Jit Poh* and *Harian Metro* newspapers to highlight to the public the risks of investing in ICOs.

COMPLAINTS AND ENQUIRIES

For the period ending 31 December 2018, the SC received a total of:

- 558 Complaints; and
- 1,104 Enquiries.

Table 1

	2018	2017	2016
Complaints	558	444	433
Enquiries	1,104	626	609
TOTAL	1,662	1,070	1,042

Chart 1

Classification of complaints

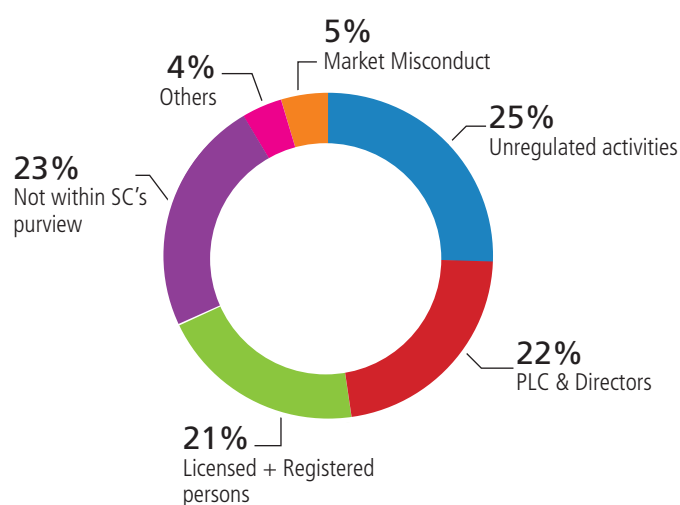
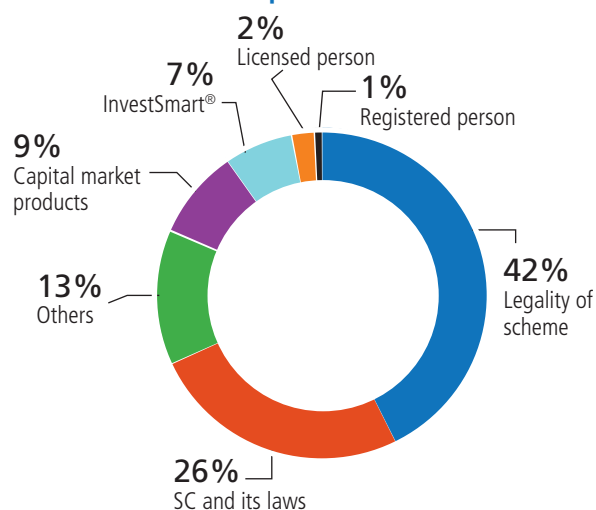


Chart 2

Classification of enquiries



PUBLICATIONS

ACTS, GUIDELINES AND CODES

Guidelines on Listed Real Estate Investment Trusts
Issued | 15 March 2018

Guidelines on Real Estate Investment Trusts
Issued | 15 March 2018

Guidelines on Implementation of Targeted Financial Sanctions Relating to Proliferation Financing For Capital Market Intermediaries
Issued | 6 April 2018

Guidelines on Contracts for Difference
Issued | 6 April 2018

Licensing Handbook
Revised | 1 August 2018

Guidelines on Compliance with the Continuing Professional Education Requirement
Issued | 1 August 2018

Guidelines on Seasoned Corporate Bonds and Sukuk
Issued | 19 September 2018

Guidelines on Sales Practices of Unlisted Capital Market Products
Revised | 19 September 2018

Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors
Revised | 11 October 2018

Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework
Revised | 11 October 2018

Guidelines on the Registration and Conduct of Capital Market Services Providers
Issued | 19 October 2018

Guidelines on Exchange-traded Funds
Revised | 26 November 2018

Prospectus Guidelines
Revised | 14 December 2018

Guidelines on Compliance Function for Fund Management Companies
Revised | 17 December 2018

BOOKS, REPORTS AND CONSULTATION PAPERS

Developing the Corporate Bond and Sukuk Market in Malaysia: Broadening the Credit Profile - SC-OCIS Scholar-in-Residence Academic Year 2015/2016
Issued | 28 February 2018

SC-World Bank on Islamic Finance and Public Private Partnership for Infrastructure Development 2017 Conference Report
Issued | 9 March 2018

Public Response Paper – Proposed Amendments to Guidelines on Real Estate Investment Trusts and Streamlining of Post-Listing Requirements for Listed Real Estate Investment Trusts with Listed Corporations
Issued | 15 March 2018

Securities Commission Malaysia Annual Report 2017/ Laporan Tahunan 2017 Suruhanjaya Sekuriti Malaysia
Issued | 15 March 2018

Audit Oversight Board Annual Report 2017
Laporan Tahunan 2017 Lembaga Pemantauan Audit
Issued | 15 March 2018

*Audit Oversight Board Annual Inspection Report –
Findings and Insights 2017*
Issued | May 2018

Proceedings of the SC-OCIS Roundtable 2017
Issued | 19 March 2018

*Corporate Governance Strategic Priorities 2017-
2020*
Issued | September 2018

ASEAN Green Bond Standards
Revised | October 2018

ASEAN Social Bond Standards
Issued | October 2018

ASEAN Sustainability Bond Standards
Issued | October 2018

BOOKLETS, BULLETINS AND PAMPHLETS

Malaysian ICM
Issued | April and September 2018

*List of Shariah-Compliant Securities by the Shariah
Advisory Council of the Securities Commission
Malaysia/ Senarai Sekuriti Patuh Syariah oleh Majlis
Penasihat Syariah Suruhanjaya Sekuriti Malaysia*
Issued | 25 May and 30 November 2018

The Reporter
Issued | November 2018

*Keputusan Majlis Penasihat Shariah Suruhanjaya
Sekuriti Malaysia 2018*
Issued | 18 December 2018

WEBSITES

www.sc.com.my

www.investsmart.my

www.worldcapitalmarketsymposium.org

www.theroyalaward.com

2018 AT A GLANCE

7 Jan

SC issues media statement to caution investors on initial coin offerings

9 Jan

SC directs CopyCash Foundation to immediately cease and desist all its proposed activities related to its initial coin offering



January

23 Jan

Release of Enhanced Auditor's Report

24 Jan

SC wins insider trading case against former founder of WCT Bhd



February

6-7 Feb

World Capital Markets Symposium 2018 and Launch of the Institute of Capital Market Research Malaysia



13 Feb

SC charges chairman of Three-A Resources Bhd for insider trading

26 Feb

SC, the Monetary Authority of Singapore and the Securities and Exchange Commission of Thailand sign MoU to enhance the ASEAN Collective Investment Schemes Framework

28 Feb

Bogus remisier jailed one year and fined RM2 million for securities fraud

March



1 Mar

SC Turns 25
Rebranding of CSR Initiative – SC Heart

5 Mar

AOB reprimands two auditors for breaching auditing standards

15 Mar

SC Annual Report 2017 released

15 Mar

SC and BNM establish joint working group to accelerate digitisation of stockbroking industry

21 Mar

SC warns investors over 'pump-and-dump' schemes via internet and social media

24-25 Mar

Proceedings of the 9th SC-OCIS Roundtable 2018

26 Mar

Court of Appeal jails ex-director for furnishing false statements to stock exchange

5 Apr

SC appoints new Deputy Chief Executive, Datuk Zainal Izlan Zainal Abidin following the appointment of Dato' Ahmad Fairuz Zainol Abidin as Judicial Commissioner

10 Apr

Former investment bank head of equity sentenced to 6 months jail and fined RM1 million for insider trading

Former investment banker jailed and fined for insider trading

KUALA LUMPUR: The Kuala Lumpur Sessions Court has sentenced a former investment banker to six months jail and fined him RM1 million for insider trading.

The Securities Commission (SC) said former investment banker Goh Keng Hui was charged with insider trading in the shares of Road Builder Holdings Ltd (RHB).

"Goh, 48, pleaded guilty to the charge of insider trading under Section 172C of the Securities Industry Act 1983. According to the charge, Goh had acquired 100,000 units of RHB shares while in possession of inside information on Sept 4, 2008."

"Goh was at the material time the equity markets' head of known as Maybank Investment Bank (MIB)."

The SC said Goh was sentenced to six months imprisonment and a fine of RM1 million, following a plea bargaining application under the provision of Section 172C of the Criminal Procedure Code.

"The court also took into consideration nine other similar charges against Goh for his purchase of 751,000 RHB shares between Sept 5, 2008 and Oct 16, 2008."

On Oct 16, 2017, the SC charged Goh with 10 counts of insider trading and his wife, Wee Siow Ling, with 10 counts of abetting Goh in the commission of the offences by shares through her trading account.

Meanwhile, the SC said in a separate statement that former LFT Corp Ltd executive director Alan Rajendran Jaya Rajendran was found guilty in the sessions court of committing criminal breach of trust (CBT) in respect of the company's funds amounting to RM18.9 million and aided three years.

"The charges for CBT were made out together with four other charges under securities laws for furnishing false information to the stock exchange pertaining to LFT's operating expenses," said the SC.

It added that Rajendran, 42, had pleaded guilty to two CBT charges through a plea bargain.

Section 172C of the Criminal Procedure Code.

"Following a trial involving 35 witnesses from prosecution and three for the defence, Rajendran decided to plead guilty before the decision was to be delivered."

"In pleading guilty, Rajendran admitted to - selling the RM18.9 million of funds belonging to LFT, which was meant to be used for the working capital of LFT's wholly-owned subsidiary, LFT International Ltd."

"Instead, Rajendran had used those funds to finance his personal subscriptions of shares in LFT and to repay his corporate debts."

Rajendran earned serving his sentence for the offences last

April

11 April

SC initiated a restitution process for victims of an illegal futures trading scheme

25 April

AOB reprimands and fines an auditor for failure to comply with the International Standards on Audit

3 May

SC calls for applications for RM1 billion venture capital fund committed by major institutional investors

SC opens applications for RM1b VC fund

by NOR HAZIQAH & WAJEEZ

THE Securities Commission Malaysia (SC) has called upon venture capital (VC) management companies registered with the body to apply for the RM1 billion VC fund, committed by major institutional investors.

SC said the deadline for the application is June 1, 2018.

"Submissions must be made to the SC no later than 5pm on Friday, June 1" it noted in a statement yesterday.

Both local and foreign applicants who are registered with the SC and demonstrate experience and expertise in managing VC investments are eligible for consideration.

Although fund managers not registered with the SC will be considered, it is required to register to receive the allocation of shares.

Criteria and submission processes are outlined in the Request for Proposal link available for download on the commission's website.

SC says the deadline for the application is June 1, 2018.

It added that the SC, the VC fund coordination committee, comprising senior representatives from major institutional investors, have been established to coordinate the investment and selection process of potential submissions.

The coordinated investment will be invested into early to late stage private companies with a potential to create jobs and drive growth in the economy.

"It also aims to attract greater participation from a more diverse range of players, facilitate knowledge transfer and strengthen industry expertise and skill sets," it said.

The development of the VC industry has gained traction from close multi-stakeholder collaborations, including efforts through the Malaysian Venture Capital and Private Equity Development Council.

The government has allocated RM1 billion to set up a tax exemption for local capital ventures in the Budget 2018, which is expected to boost activities.

The Malaysian Venture Capital Association (MVA) managing partner Raja Ramiah said the local VC industry should have more local funding opportunities while exploring overseas resources such as Singapore, so that local value can contribute further to the business activities and

May

14-15 May

SC, World Bank Group and the IOSCO Asia Pacific Hub held a joint conference themed 'Harnessing Islamic Finance for a Green Future'



17 May

Courtesy visit by Italian Ambassador to Malaysia, Cristiano Maggipinto

5 July

SC invites applications for registration as equity crowdfunding and peer-to-peer financing operators

Application for crowdfunding

PETALING JAYA: The Securities Commission (SC) is inviting parties interested to operate equity crowdfunding (ECF) or peer-to-peer (P2P) financing platforms to submit applications for registration.

The capital market regulator said in a statement applications must be submitted to it by Sept 7, 2018.

"It is an offence under Section 7 of the Capital Markets and Services Act 2007 for any person to operate ECF and P2P platforms without prior authorisation from the SC," it said.

July

5 July

SC Staff Hari Raya Open House



9 Aug

Former executive director of APL Industry Bhd and sister jailed 5 years and fined RM7 million each

13–17 Aug

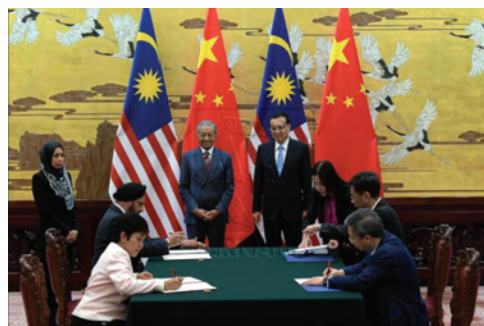
SC Industry Dialogue 2018



August

20 Aug

China's Ministry of Finance and SC sign MoU on regulatory co-operation



5 Sep

SC issues notice to cease all activities promoting Lavidacoin

18 Sep

Public statement on Multi Sports' retention of Lin Huozhi and Lin Liying as Executive Directors prejudicial to public interest

19 Sep

SC announces the liberalisation of its regulatory framework for retail investment in Malaysia's corporate bond and sukuk market

September

24 Sep

Visit by a delegation from the US Embassy and the US Treasury

27 Sep

SC together with United Nations Development Programme and the Islamic Development Bank hosted a forum titled 'Achieving the SDGs: Unleashing the Potential of Islamic Finance' in New York, US

October



1 Oct

Launch of the Institute of Corporate Directors Malaysia (ICDM) to enhance Board effectiveness

3 Oct

Tan Sri Dr Zeti Akhtar Aziz receives The Royal Award for Islamic Finance 2018

12–14 Oct

InvestSmart® Fest 2018 kicks off; 2nd year of charity run, Scambuster Run

19 Oct

SC introduces a registration framework for trustees and issuing houses under new guidelines to enhance investor protection

26 Oct

SC initiated a restitution process for victims of an illegal futures and equity trading scheme

30 Oct

Tan Sri Ranjit Ajit Singh retires as Chairman of the SC

31 Oct

European Union and Asia-Pacific regulators meet at the EU-Asia Pacific Forum on Financial Regulation in Kuala Lumpur

1 Nov

SC welcomes new Chairman, Datuk Syed Zaid Albar



7 Nov

SC and OECD jointly organised the annual Asian Roundtable on Corporate Governance



November

26 Nov

SC revises *Guidelines on Exchange-traded Funds* to boost retail participation

28-29 Nov

SCxSC Digital Finance Conference 2018 themed 'Embracing Technology'

29 Nov

AOB withdraws recognition of Singapore-based audit firm RT LLP and Su Chun Keat for failure to comply with a Notice issued by the SC



December

4 Dec

Dialogue between Corporate Sustainability Managers and Minister of MESTECC, Yeo Bee Yin.

6 Dec

SC and BNM issued a joint statement on the regulation of digital assets in Malaysia

12 Dec

SC revokes the CMSRL of Shaiful Nazren Kassim for improper business practices



13 Dec

Malaysia ranks 4th in 2018 from 6th place in 2016 in the Corporate Governance Watch 2018 report



ACRONYMS AND ABBREVIATIONS

ACGA	Asian Corporate Governance Association
ACMF	ASEAN Capital Markets Forum
ADV	Average daily value
AE	Advanced economy
AEC	ASEAN Economic Community
AML/CFT/PF	Anti-money laundering, countering financing of terrorism and proliferation financing
AOB	Audit Oversight Board
ASEAN	Association of South-East Asian Nations
ASEAN GBS	<i>ASEAN Green Bond Standards</i>
ASEAN SBS	<i>ASEAN Social Bond Standards</i>
ASEAN SUS	<i>ASEAN Sustainability Bond Standards</i>
AUM	Assets under management
BCM	Business continuity framework
BNM	Bank Negara Malaysia
BRIDGE	Brokerage Industry Digitisation Group
bps	Basis points
BrICC	Brokerage Industry Consultative Committee
Bursa Malaysia	Bursa Malaysia Securities Bhd
CAGR	Compound annual growth rate
CBI	Climate Bonds Initiative
CDS	Central Depository System
CFD	Contract for Difference
CG	Corporate governance
CIS	Collective Investment Schemes
CMCF	Capital Market Compensation Fund
CMDf	Capital Market Development Fund
CMM	Capital Markets Malaysia
CMSA	<i>Capital Markets and Services Act 2007</i>
CMSL	Capital Market Services Licence
CMSRL	Capital Markets Services Representative's Licence
COMCEC	Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation
CPA	Certified public accountant
CPE	Continuing Professional Education
CPRA	Corporate private retirement scheme adviser
CRWG	Cyber Risk Working Group

CSM	Cyber Security Malaysia
CUTA	Corporate Unit Trust Scheme Adviser
DIM	Digital investment management
DLT	Distributed ledger technology
DOSM	Department of Statistics Malaysia
ECB	European Central Bank
ECF	Equity crowdfunding
EME	Emerging market economy
EPF	Employees Provident Fund
ESG	Environment, social and governance
ETF	Exchange-traded fund
EU	European Union
FBMKLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FIMM	Federation of Investment Managers Malaysia
FINs	Financial Intelligence Systems
Fintech	Financial technology
FKLI	Bursa Malaysia Kuala Lumpur Composite Index Futures
FPAM	Financial Planning Association of Malaysia
FSB	Financial Stability Board
FSI	Financial services institution
G20	Group of 20
GBP	<i>Green Bond Principles</i>
GDP	Gross domestic product
GEM	Growth and emerging markets
GFC	Global financial crisis
GFCF	Gross fixed capital function
GLIC	Government-linked investment company
ICDM	Institute of Corporate Directors Malaysia
ICM	Islamic capital market
ICMA	International Capital Market Association
ICMR	Institute for Capital Market Research
ICO	Initial coin offering
IDSS	Intraday short selling
IFC	International Finance Corporation
IFSB	Islamic Financial Services Board
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
ICO	Initial coin offering
IPO	Initial public offering
KYC	Know-Your-Customer
KWAP	Retirement Fund (Incorporated)
LEAP	Leading Entrepreneur Accelerator Platform
LOLA Framework	Lodge and Launch Framework
MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
MASB	Malaysian Accounting Standards Board
MCCG	<i>Malaysian Code on Corporate Governance</i>
MFRS	Malaysian Financial Reporting Standard

MFPC	Malaysian Financial Planning Council
MGS	Malaysian Government Securities
MICPA	Malaysian Institute of Certified Public Accountants
MITI	Ministry of International Trade and Industry
MoF	Ministry of Finance
MoU	Memorandum of understanding
MSCI	Morgan Stanley Capital International
MSME	Micro, small and medium enterprise
NACSA	National Cyber Security Agency
NAV	Net asset value
OCIS	Oxford Centre for Islamic Studies
OECD	Organisation for Economic Co-operation and Development
OTC	Over-the-counter
OPR	Overnight policy rate
P2P	Peer-to-peer
PE	Private equity
PID	Public-interest director
PIE	Public interest entities
PLC	Public-listed company
PPA	Private Pension Administrator Malaysia
PRS	Private retirement scheme
REIT	Real estate investment trust
SC	Securities Commission Malaysia
SCA	<i>Securities Commission Act 1993</i>
SCMA	<i>Securities Commission Malaysia Act 1993</i>
SCxSC	Synergistic Collaborations by SC
SDG	Sustainable Development Goal
SIA	<i>Securities Industry Act 1983</i>
SICDA	<i>Securities Industry Central Depositories Act 1991</i>
SIDC	Securities Industry Development Corporation
SIDREC	Securities Industry Dispute Resolution Center
SIFI	Systemically important financial institution
SIR	Scholar-in-Residence
SMEs	Small and medium-sized enterprise
SRI	Sustainable and responsible investment
SRO	Self-regulatory organisation
SROC	Systemic Risk Oversight Committee
TCFD	Task Force on Climate-Related Financial Disclosure
UCITS	Undertaking for the Collective Investment in Transferable Securities
UK	United Kingdom
UN	United Nations
US	United States
US Fed	US Federal Reserve
UST	US Treasury
VC	Venture capital
VCC/VCMC	Venture capital corporation/venture capital management corporation
WCMS	World Capital Markets Symposium

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