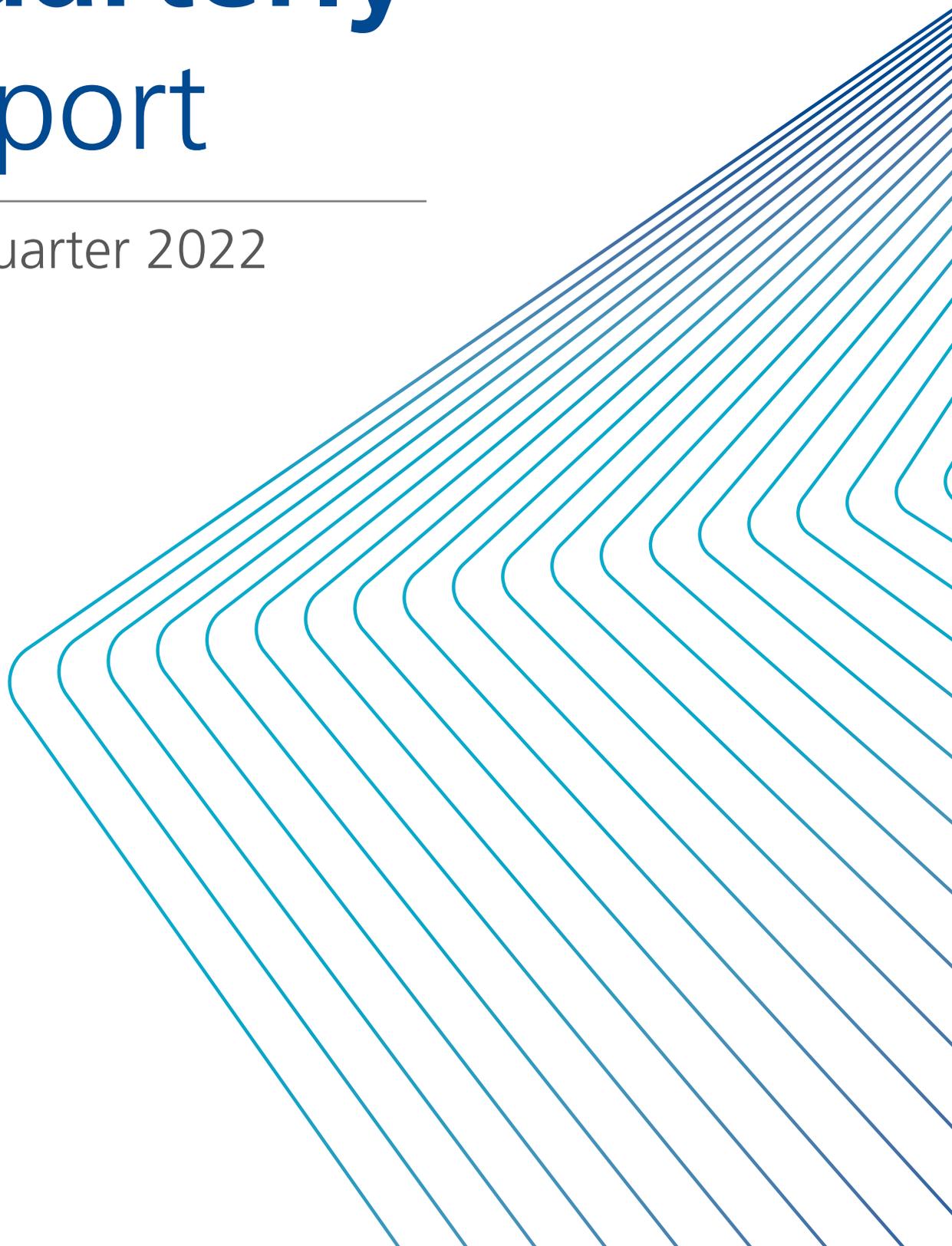




Suruhanjaya Sekuriti
Securities Commission
Malaysia

Quarterly Report

2nd Quarter 2022



Securities Commission Malaysia

2nd Quarter 2022

CONTENTS

Key Highlights	2
Market Overview and Outlook	7
Key Developments	11
International	21
Issues and Investments	24
Market Supervision	30
Enforcement	34
Service Delivery – Performance Scorecard	36

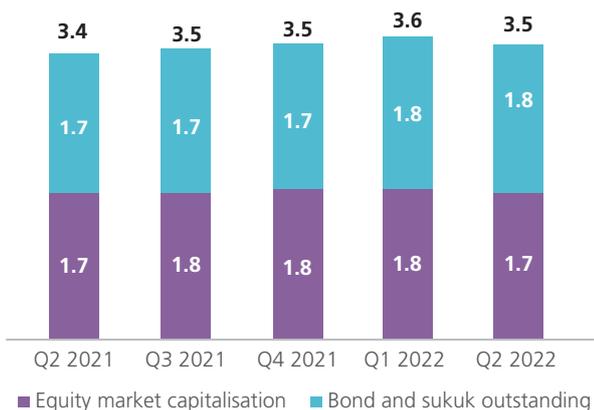
KEY HIGHLIGHTS

SIZE OF CAPITAL MARKET AND FUNDRAISING

The Malaysian capital market contracted in Q2 2022, driven by lower equity market capitalisation, though total bonds and sukuk outstanding remained firm

The Islamic capital market (ICM) mirrors the overall capital market performance with a decline in Shariah-compliant market capitalisation

Capital market size (RM trillion)*



Size of ICM (RM trillion)*



Q3 2021 Q4 2021 Q1 2022 Q2 2022

+2% +0% +1% -3%

Q3 2021 Q4 2021 Q1 2022 Q2 2022

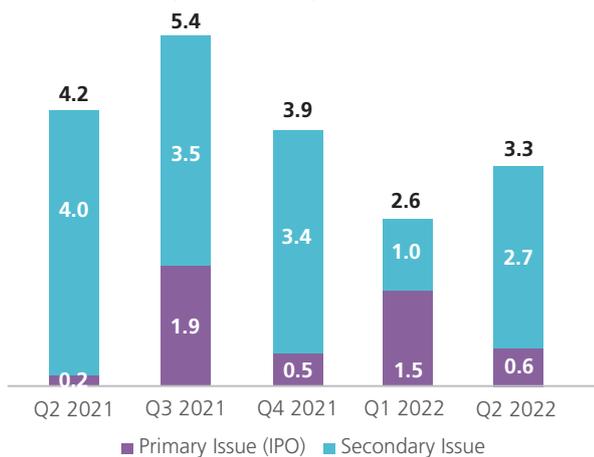
+4% -1% -0% -4%

Quarterly growth

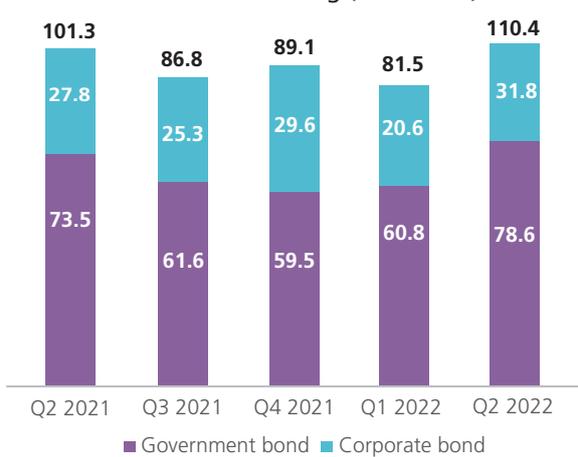
Secondary market issuances rebounded slightly, supported by higher private placement and rights issues while IPO activity remained subdued

Overall bond fundraising rose due to greater public funding needs and expectations of rising interest rates

Equity fundraising (RM billion)*



Bond fundraising (RM billion)*



Q3 2021 Q4 2021 Q1 2022 Q2 2022

+30% -28% -34% +27%

Q3 2021 Q4 2021 Q1 2022 Q2 2022

-14% +3% -9% +36%

Quarterly growth

Note:

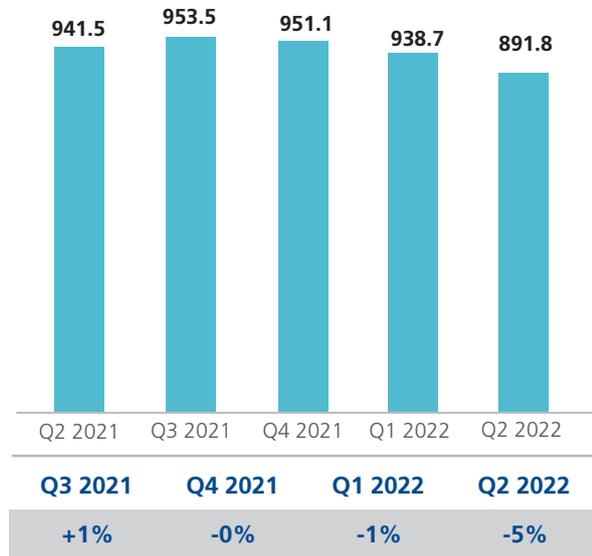
* Due to the rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

FUND MANAGEMENT

Key Highlights

Assets under management (AUM) slid further in Q2 2022 following downward movement of global equity markets

Total AUM (RM billion)*



Quarterly growth

Note:

* Due to the rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

SHAPING THE STAKEHOLDER ECONOMY

Strengthening governance culture



The Principles of Good Governance for Government-Linked Investment Companies (GLIC)(PGG) was launched by the Minister of Finance to set out the baseline governance requirements and best practices for GLICs

Building the foundations for sustainable and responsible investment



Continued leveraging of the Joint Committee on Climate Change (JC3) through various initiatives such as **specialised training programmes for the financial sector** and the issuance of the **JC3 Report on the Sustainable Finance Landscape in Malaysia**



A more facilitative sustainable fundraising framework for companies through the **launch of the SRI-Linked Sukuk Framework**



Assisting fund management companies (FMCs) to establish a responsible investment framework via the issuance of the **Guidance Note on Managing Environmental, Social and Governance Risks for Fund Management Companies (Guidance Note on ESG for FMCs)**

KEY HIGHLIGHTS

FACILITATE RECOVERY AND COMPETITIVE GROWTH

Scaling up VC/PE



Further spurred VC activities through the amendment of the **Venture Capital Tax Incentives Guidelines (VCTI Guidelines)** – which provided a tax exemption for registered venture capital companies (VCCs) and venture capital management companies (VCMCs), along with a tax deduction on qualifying investments in startups or VCCs

Facilitating greater access to fundraising



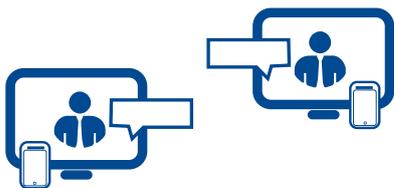
A more facilitative fundraising process for corporate bonds through the revised **Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework**



Creating greater awareness among MSMEs on alternative financing avenues through the third programme of the **NaviGate: Capital Market Green Financing Series**

ENSURING MARKET RESILIENCE

Enhancing corporate resilience and board oversight



Strengthened public-listed companies' (PLCs) board oversight of auditors and audit process through engagement between **SC's Audit Oversight Board (AOB) and Audit Committees (AC) of PLCs** via the 'AOB's Conversation with Audit Committees' virtual series

Greater regulatory clarity and transparency



Greater regulatory clarity through the **amendments to the Prospectus Guidelines** to enhance disclosure requirements and improve transparency for investors

ENHANCING REGULATORY EFFECTIVENESS

Enhancing tech capabilities for a data-driven organisation



An enhanced and more facilitative submission process between the SC and industry participants through the roll-out of an **interim digital submission solution** for collective investment funds (CIS)

*Note: CIS includes unit trust funds, wholesale fund (for submission not available under the LOLA Online Submission System), exchange-traded funds (ETFs), private retirement schemes (PRS) and foreign funds.

Strengthening regulatory co-operation for financial stability



Greater regulatory, enforcement and supervisory co-operation through the **inking of a new MoU between the SC and the Labuan Financial Services Authority (Labuan FSA)**

PRIORITISING SUPERVISORY AND ENFORCEMENT EFFICIENCY

Ensuring continued monitoring and supervision of institutions



Commenced **regulatory assessment on RMO operators** to ensure adequacy and consistency of processes

Undertake swift and targeted enforcement actions for credible deterrence



Compounded Serba Dinamik Holdings Bhd, its chief executive officer, executive director, and two officers for a sum of RM3 million each for submitting false financial statements to Bursa Malaysia

KEY HIGHLIGHTS

EMPOWERING INVESTORS THROUGH INVESTMENT OPTIONS AND OUTREACH

Enhanced focus on investor vulnerabilities



Equipped investors with greater awareness on the *modus operandi* of clone scams through the **sharing of findings of investigations into 10 clone firm scams**, especially on how to detect and avoid scams

Expanded investor outreach to promote greater inclusivity



Fostered a more financially inclusive society through **the launch of the Agen Bijak Labur Desa (ABJAD) initiative**, which equips the rural population with fundamental financial knowledge and financial management skills

MARKET REVIEW AND OUTLOOK

GLOBAL OVERVIEW

Global capital market performance was significantly weaker in Q2 2022, dominated by negative investor sentiment amid concerns over repercussions of the Ukraine war, protracted period of rising global inflation, and the tightening of global financial conditions given expectations of more aggressive monetary policy normalisation in major economies. This negative sentiment was reflected in a slew of downgrades of global growth forecasts including by the International Monetary Fund (IMF) and the World Bank.

In global equities, both the MSCI World and MSCI Emerging Markets recorded double-digit declines of -16.6% quarter-to-quarter (q-o-q) (Q1 2022: -5.5%) and -12.4% q-o-q (Q1 2022: -7.3%) respectively during Q2 2022, influenced by the ongoing war in Ukraine, and rising recessionary risks in an environment of high global inflation.

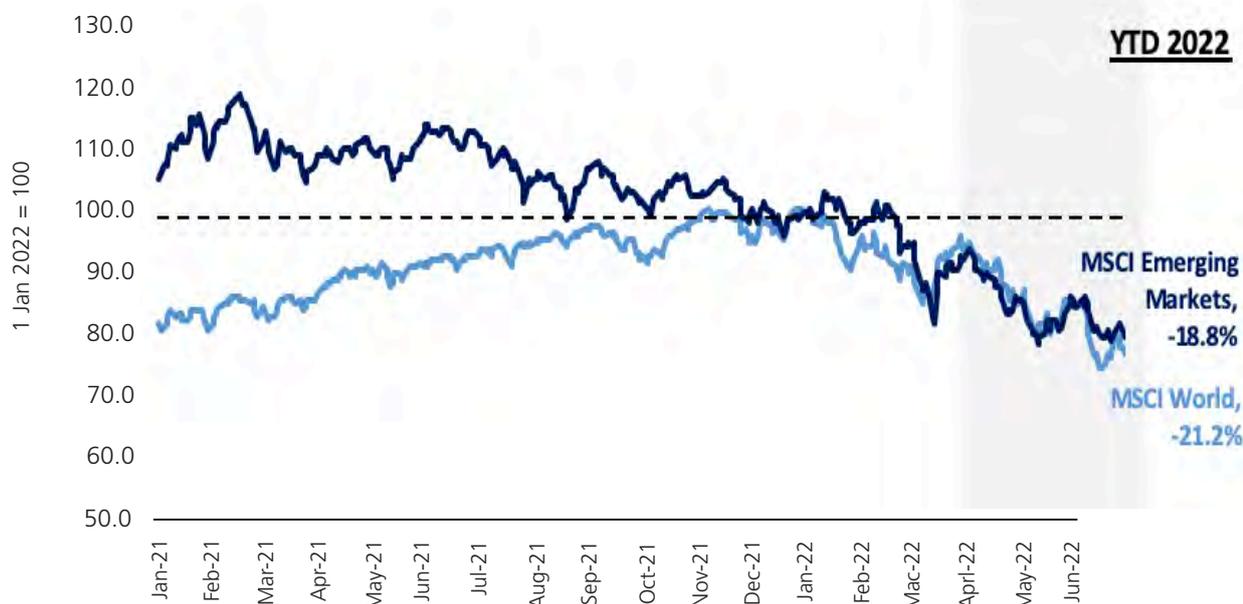
In the US, the S&P 500 index fell by -16.4% q-o-q in Q2 2022 (Q1 2022: -4.9%), dampened by concerns over surging inflation and the US Federal Reserve's (Fed) more aggressive monetary policy tightening. Similarly, the Euro Stoxx 50 declined by -11.5% q-o-q (Q1 2022: -9.2%), an unfavourable quarterly performance since the COVID-19 outbreak, while the UK FTSE 100 ended lower by -4.6% q-o-q (Q1 2022: 1.8%). In Asia, the Nikkei 225 dropped -5.1% q-o-q in Q2 2022 (Q1 2022: -3.4%).

Meanwhile, global bond yields were broadly higher during Q2 2022 driven mainly by rising expectations of more aggressive global monetary policy tightening to cool decades-high inflation, despite underlying macroeconomic uncertainties. The US Fed raised its benchmark interest rate by 75 basis points (bps) to 1.75% at its June Federal Open Market Committee (FOMC) meeting, the largest rate hike since 1994. Other major central banks also further tightened their policy stance, including the Bank of England (BOE) which raised its benchmark interest rate for the fifth time to 1.25% in June 2022, and the European Central Bank (ECB), reaffirming its commitment to hike rates beginning July 2022.

The US Treasury (UST) 10-year yields rose as high as 3.48% on 14 June 2022, the highest in 11 years, before ending Q2 2022 up to 64.9 bps q-o-q at 2.97% (Q1 2022: 82.7 bps). Likewise, the German Bund 10-year yields rose by 81.3 bps q-o-q to 1.37% (Q1 2022: 73.3 bps), while the UK Gilt 10-year yields added 62.9 bps q-o-q to 2.24% in Q2 2022 (Q1 2022: 64.0 bps). In Asia, Japanese 10-year government bond yields increased by 1.1 bps q-o-q to 0.22% (Q1 2022: 14.4 bps). Meanwhile, sovereign bond yields in emerging markets were similarly higher during Q2 2022, in tandem with the performance of the global bond market.

Chart 1

MSCI World vs. MSCI EM performances



Source: Thomson Reuters Datastream.

Table 1

Performance of global equities by selected major markets

Selected major equity markets (% change from preceding period)	2021	2022		
		Q1 2022	Q2 2022	YTD
MSCI World	20.1	7.5	-5.5	-5.5
MSCI Emerging Markets	-4.6	-1.7	-7.3	-7.3
S&P 500	26.9	10.6	-4.9	-4.9
Euro Stoxx 50	21.0	6.2	-9.2	-9.2
UK FTSE	14.3	4.2	1.8	1.8
Nikkei 225	4.9	-3.4	-5.1	-8.3

Source: Thomson Reuters Datastream.

Table 2

Performance of global bonds by selected major markets

Selected major bond markets (bps change from preceding period)	2021	2022		
		Q1 2022	Q2 2022	YTD
US Treasury 10-year	58.6	82.7	64.9	147.6
German Bund 10-year	39.6	73.3	81.3	154.6
UK Gilt 10-year	77.6	64.0	62.9	126.9
Japanese Government Bond 10-year	4.9	14.4	1.1	15.5

Source: Thomson Reuters Datastream.

DOMESTIC OVERVIEW

The performance of the domestic capital market was also lower in Q2 2022, in line with weak regional performances, weighed down by dampened investor sentiment due to tightening global financial conditions and a challenging global economic outlook. Performance was also affected by heightened uncertainties in relation to protracted geopolitical conflict, China's economic slowdown, and an elevated global inflationary environment. However, further losses were cushioned by the ongoing recovery in the domestic economy, continued policy support, and high commodity prices.

The FBMKLCI declined by -9.0% q-o-q to 1,444.22 points in Q2 2022 (Q1 2022: 1.3%), slightly higher than the low of 1,431.05 points on 23 June, which was the weakest since May 2020. Similarly, the broader FBMEMAS index declined by -9.5% q-o-q to 10,307.26 points in Q2 2022 (Q1 2022: 0.7%). The overall market capitalisation contracted by -8.2% q-o-q to RM1.65 trillion in Q2 2022 (Q1 2022: 0.3% to RM1.80 trillion), while that for FBMKLCI shrank by -8.0% q-o-q to RM0.97 trillion (Q1 2022: 0.7% to RM1.05 trillion). Meanwhile, domestic bond yields ended higher across all tenures, led by 5-year (5Y) yields. As at end Q2 2022, the MGS yield curve shifted upward, with yields rising between 28 bps to 55 bps across all major tenures.

In terms of capital flows, non-resident and local institutional investors were net sellers of Malaysian equities in Q2 2022, amounting to -RM379.34 million (Q1 2022: RM6.46 billion) and -RM832.06 million (Q1 2022: -RM6.97 billion), respectively. Correspondingly, net buying by local retailers rose to RM1.21 billion (Q1 2022: RM506.19 million). Meanwhile, the local retail participation rate averaged 24.61% in terms of value traded in Q2 2022 (Q1 2022: 26.57%). Meanwhile, the bond market witnessed foreign outflows amounting to -RM5.80 billion in Q2 2022 (Q1 2022: RM2.57 billion). On the currency front, the ringgit exchange rate depreciated against the US dollar by -4.6% to RM4.41 during Q2 2022, in line with weaker regional currencies.

Table 3

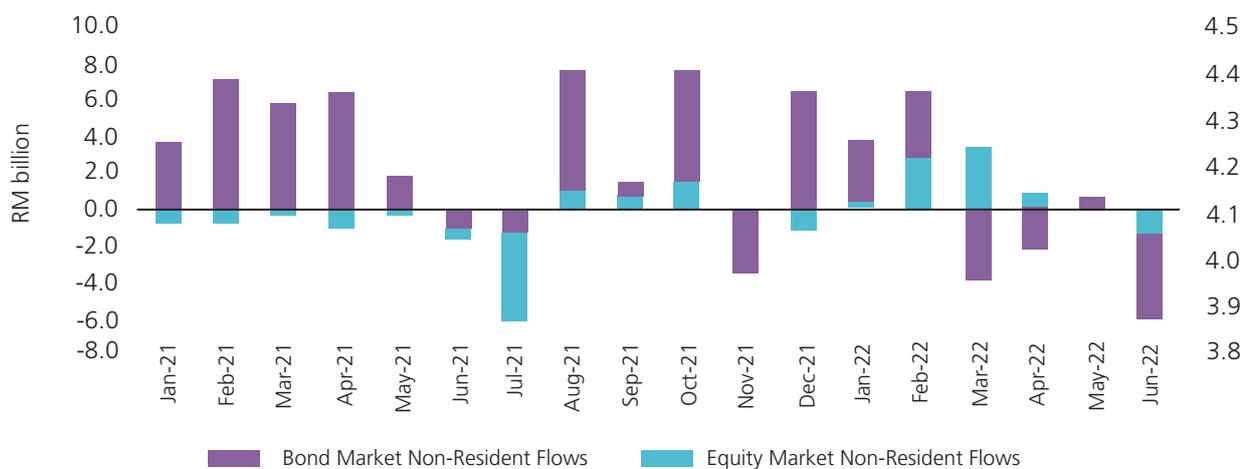
Domestic and regional market performance

Regional equity indices (% change from preceding period)	2021	2022		
		Q1 2022	Q2 2022	YTD
Malaysia FBMKLCI	-3.7	1.3	-9.0	-7.9
Singapore STI	9.8	9.1	-9.0	-0.7
Thailand SET	14.4	2.3	-7.5	-5.4
Philippines PCOMP	-0.2	1.1	-14.5	-13.6
Indonesia JCI	10.1	7.4	-2.3	5.0

Source: Thomson Reuters Datastream.

Chart 2

Non-residents' portfolio flows



Source: Bank Negara Malaysia, Bursa Malaysia.

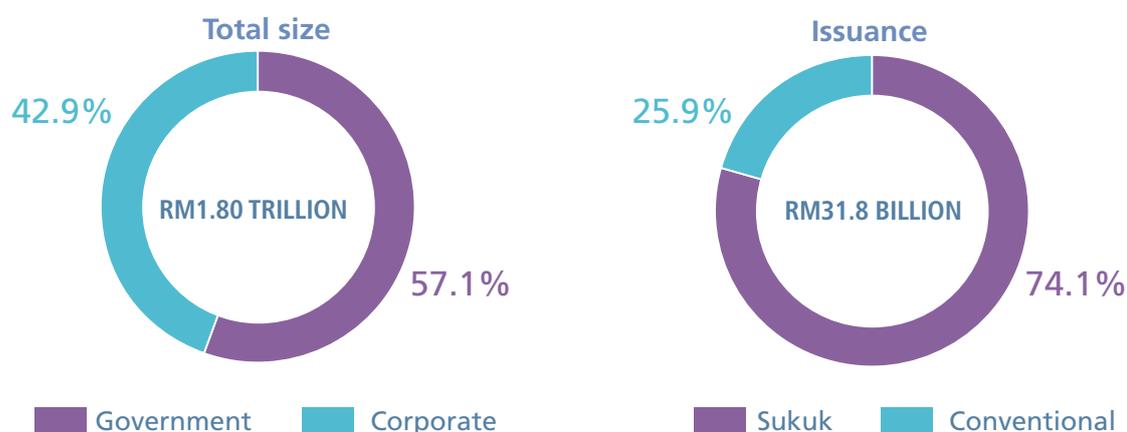
KEY DEVELOPMENTS

HIGHLIGHTS

- As at end Q2 2022, the size of the Malaysian bond and sukuk market stood at RM1.81 trillion, which represented an increase of 5.9% from Q2 2021.
- On 29 June 2022, the SC issued the revised *Venture Capital Tax Incentives Guidelines* (VCTI Guidelines).
- The SC launched the SRI-Linked Sukuk Framework (Framework) on 30 June 2022 to facilitate fundraising by companies in addressing sustainability concerns such as climate change and social agenda, with features that relate to an issuer's sustainability performance commitments.
- As of 30 June 2022, a total of 349 individual auditors and 37 audit firms were registered with the AOB.

CORPORATE BOND AND SUKUK ISSUANCES

BOND AND SUKUK MARKET AS AT END Q2 2022: RM1.81 TRILLION



At the end of Q2 2022, the size of the Malaysian bond and sukuk market stood at RM1.81 trillion. This represented a 5.9% increase from the corresponding period in 2021. Government bonds accounted for RM1,033 billion or 57.1% of total bonds outstanding while corporate bonds constituted the remaining amount of RM777 billion or 42.9%. Total outstanding sukuk stood at RM1.14 trillion or 63% of the total bond market (Q2 2021: RM1.07 trillion).

The issuance of corporate bonds amounted to RM31.8 billion in Q2 2022. Of this total, 74.1% comprised sukuk issues while conventional bonds constituted the remaining 25.9%. Total issuance in the corresponding period in 2021 amounted to RM27.8 billion.

Foreign investment in the bond market as at June 2022 amounted to RM253.3 billion which represented an increase of 2.4% from the corresponding period in 2021. Total foreign investment is presently equivalent to 14.1% of total outstanding bonds.

LAW REFORM AND SECURITIES REGULATION

Amendments relating to provision of investment advice by a Capital Markets Services Representative License holder

The SC issued the revised *Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives* (SBC Guidelines) on 4 April 2022 to expand the scope of a CMSRL's permitted activities to include the provision of general investment advice in relation to listed securities to the public.

The SBC Guidelines were amended to introduce a new Section 9A which sets out the requirements that both Capital Markets Services License (CMSL) and Capital Market Services Representative License (CMSRL) holders must comply with to offer investment advice.

Subsequently, the *Guidance Note on Provision of Investment Advice* (Guidance Note) was also amended in line with the amendments to the SBC Guidelines to clarify that any stock and derivatives trading seminars conducted by a CMSRL holder are open to the public.

The revised SBC Guidelines and Guidance Note took effect on 4 April 2022.

Amendments to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework

On 30 May 2022, the SC issued the revised *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* (LOLA Guidelines) to facilitate post-issuance submissions for corporate bonds and sukuk based on feedback received from the industry.

The key amendments to the LOLA Guidelines focused on the suitability of the requirements and effectiveness of the prescribed timelines in relation to post-issuance submissions made to the SC to provide greater operational efficiency to the SC and the industry.

Concurrently, the LOLA Online Submission System was further enhanced and relaunched on 1 June 2022 to facilitate the revised requirements.

The revised amendments to the LOLA Guidelines took effect on 1 June 2022.

Amendments to the Prospectus Guidelines

On 22 June 2022, the SC issued the revised *Prospectus Guidelines* to enhance disclosure requirements and improve transparency to investors in relation to the offering of structured warrants.

Key amendments to the *Prospectus Guidelines* include the introduction of new disclosure requirements relating to, among others, potential tax implications for prospective investors and applicable fees and charges for the exercise of structured warrants.

The revised *Prospectus Guidelines* will take effect on 22 September 2022 to enable familiarisation of the new requirements within the industry.

Amendments to the Venture Capital Tax Incentives Guidelines

On 29 June 2022, the SC issued the revised *Venture Capital Tax Incentives Guidelines* (VCTI Guidelines) to reflect the new and revised incentives including tax deductions and exemptions granted in relation to venture capital investments via the tax orders

gazetted on 15 April 2022 i.e. P.U.(A) 115/2022, P.U.(A) 116/2022 and P.U.(A) 117/2022, in addition to operationalise the updated certification process by the SC.

Among the key amendments to the VCTI Guidelines:

- (a) Expansion of exempted income of VCMCs to include management fee and performance fees or carried interest for a period from the year of assessment 2018 until the year of assessment 2026;
- (b) Introduction of a tax deduction incentive on the amount of investment made in a qualified VCC;
- (c) Reduction of minimum investment threshold and tax exemption incentive period for VCCs; and
- (d) Revision of criteria for tax deduction incentive for direct investments in a qualified venture company.

The revised VCTI Guidelines took effect on 28 June 2022.

Amendments pursuant to launch of SRI-Linked Sukuk Framework

The SC launched the SRI-Linked Sukuk Framework (Framework) on 30 June 2022. The Framework aims to facilitate fundraising by companies in addressing sustainability concerns such as climate change and social agenda, with features that relate to an issuer's sustainability performance commitments.

The Framework will enable companies, particularly in high-emitting industries, to transition into a low-carbon or net zero economy.

The Framework is an extension of the SC's initiatives to broaden SRI products offerings under its *Sustainable and Responsible Investment Roadmap for the Malaysian Capital Market* (SRI Roadmap)

introduced in 2019. More significantly, this initiative reflects the SC's commitment to expand the reach of the ICM to the broader stakeholders of the economy and build an enabling ICM ecosystem for the sustainability agenda.

Furthermore, the Framework also provides greater transparency for investors by requiring issuers to appoint an external reviewer before issuance and an independent verifier post-issuance to assess compliance with the Framework and issuer's sustainability performance, which can also be tracked by investors.

Pursuant thereto, the SC issued the revised LOLA Guidelines, *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors* (Retail Bonds Guidelines), *Guidelines on Sales Practices of Unlisted Capital Market Products* (Sales Practices Guidelines) and *Prospectus Guidelines* to reflect the requirements in relation to the Framework.

The amendments to the LOLA Guidelines, Retail Bonds Guidelines, Sales Practices Guidelines and *Prospectus Guidelines* took effect on 30 June 2022.

Issuance of the new Guidance Note on Managing Environmental, Social and Governance Risks for Fund Management Companies

The SC issued a new *Guidance Note on Managing Environmental, Social and Governance Risks for Fund Management Companies* (Guidance Note on Managing ESG Risks for FMCs) on 30 June 2022.

The Guidance Note on Managing ESG Risks for FMCs was issued to-

- (a) provide guidance to fund management companies in establishing a responsible investment framework;
- (b) set the SC's expectations in relation to the development and implementation of practices, policies and procedures in managing ESG risks; and

- (c) facilitate meaningful disclosure and drive a positive impact and change through stewardship activities.

The Guidance Note on Managing ESG Risks for FMCs took effect on 30 June 2022.

SC-Labuan Financial Services Authority Memorandum of Understanding

On 23 May 2022, the SC entered into a memorandum of understanding (MOU) with the Labuan Financial Services Authority (Labuan FSA) to strengthen regulatory co-operation and collaboration in areas of mutual interest, including monitoring risks and promoting stability of the capital market.

The MOU supersedes the Memorandum of Co-operation and Mutual Assistance signed between the SC and LFSA on 5 July 2004.

The following are key features of the MOU:

- (a) Policy co-ordination and rationalisation pertaining to potential regulatory overlap to prevent conflict arising from the legislation under the respective regulators' purviews and minimise regulatory arbitrage through consultations between the SC and LFSA;

- (b) Mutual assistance and co-operation relating to supervision and enforcement such as:

- (i) Working closely, collaboratively and consultatively in providing mutual assistance on onsite examination and ongoing supervision of entities undertaking capital market activities in their respective markets; and

- (ii) Co-ordination and working collaboratively, where relevant, in the conduct of investigations on entities regulated by the SC or Labuan FSA;

- (c) Access to and exchange of information for the purposes of authorisation, supervision, enforcement and assessment of risks to the stability of the capital market or the orderly functioning or integrity of the onshore market or Labuan International Business and Financial Centre. This includes protocols to ensure a smooth exchange of information as permitted by the respective laws and safeguards on confidentiality of information; and

- (d) Co-operation to provide technical assistance and capacity building including staff secondment, sharing of expertise and technical know-how.

MARKET DEVELOPMENT

SRI Investments

SRI awareness and capacity-building initiatives

In Q2 2022, the SC conducted awareness and capacity-building initiatives as well as participated in external engagements to further develop the knowledge and enhance the profiling of the SRI agenda while building the motivation and appreciation of the sustainability agenda among the various stakeholders in the Malaysian capital market. These initiatives which include the NaviGate programme and the Securities Industry Development Corporation SRI Virtual Conference 2022 were crucial to further accelerate the growth and development of a facilitative SRI ecosystem in Malaysia.

NaviGate: Capital Market Green Financing Series – Alternative Financing for MSMEs in the Halal Economy

The SC held its third NaviGate programme on 31 May 2022 which focused on the micro, small and medium enterprises (MSMEs) in the *halal* businesses and industry, which would benefit from funding and support from government agencies, banks, and alternative financing avenues (equity crowdfunding (ECF) / peer-to-peer financing (P2P financing)).

The NaviGate series aims to create greater awareness on SRI through the various capital market funding avenues as well as to encourage greater connectivity between green and sustainability-focused companies and the capital market. The third event, jointly organised with Capital Markets Malaysia (CMM), Halal Development Corporation and Halal Integrated Platform, was attended by more than 70 participants.

Securities Industry Development Corporation SRI Virtual Conference 2022 – Preserving the Climate Through Sustainable Business and Living

During the SRI Virtual Conference 2021 held on 22 and 23 June 2022, the SC Chairman delivered the opening address on the first day of the SRI Virtual Conference 2021 on the event's theme, 'Preserving the Climate Through Sustainable Business and Living'. The SC Chairman highlighted that the Malaysian capital market is well positioned to facilitate sustainable development, as it is an effective platform to mobilise capital for change which drives issuers, investors, and market participants to be increasingly sustainable.

In addition to the SC's involvement in the planning of the SRI Conference, the SC also moderated the panel session on '2022 and Beyond: Shaping a Greener Capital Market Landscape' with panellists from Maybank Investment Bank Bhd, MBSB Bank Bhd, World Bank (Malaysia) and Kumpulan Wang Persaraan (Diperbadankan) (KWAP). The panel session focused on the global and domestic outlook of sustainable finance, as well as the various challenges and opportunities in further advancing the sustainability agenda for the capital market.

On the second day of the conference, the SC moderated a panel session on 'Long-Term Investments Towards a Sustainable Future: Rising Up to The Green Challenge' with panellist members from Maybank Investment Banking Group, Areca Capital, Kenanga Investors Group, and Principal Malaysia. The panel discussed key investment themes shifting the future global asset allocation and risk/return landscape, including potential product innovation required in the sustainable investment landscape.

The two days conference aimed to help business leaders and policymakers to advance sustainability strategy into action in the wake of the 26th UN-Climate Change Conference (COP26) has become a mainstream business. It also provided an important platform in which leaders and wide-ranging stakeholders discuss various topics ranging from policy interpretations, sustainable business operations, and talent readiness to thrive in a dynamic landscape where global industry and business collaboration, society's activism, and innovation acceleration drive climate and biodiversity ambitions.

Joint Committee on Climate Change

On 26 April 2022, the SC hosted the 7th meeting of the Joint Committee on Climate Change (JC3). Discussions centred on the progress of action plans and priorities for 2022, and the effects of recent global developments on transition efforts and policy responses of countries. JC3 members noted that these developments could heighten the prospects of delaying the progress of transition efforts and underscore the need for the financial sector to strengthen its response to climate change.

Key initiatives discussed include the publication of the *JC3 Report on the Sustainable Finance Landscape in Malaysia* (JC3 Report); the exposure draft by Bank Negara Malaysia (BNM) on *Climate Risk Management and Scenario Analysis*; the issuance of the *Task Force on Climate-related Financial Disclosures* (TCFD) *Application Guide for Malaysian Financial Institutions* (Guide) in March 2022 for public consultation; completion of the first series of specialised level training programmes for the financial sector; as well as ongoing work on the development of a data catalogue and the *Climate Disclosure Guide for Malaysian Businesses*.

JC3 Report on the Sustainable Finance Landscape in Malaysia

The SC led the development of the JC3 Report, given the SC's role as the Chair of the JC3 Sub-committee 3 (Product and Innovation). The JC3 Report was published on 27 April 2022 which captured key insights from the extensive outreach programmes and a survey on sustainability practices

among financial institutions in Malaysia, which was undertaken by the JC3 SC3 in 2021. The JC3 Report also assesses the current state of sustainability practices and product offerings within the financial sector and highlights the opportunities and challenges for the financial industry to meaningfully support the climate transition.

Chief Sustainable Officer Roundtable: Strengthening Sustainable Practices within the Supply Chain

On 16 June 2022, the SC, via its role as the JC3 SC3 Chair, participated in the Chief Sustainable Officer Roundtable (Roundtable) jointly organised by CMM and United Nations Global Compact Network Malaysia and Brunei (UNGCMYB), together with other industry representatives from the JC3 SC3. The Roundtable, titled 'Strengthening Sustainable Practices within the Supply Chain', was attended by Chief Sustainability Officers (CSOs) and Heads of Sustainability from various corporations in Malaysia, where they discussed the challenges and opportunities in strengthening their organisation's sustainability practices including those within their respective supply chains.

Task Force on Climate-related Financial Disclosures Application Guide for Malaysian Financial Institutions

The SC was also involved in developing TCFD Guide, an initiative spearheaded by JC3 Sub-Committee 2 on Governance and Disclosure, issued on 29 June 2022.

The TCFD Guide outlines proposed recommendations and guidance to facilitate the adoption of TCFD Recommendations by, among others, Malaysian banks, insurers, *takaful* operators and asset managers/owners. The development of the Guide forms a key part of JC3's concerted efforts to ensure that financial institutions collectively manage all material risks and opportunities stemming from climate change in a comprehensive manner. This, in turn, would enhance the overall resilience of Malaysia's financial sector against climate-related risks and facilitate an orderly transition to a low-carbon economy.

CORPORATE GOVERNANCE INITIATIVES

Launch of the Principles of Good Governance for Government-Linked Investment Companies

The *Principles of Good Governance for Government-Linked Investment Companies* (GLICs) (PGG) was launched on 15 April 2022 by the Minister of Finance, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz at the Ministry of Finance (MOF), Putrajaya. The event was attended by the Chairmen and Chief Executive Officers (CEOs) of GLICs and representatives from government bodies and agencies.

The PGG is the first deliverable under the Government's *Program Memperkukuh Syarikat Pelaburan Berkaitan Kerajaan* (PERKUKUH). It sets out the baseline governance requirements and best practices that GLICs are expected to adopt. Led by the MOF, the SC supported the development of PGG leveraging its experience as custodian of the *Malaysian Code on Corporate Governance* (MCCG) and advocating as well as monitoring the adoption of the MCCG by listed companies.

The PGG is available for download on the MOF website¹.

43rd Organisation for Economic Co-operation and Development Corporate Governance Committee Meeting

The 43rd Organisation for Economic Co-operation and Development (OECD) Corporate Governance Committee (CGC)² meeting was held from 7 to 8 June 2022 in Paris, where the SC was a representative for Malaysia³.

The CGC reviewed the first draft revision to the *G20/OECD Principles of Corporate Governance* (Principles)⁴. The SC was involved in making several interventions on the revisions including the proposed changes related to the oversight of sustainability risks and opportunities, the use of technology to conduct general meetings and role of stewardship codes in supporting shareholder activism.

The revisions to the Principles will be subject to public consultation in September 2022, before CGC's review in November 2022, with final approval in March 2023.

¹ <https://www.mof.gov.my/portal/pdf/pgg/Booklet-PGG-2022.pdf>.

² The CGC co-ordinates and guides the OECD's efforts on corporate governance and recommends policies to improve global corporate governance standards.

³ In 2018, the OECD accorded Malaysia the 'Participant' status in the CGC, for its active involvement and efforts to promote the adoption of good corporate governance practices in the Malaysian capital market.

⁴ The CGC is responsible for the *G20/OECD Principles of Corporate Governance* which is the global reference and standard for corporate governance.

SC and Monash University Malaysia MOU on corporate governance principles and practices

On 11 April 2022, the SC entered into a Memorandum of Understanding (MOU) with Monash University Malaysia (Monash) to promote early understanding of corporate governance principles and practices among youth. The MOU formalises a collaboration, which includes guest lectures by the SC and research collaborations on current corporate governance issues.

To kick-off the collaboration, a guest lecture on 'The Role of Financial Reporting in the Corporate Governance Landscape' was conducted with the attendance of 50 students from the Monash School of Business.

The SC and Monash are currently discussing a research collaboration related to the provision of audit and non-audit services to public-interest entities.

AUDIT OVERSIGHT BOARD ACTIVITIES

As of 30 June 2022, a total of 349 individual auditors and 37 audit firms were registered with the AOB. Also, 12 foreign individual auditors from 4 foreign audit firms were recognised by the AOB. During Q2 2022, the AOB completed inspections on 5 audit firms.

DEVELOPMENT OF ISLAMIC CAPITAL MARKET

Awareness on the Shariah Screening Assessment Toolkit for the Unlisted MSMEs

The SC's collaboration with the Halal Development Corporation Bhd (HDC) and CMM on the NaviGate series seek to create greater awareness and connectivity between the *halal* industry players and the Malaysian capital market. Acknowledging the importance of MSMEs to the Malaysian economy, the webinar focused on the development of market-based crowdfunding platforms with the introduction of equity ECF and P2P financing frameworks. The attendees were briefed on the SC's *Shariah Screening Assessment Toolkit for the Unlisted MSMEs* (Toolkit). Supporting access to these alternative funding avenues for MSMEs remains at the forefront of the SC's growth initiatives.

Shariah-Compliant Securities Review

In Q2 2022, the SC reviewed 8 pre-IPO applications, 1 IPO, 189 listed securities and 3 new securities on the LEAP Market for Shariah compliance. The SC released an updated list of Shariah-compliant securities which took effect on 27 May 2022. The list featured a total of 751 Shariah-compliant securities, representing 79% of the total 953 securities listed on Bursa Malaysia (including securities on the LEAP Market). It included 24 newly classified Shariah-compliant securities and excluded 19 from the previous list issued in November 2021.

Islamic Capital Market Talent Development

The Islamic Capital Market Talent Development (ICMTD) programme (formerly known as the Islamic Capital Market Graduate Training Scheme (ICMGTS)), is a capacity-building initiative developed by the SC and run by the Securities Industry Development Corporation (SIDC) to facilitate the development of human capital for the ICM. Its main objective is to produce entry-level professionals with strong fundamental knowledge and skills for the industry.

The marketing and application process for the ICMTD programme for cohort 2022 began in mid-May 2022 and the 2-month intensive virtual classroom training is expected to commence by August 2022, which will be followed by a 3-month internship at participating companies. SIDC is currently reaching out to potential companies to participate in the internship programme, especially Islamic finance institutions. The upcoming cohort is also expected to adopt virtual classroom delivery as per previous years' arrangement.

INVESTOR EMPOWERMENT INITIATIVES

Investor Empowerment Programmes

The SC continues to focus on digital media, television and radio to reach out to the public with its investor education initiatives. The SC also conducted physical talks as Malaysia begins to transition towards endemicity.

The initiatives conducted by InvestSmart® are as follows:

- (a) **InvestSmart® Online Series:** Monthly webinars for the public to learn the basics of capital market products and services, ways and where to invest. The following 3 webinars conducted had attendance of 250 participants.



- (b) **Digital Literacy for Seniors Programme:** Due to the impact of the MCO on business operations, there was concern that the 'silver' population may face certain challenges in embracing the technology, particularly in using digital financial services. In Q2 2022, the SC conducted 4 webinars under the Digital Literacy for Seniors Programme, attended by 214 participants.



- (c) **Ajen Bijak Labur Desa (ABJAD) Programme:** ABJAD is an investor education initiative by InvestSmart® targeting the rural population in Malaysia, to create financially literate rural communities by creating awareness in relation to investment products and improving their digital literacy.

The first rural engagement for ABJAD was held on 27 June 2022 in Pulau Redang during the Financial Education Network's Program Literasi Kewangan Digital. The engagement attracted 67 attendees.

- (d) **My Money & Me Programme 2022 by the Malaysian Financial Planning Council:** The SC once again participated as speakers in the Malaysian Financial Planning Council's (MFPC) online 'My Money and Me' Programme for 2022 with two workshops held on 28 May 2022 and 25 June 2022 respectively. The workshops were attended by over 1,550 participants.



- (e) **Other InvestSmart® Initiatives:** InvestSmart® published an infographic on anti-scam awareness in the Police Administrative and Civilian Staff Union's bi-annual publication titled, *Suara PACSU* and the *Ringgit Newsletter*, a publication by BNM and Federation of Malaysian Consumers Associations (FOMCA), respectively. The SC was also featured in a primetime special news segment on Astro Awani and the BFM Radio 89.9's Ringgit & Sense segment to raise awareness of investment scams and informed investing.

HIGHLIGHTS

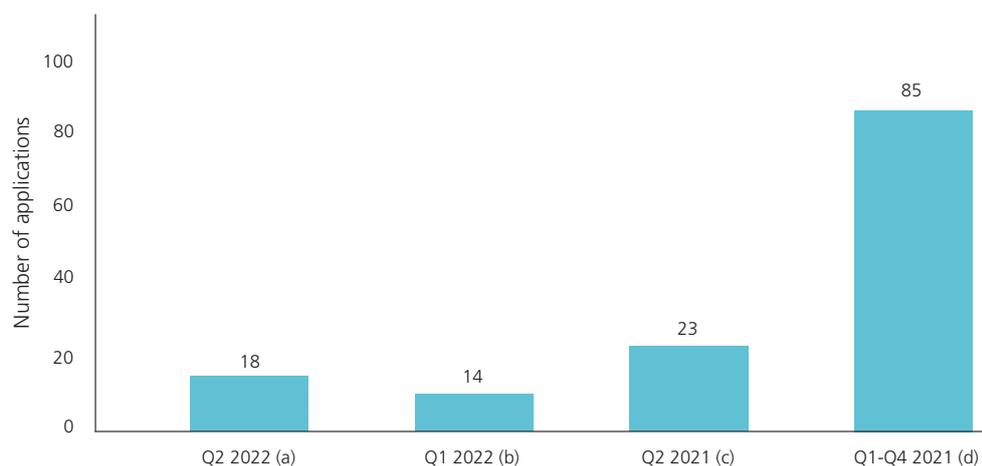
- The SC approved 4 substantive applications¹ for various corporate proposals by companies.
- Total funds to be raised from the proposals approved by/lodged with the SC amounted to RM38.21 billion, out of which RM38.11 billion or 99.7% would be from corporate bonds and sukuk.
- The SC considered 15 submissions in relation to take-overs, mergers and compulsory acquisitions.
- In Q2 2022, the net asset value (NAV) of unit trust funds decreased from RM517.63 billion as at 31 March 2022 to RM486.80 billion as at 30 June 2022.

EQUITIES, CORPORATE BONDS AND SUKUK

The SC approved 4 substantive applications¹ for various corporate proposals by companies in Q2 2022. In addition, there were 14 corporate bonds and sukuk lodgments submitted under the LOLA Framework.

Chart 1

Substantive applications approved and lodged



Note:

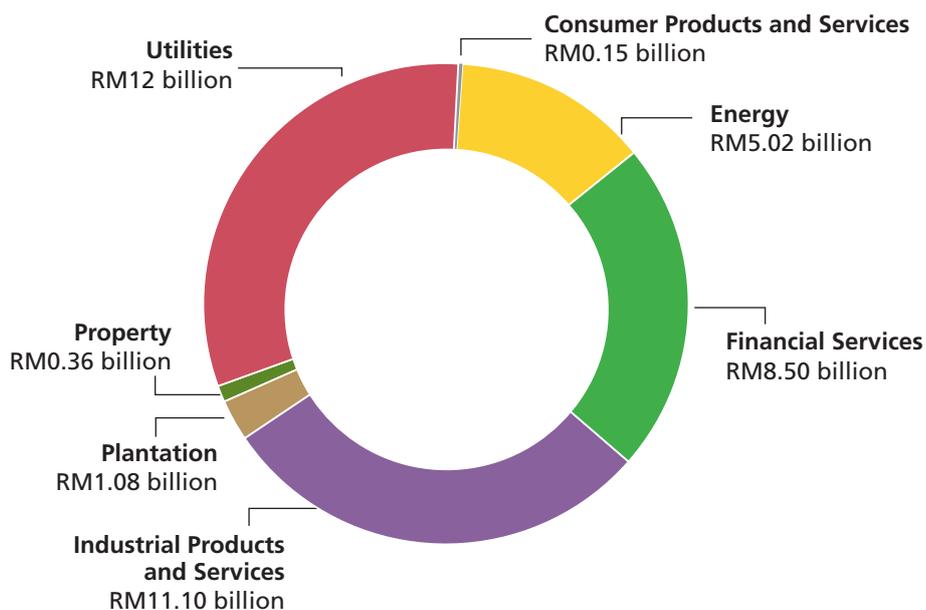
- (a) Includes 14 corporate bonds and sukuk lodged under LOLA framework.
- (b) Includes 13 corporate bonds and sukuk lodged under LOLA framework.
- (c) Includes 18 corporate bonds and sukuk lodged under LOLA framework.
- (d) Includes 72 corporate bonds and sukuk lodged under LOLA framework.

¹ Substantive applications include initial public offerings (IPO), reverse take-overs, transfer listings to Main Market of Bursa Malaysia and secondary listing proposals.

The total funds to be raised from the proposals approved by/lodged with the SC in Q2 2022 amounted to RM38.21 billion, out of which RM38.11 billion or 99.7% would be from corporate bonds and sukuk. The remaining RM0.10 billion or 0.3% would be from the IPO proposal approved. The utilities sector would raise the largest amount of funds amounting to RM12 billion or 31.4%.

Chart 2

Funds approved to be raised by sectors: RM38.21 billion



TAKE-OVERS AND MERGERS

The SC considered 15 submissions in relation to take-overs, mergers and compulsory acquisitions in Q2 2022, comprising the following:

- a) Clearance of 2 take-over offer documents;
- b) Clearance of 3 independent advice circulars including for whitewash exemption;
- c) Clearance of 1 circular for whitewash exemption;
- d) 3 applications for exemptions from the mandatory offer obligation; and
- e) 6 other applications in relation to the provisions of the *Capital Markets and Services Act (CMSA) 2007/ Malaysian Code on Take-overs and Mergers 2016 / Rules on Take-overs, Mergers and Compulsory Acquisitions (Rules)*.

The total number of submissions considered during Q2 2022 was similar to the corresponding quarter in 2021.

The 2 take-over offer documents cleared by the SC involved a total offer value of RM0.11 billion, comprising the offer by Dato’ Lim Kian Onn for ECM Libra Group Bhd with an offer value of RM43.1 million and the offer by Dato’ Sri Dr Pang Chow Huat for Computer Forms (Malaysia) Bhd with offer value of RM64.6 million.

Pursuant to the revised Rules issued on 28 December 2021, circulars for whitewash exemptions must be submitted to the SC for its comments and clearance on the contents relating to the whitewash exemptions. Following this, 1 circular was cleared by the SC in Q2 2022.

The 3 applications for exemption from the mandatory offer obligation involved acquisitions or transfer of shares within members of a group of persons acting in concert.

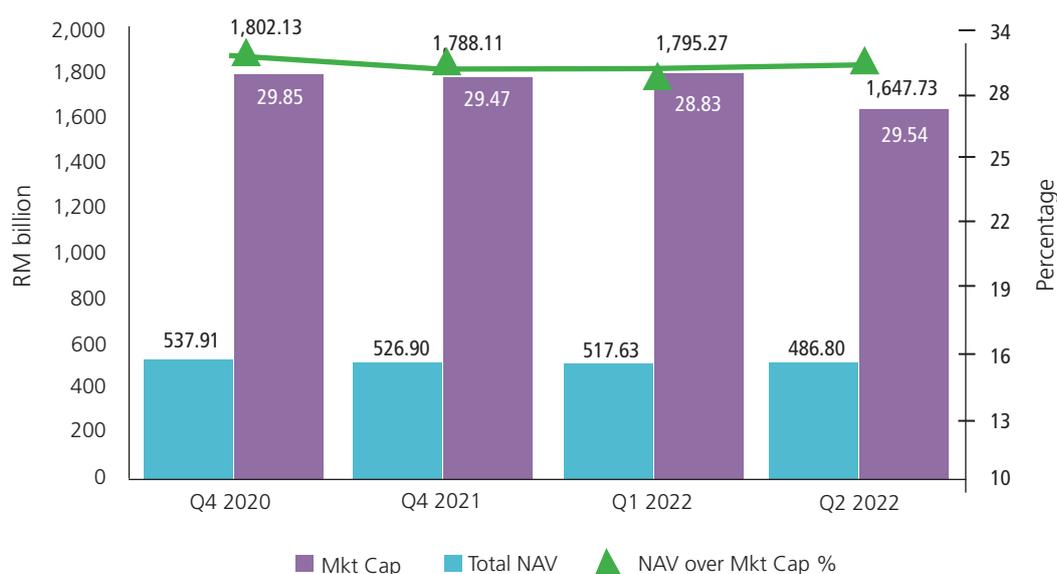
Of the 6 other applications considered by the SC, 2 applications sought its consent for the offerors to reduce their entitlements in relation to the voting shares in the offeree companies during the offer period which had commenced for the proposed take-over offers in the respective companies.

UNIT TRUST FUNDS

In Q2 2022, the NAV of unit trust funds decreased from RM517.63 billion as at 31 March 2022 to RM486.80 billion as at 30 June 2022. The percentage of the total NAV against Bursa Securities market capitalisation has increased from 28.83% as at 31 March 2022 to 29.54% as at 30 June 2022.

Chart 3

NAV of unit trust industry and Bursa Malaysia market capitalisation



New funds

A total of 7 unit trust funds were launched while 4 funds were terminated², which brought the total number of funds in operation to 752 funds as at 30 June 2022. Of the 7 new funds launched, 4 were from the equity category, 2 from the fixed income/bond/sukuk/debenture category and 1 from the mixed assets category.

As at 30 June 2022, a total number of 39 management companies were approved to offer unit trust funds.

² 2 funds reached their maturity, 1 fund had no assets/unitholders and 1 fund wound-up voluntarily pursuant to unitholders' approval as it's no longer economically viable.

Table 1

	As at 30 June 2022	As at 31 March 2022
Total no. of launched funds	752	749
Units in circulation (billion units)	764.91	768.23

Fund categories

As at 30 June 2022, a total of RM240.52 billion of the industry's total NAV was represented by mixed asset funds. Equity funds ranked second with NAV of RM106.77 billion.

Table 2

Fund category	NAV (RM billion)	%
Mixed asset	240.52	49.41
Equity	106.77	21.93
Money market	61.98	12.73
Fixed income/bond/sukuk/debenture	51.64	10.61
Feeder	11.31	2.32
Balanced	6.68	1.38
Fund of funds	3.95	0.81
Others	3.95	0.81
TOTAL	486.80	100.00

OTHER COLLECTIVE INVESTMENT SCHEMES

Wholesale funds

As at 30 June 2022, there were 435 wholesale funds in operation with a total NAV of RM77.80 billion. A total of 10 new wholesale funds were launched while 4 wholesale funds were terminated³ in Q2 2022.

Real estate investment trusts

As at 30 June 2022, 18 real estate investment trusts (REITs) were listed on the Main Market of Bursa Securities. A total of 4 REITs, namely Axis REIT, Al-Aqar Healthcare REIT, Al-Salam REIT and KLCC REIT are Shariah-compliant. One REIT, KLCC REIT, was listed as part of a stapled security group.

The market capitalisation of the listed REITs (including the market capitalisation of the stapled group) was RM39.23 billion as at 30 June 2022.

As at 30 June 2022, there were 2 unlisted REITs, namely Alpha Real Estate Investment Trust, a Shariah-compliant fund, and Amanah Harta Tanah PNB. The NAV of the unlisted REITs was RM0.68 billion.

Exchange-traded funds

As at 30 June 2022, 19 exchange-traded funds (ETFs) were listed on the Main Market of Bursa Securities. A total of 6 ETFs were Shariah-compliant, i.e. MyETF Dow Jones Islamic Market Malaysia Titans 25, MyETF MSCI Malaysia Islamic Dividend, MyETF MSCI SEA Islamic Dividend, MyETF Dow Jones U.S. Titans 50, TradePlus Shariah Gold Tracker and VP-DJ Shariah China A-Shares 100 ETF.

The market capitalisation of the listed ETFs was RM2.12 billion as at 30 June 2022.

Closed-end funds

As at 30 June 2022, one closed-end fund (CEF) was listed, i.e. icapital.biz Bhd. The market capitalisation of this fund was RM0.28 billion.

PRIVATE RETIREMENT SCHEMES

With the launch of Principal RetireEasy Income and Principal Islamic RetireEasy Income on 20 April 2022, there were 12 private retirement schemes (PRS) comprising 62 private retirement funds offered by 8 providers as at 30 June 2022, with a total NAV of RM5.09 billion. There were 32 conventional funds and 30 shariah-compliant funds. Of the total NAV, conventional funds accounted for 67.67% while Shariah-compliant funds accounted for the remaining 32.33%.

³ 2 funds reached their maturity, 1 fund had no assets/unitholders and 1 fund wound-up as it's no longer economically viable.

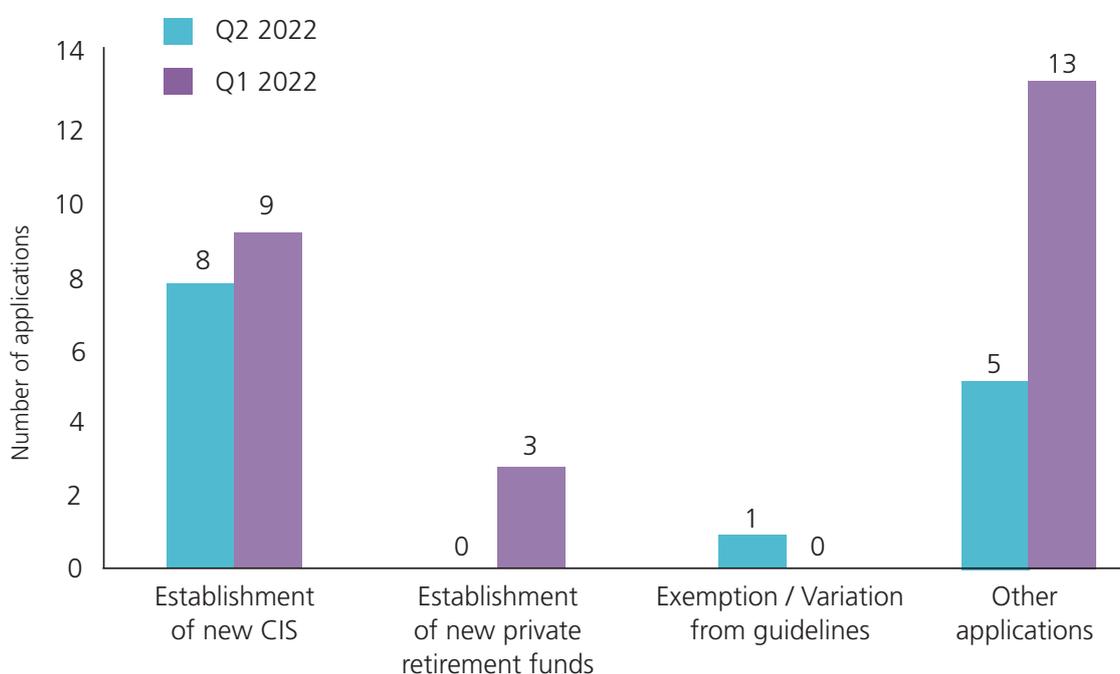
APPLICATIONS CONSIDERED BY THE SC

The SC considered 14 applications in Q2 2022 as compared to 25 applications in Q1 2022 in relation to the establishment of new collective investment schemes (CIS) and other applications. In addition, the SC considered 58 applications in relation to the registration of prospectuses, disclosure documents and deeds in Q2 2022 as compared to 45 applications in Q1 2022.

In Q2 2022, the SC authorised 8 unit trust funds.

Chart 5

Summary of cases considered



HIGHLIGHTS

- Pursuant to section 126 of the *Securities Commission Malaysia Act 1993 (SCMA)*, the SC commenced its regulatory assessment (RA) on an operator of an ECF platform (RMO-ECF) on 28 April 2022, followed by its RA on a P2P financing platform (RMO-P2P financing) on 29 April 2022.
- The FBMKLCI Index ended Q2 2022 lower by 9.02% to 1,444.22 points, the largest decline since the global sell-off in 2020 (Q1 2020: -14.97%).
- The SC had approved 2 applications for new Capital Markets Services Licence (CMSL) and 293 applications for new *Capital Markets Services Representative's Licence (CMSRL)* from 1 April 2022 to 30 June 2022.
- As at 30 June 2022, there were 12 ongoing criminal trials at the Sessions Court for various breaches of the securities laws.

INSTITUTION SUPERVISION

Application by Bursa Malaysia Derivatives Clearing Berhad for third-country central counterparty status in the European Union

Pursuant to *Article 25 of the European Market Infrastructure Regulation (EMIR)*, Bursa Malaysia Derivatives Clearing Bhd (BMDC) has applied to be recognised as a third-country central counterparty (TC-CCP) by the European Securities and Markets Authority (ESMA). The TC-CCP recognition would authorise BMDC to continue providing clearing services to clients in the European Union (EU).

As part of the application, the European Commission (EC) was required to determine whether the legal and supervisory frameworks for CCPs in Malaysia are equivalent to the corresponding requirements in EMIR. The SC had engaged with the EU authorities and prepared detailed submissions which include legal, supervisory and enforcement arrangements for CCPs as well as Malaysia's anti-money laundering and counter financing of terrorism (AML/CFT) regime.

The EC subsequently notified the SC that an equivalence decision for Malaysia was adopted on 8 June 2022.

MARKET SURVEILLANCE

Domestic equity market performance

The FBMKLCI Index ended Q2 2022 lower by 9.02% to 1,444.22 points, the largest decline since the global sell-off in 2020 (Q1 2020: -14.97%). Earlier in Q2 2022, investor sentiment was supported by the Government's move to reopen international borders as well as Malaysia's economic recovery prospects with favourable data and outlook. However, the optimism was short lived as the benchmark index subsequently tracked the downtrend of most global markets amid tighter monetary condition, inflationary pressure, ongoing Russia-Ukraine tensions and economic growth concerns in China due to its zero-COVID policy.

Among the 30 FBMKLCI constituents, losses were mainly led by heavyweight glovemaker Top Glove (-45.83%) after the company reported a significant decline in net profit for Q3 FY 2022 due to the normalisation of demand and average selling prices for gloves. Additionally, analysts also turned more bearish on the glove manufacturing sector, citing rising input costs, oversupply conditions and competition from China. Nonetheless, buying support on selected blue chips capped losses of the benchmark index. Telekom Malaysia (+7.36%) led gains among the blue chips amid stronger revenue prospects and better earnings outlook by analysts.

On the broader market, all sectors ended lower except for defensive-natured REITs (+1.60%).

Healthcare (-20.92%) was the worst performing sector due to the selling activity on glovemakers. In addition, the technology (-19.19%) sector traded lower in line with global technology stocks amid expectations of a higher interest rate environment.

Across the market segments, other indices (Mid 70: -9.82%, Small Cap: -12.62%, Fledgling: -6.59%, ACE: -15.44%) declined, reflecting a broad-based weaker performance in the local bourse. In terms of trading activity, the daily average volume traded declined by 7.25% q-o-q to 3.10 billion shares while the average value traded per day fell by 16.58% q-o-q to RM2.23 billion.

Domestic equity market outlook

Economists and international agencies are projecting Malaysia's macro-economic recovery to remain on track underpinned by easing pandemic related restrictions and resumption of economic activity at full capacity. Continued improvement in the macroeconomic environment is expected to provide support for corporate earnings growth, particularly those tied to the economic recovery cycle such as banking, commodity and industrial products among others. In addition, the upcoming award of the MRT3 project tenders may attract increased investors' interest in the construction sector.

LICENSING

The SC approved 2 applications for new CMSL and 293 applications for new CMSRL in Q2 2022.

The number of CMSL and CMSRL holders are provided in Table 3.

Table 3

Total number of CMSL holders as at 30 June 2022

By core activity	Total number of licensees (CMSL)
Dealing in securities ¹	37
Dealing in derivatives	7
Fund management	107
Advising on corporate finance	40
Investment advice	17
Investment advice (individual)	1
Financial planning	34
Financial planning (individual)	2
TOTAL	245

By core activity	Total number of licensees (CMSRL)
Dealing in securities	6,701
Dealing in derivatives	448
Fund management	829
Advising on corporate finance	729
Investment advice	292
Financial planning	1,407
TOTAL	10,406

Registration

The SC approved 2 new registration for private equity management corporation (PEMC) during this period which were Quin River Capital Sdn Bhd and SDPLOG-IDF 1 (Capital Partners) Pte Ltd.

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

CRIMINAL PROSECUTIONS AND APPEALS

As at 30 June 2022, there were 12 ongoing criminal trials at the Sessions Court for various breaches of the securities laws. The securities laws breaches include furnishing misleading or false reports to the SC and the stock exchange, market manipulation, unlicensed activities and securities fraud. As for criminal appeals, there were 8 ongoing appeals at the High Court and the Court of Appeal.

The details and relevant updates of the criminal cases for Q2 2022 are summarised in the table below:

No.	Nature of offence	Offender(s)	Outcome
1.	With intent to deceive, furnished a misleading statement to Bursa Malaysia; and Falsification of records in relation to the business of a listed corporation	Serba Dinamik Holdings Bhd (Serba Dinamik); Mohd Abdul Karim Abdullah (Karim); Syed Nazim Syed Faisa (Syed Nazim); Azhan Azmi (Azhan); and Muhammad Hafiz Othman (Hafiz).	<p>On 28 December 2021, Serba Dinamik, Syed Nazim, Azhan and Hafiz were charged in the Kuala Lumpur Sessions Court for submitting a false statement in relation to Serba Dinamik's revenue to Bursa Malaysia, an offence relating to sections 369(a)(B) of the CMSA. Karim was charged for the same offence on 29 December 2021. The charges against the individuals included the deeming provision under section 367 of the CMSA.</p> <p>In addition to the above, Hafiz was charged in the Shah Alam Sessions Court on 29 December 2021 for falsifying the accounting records of Serba Dinamik's subsidiary, an offence under section 368(1)(b)(i) CMSA.</p> <p>On 13 and 19 May 2022, the SC upon the instructions of the Attorney-General's Chambers withdrew all charges against Serba Dinamik, Karim, Syed Nazim, Azhan and Hafiz following the issuance and full settlement of compounds amounting to RM16 million imposed on them pursuant to section 373 of the CMSA.</p>
2.	Securities fraud	Charles Chua Yi Fuan (Charles)	<p>On 16 June 2022, Charles was charged in the Kuala Lumpur Sessions Court with 4 counts of securities fraud under section 179(b) of the CMSA.</p> <p>On 24 June 2022, another 13 charges of securities fraud under the same section were preferred against Charles in the Melaka Sessions Court.</p> <p>Charles is alleged to have deceived 10 individuals who suffered losses amounting to RM1,738,292.00 between July 2017 and May 2019. The monies were deposited by the investors into Charles's banking accounts upon his false representation that the monies were for purported investment schemes involving the subscription of securities, when in fact such schemes did not exist.</p>

CIVIL ACTIONS

As at 30 June 2022, there were 11 ongoing civil cases at the High Court albeit no new civil suits filed by the SC. The SC obtained a favorable outcome when it succeeded in 2 separate civil claims against 2 defendants for breaches involving insider trading.

No.	Breach	Defendant(s)	Outcome
1.	Insider trading in the shares of Patimas Computers Bhd (Patimas)	Raymond Yap Wee Hin (Raymond)	<p>On 9 April 2020, the SC filed a civil suit against Raymond for breaches under sections 188(2)(a) and (b) of the CMSA.</p> <p>On 7 April 2022, after a full trial, the High Court granted the following orders:</p> <ul style="list-style-type: none"> • A declaration that Raymond had contravened sections 188(2)(a) and (b) of the CMSA; • Raymond to pay a sum of RM3.28 million being an amount equal to 3 times of losses avoided by him as a result of insider trading; • Raymond to be barred from being a director of any PLC for a period of 5 years starting on the date of the judgment; • Raymond to pay the SC civil penalty of RM1 million; and • Raymond to pay costs of RM100,000 to the SC. <p>On 27 April 2022, Raymond filed an appeal to the Court of Appeal against the decision of the High Court.</p>
2.	Insider trading in the shares of R&A Telecommunications Sdn Bhd (R&A)	Francis Tan Hock Leong	<p>On 11 October 2021, a civil action was initiated against Francis Tan Hock Leong (Francis) for insider trading, a breach under section 188(2) of the CMSA.</p> <p>On 22 June 2022, the Kuala Lumpur High Court allowed the SC's application for a Judgment in Default (JID) against Francis following his failure to enter a defence to the civil action:</p> <ul style="list-style-type: none"> • A declaration that Francis had breached section 188(2)(a) of the CMSA; • Francis to pay the sum of RM1,135,665.00 to the SC, being an amount equal to 3 times the difference between the price at which he had disposed of his shares in R&A and the price they would have been likely to have been disposed of, if the 'inside information' had been generally available; • Francis to pay the SC civil penalty of RM1 million; • Francis to be barred from being a director of any PLC for a period of 10 years from the date of the Order; • Interest; and • Costs.

REGULATORY SETTLEMENTS

The SC did not enter into any regulatory settlements during Q2 2022.

SERVICE DELIVERY – PERFORMANCE SCORECARD

CAPITAL MARKET STATISTICS

SC Scorecard and Statistics of Submissions Approved by the SC in Q2 2022

A. Corporate Submissions to the SC

Table 1
Status of substantive applications as at 30 June 2022

Applications	Equities	Corporate bonds and sukuk	Total
Balance brought forward from Q1 2022	8	-	8
Add: Applications received in Q2 2022	6	15	21
Total applications	14	15	29
Less: Applications considered/lodged in Q2 2022	(5)	(15)	(20)
Less: Applications withdrawn in Q2 2022	-	-	-
Balance carried forward to Q3 2022	9	-	9

Table 2
Substantive applications considered/withdrawn/lodged

Type of applications	Considered			Withdrawn	Lodged	Total
	Approved	Not approved	Returned			
IPO – Main Market	1	2	-	-	-	3
Acquisition, reverse take-overs and back-door listings	-	-	-	-	-	-
Transfer from ACE Market to Main Market	2	-	-	-	-	2
Corporate bonds and sukuk	1	-	-	-	14	15
TOTAL	4	2	-	-	14	20

Table 3
Processing turnaround time for substantive applications considered

Total substantive applications considered	Within time charter*		Exceed time charter	
	No. of queries issued	%	No. of queries issued	%
5	5	100	-	-

Note:

* For each substantive application, the first round of query was raised within the internal time charter of 10 MDs from receipt of submission as well as all subsequent rounds of queries were raised within the internal time charter of 5 MDs from receipt of complete replies.

B. Corporate Applications Approved by the SC – Q2 2022

(i) Applications approved/lodged

Table 4

Number of applications approved/lodged

Type of applications	No. of applications approved/lodged		
	Q2 2022	Q1 2022	Q2 2021
IPO – Main Market	1	-	3
Acquisition, reverse take-overs and back-door listings	-	-	-
Transfers from ACE Market to Main Market	2	1	-
Corporate bonds and sukuk	15	13	20
TOTAL	18	14	23

(ii) Corporate bonds and sukuk

Table 5

Approved/lodged ringgit-denominated issues

Type	Q2 2022		Q1 2022		Q2 2021	
	No. of issues	Size (RM mil)	No. of issues	Size (RM mil)	No. of issues	Size (RM mil)
Conventional bonds	4	8,862.79	3	1,030.00	7	8,962.02
Sukuk	10	29,246.00	9	24,149.00	12	39,300.00
Combination ⁽¹⁾	-	-	-	-	-	-
TOTAL	14	38,108.79	12	25,179.00	19	48,262.02

Note:

⁽¹⁾ Combination of sukuk and conventional bonds.

Table 6

Approved/lodged foreign currency-denominated issues by foreign corporations

Type	Q2 2022		Q1 2022		Q2 2021	
	No. of issues	Size (US\$ mil)	No. of issues	Size (US\$ mil)	No. of issues	Size (US\$ mil)
Conventional bonds	-	-	1	3,000.00	-	-
Sukuk	1	35,000.00	-	-	1	25,000.00
Combination ⁽¹⁾	-	-	-	-	-	-
TOTAL	1	35,000.00	1	3,000.00	1	25,000.00

Note:

⁽¹⁾ Combination of sukuk and conventional bonds.

Table 7

Approved/ lodged foreign currency-denominated issues by Malaysian issuers

Type	Q2 2022		Q1 2022		Q2 2021	
	No. of issues	Size (JPY mil)	No. of issues	Size (JPY mil)	No. of issues	Size (JPY mil)
Conventional bonds	-	-	-	-	-	-
Sukuk	-	-	-	-	-	-
Combinations ⁽¹⁾	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

Note:

⁽¹⁾ Combination of sukuk and conventional bonds.

(iii) Take-Overs and Mergers

Table 8

Number of submissions considered in relation to take-overs, mergers and compulsory acquisitions

Type	Number of applications considered		
	Q2 2022	Q1 2022	Q2 2021
Clearance of offer/scheme documents¹	2	4	3
• Offers	2	2	3
• Schemes	0	2	0
Total offer/scheme value	RM0.11b	RM0.24b	RM0.84b
Clearance of independent advice circulars	3	4	5
• Offers/schemes	1*	4	3
• Whitewash exemptions	2	0	2
Clearance of circulars for whitewash exemptions	1[#]	-	-
Applications for exemption from mandatory offer obligation	3	4	2
• Whitewash exemptions	0	2	2
• Others	3	2	0
Other applications²	6	7	5
TOTAL APPLICATIONS CONSIDERED	15	19	15

Note:

¹ Including documents relating to schemes for control and compensation scheme documents, where applicable.

² Refers to all other applications under the CMSA, Code and Rules.

* The independent advice circular in relation to one of the take-over offers for which the offer document was cleared in Q2 2022, is pending clearance by the SC as at 30 June 2022.

Pursuant to the revised Rules on 28 December 2021, circulars for whitewash exemptions must be submitted to the SC for its comments and clearance on the contents relating to the whitewash exemptions.

(iv) CIS, PRS and Foreign ASEAN CIS

Table 9

Number of applications approved relating to unit trusts, other CIS, PRS and Foreign ASEAN CIS

Type	Number of applications approved		
	Q2 2022	Q1 2022	Q2 2021
Establishment of new CIS	8	9	15
Establishment of retirement funds	0	3	0
Recognition of foreign ASEAN CIS	0	0	0
Exemption/variation from Guidelines ¹	1	0	9
Other applications	5 ²	13	2
TOTAL	14	25	26

Note:

¹ Excludes applications submitted together with the establishment of new schemes.

² Includes applications in relation to online activities, extension of time and qualification as a SRI fund.

C. Licensing

Table 10

Status of licensing applications

New licence application	Brought forward from Q1 2022	Received	Withdrawn	Returned	Considered / Pending Consideration	Approved	Rejected	Pending
Representative	51	299	-	9	341	293	1	47
Corporation	11	2	-	-	13	2	-	11
Individual	-	-	-	-	-	-	-	-
TOTAL	62	301	-	9	354	295	1	58

Table 11

Processing turnaround time for licensing applications

New licence application	Within time charter		Exceeds time charter		Subtotal	Exception ¹ Total	Total approved
	Total	%	Total	%			
Representative	290	100	-	-	290	3	293
Corporation	2	100	-	-	2	-	2
Individual	-	-	-	-	-	-	-
TOTAL	292	100	-	-	292	3	295

Note:

¹ This refers to an application which required exception handling, where further assessment and engagement were required due to issues related to the applicant's fit and propriety.

Securities Commission Malaysia
3 Persiaran Bukit Kiara Bukit Kiara 50490
Kuala Lumpur Malaysia
Tel: 603-6204 8000 Fax: 603-6204 1818
Websites: www.sc.com.my www.investsmartsc.my