



Inspired by *Bunga Alamanda* of the federal territories, Kelantan's *Bunga Getam*, Pahang's *Bunga Kopi* and Selangor's *Bunga Tanjung Kelopak Sembilan*, elegance blooms within the vibrancy of metropolitan life in *Sutera Manis*. Its origami-like blossoms evoke modern aspiration, while fruit-inspired motifs anchor the work in comforting tradition. Through balanced forms and measured colour play, the piece reflects the dual heartbeat of urban life; refined yet tender, contemporary yet rooted in generational continuity.



03

OVERVIEW OF STRATEGIC FRAMEWORK



OVERVIEW OF STRATEGIC FRAMEWORK

At its core, the *Capital Market Masterplan 2026-2030* (CMP) charts a course to reshape the capital market to become more inclusive and forward-looking, one that channels capital effectively to serve the economy and society while advancing Malaysia's aspiration for fairness, innovation and shared prosperity.

Beyond growth, the CMP aims to recalibrate the character and direction of Malaysia's capital market, embedding ethics and purpose at its foundation, enabling innovation through facilitative regulation and ensuring the market remains trusted, competitive and globally connected.

The CMP's strategic framework is anchored on four thematic outcomes:



These outcomes are reinforced by leveraging Malaysia's global leadership in Shariah-compliant and ethical finance, guided by *Maqasid al-Shariah* principles.

They are also underpinned by a commitment to regulatory and governance excellence, ensuring that Malaysia's market operates with proportionate, risk-based regulations that facilitate innovation while safeguarding investor confidence and market integrity.



OVERVIEW OF FRAMEWORK COMPONENTS

OUTCOME THEME 1

Vibrancy

Expanding the breadth and depth of the equity, bond and sukuk markets as well as unlocking new asset classes to fuel innovation and economic expansion.

OUTCOME THEME 2

Inclusivity

Fostering broader participation by ensuring equitable access for more Malaysians and enterprises to support wealth creation, retirement security and economic growth.

OUTCOME THEME 4

Gateway to Regional Opportunities

Positioning Malaysia as a regional investment gateway by strengthening cross-border connectivity and capitalising on opportunities across the region.

FOUNDATIONAL ENABLER

Regulatory and Governance Excellence

Elevating governance and adaptive regulation to facilitate the pursuit of opportunities and innovation while continuing commitment to investor protection and market integrity and stability.

OUTCOME THEME 3

Sustainability

Mobilising capital at scale to finance a just transition, climate mitigation, adaptation and resilience, and inclusive social outcomes in support of Malaysia's sustainability goals.

DIFFERENTIATOR

ICM Leadership

Reinforcing global leadership in ICM, driving product innovation and expanding the breadth and depth of products and markets for Shariah-compliant offerings guided by *Maqasid al-Shariah* principles.

OUTCOME THEME 1: VIBRANT CAPITAL MARKET DRIVING ECONOMIC PROSPERITY



A vibrant capital market is pivotal to catalyse innovation, outward expansion and fund broad economic growth.

Malaysia has set clear ambitions under the *MADANI Economy Framework*¹ and the *RMK13*² to become the world's 30th largest economy and rank among the top 12 nations in the IMD World Competitiveness Ranking within the next decade.

As a matter of comparison, Malaysia's capital market is already well established and possess strong underlying fundamentals underpinned by internationally recognised regulatory and governance frameworks. It is already sizeable – relative to the economy – with a total market size above RM4 trillion. Since the millennium, impressive progress has been recorded across the traditional asset classes, including bonds and sukuk and equities, reflecting that the Malaysian capital market has significantly grown in terms of breadth and depth and has expanded its role in financing public and private sector expansion.

While Malaysia's capital market is established and sizeable, today it faces challenges from technology disruption, regional growth, climate change, growing inequality and the expansion of private markets. Digital innovation is transforming financial services, compelling market participants to adapt and automate to meet evolving investor expectations. At the same time, the emergence of regional financial hubs is intensifying competition for capital, talent and listings. Rising inequality and an ageing population underscores the need for inclusive market participation and equitable access to financial opportunities, while the expansion of private markets poses challenges to traditional public market structures and calls for enhanced governance frameworks. The Malaysian capital market cannot afford to rest on its laurels and must respond vigorously to these challenges.

The CMP vision is to prepare the Malaysian capital market for the next generation of challenges. A transformation is needed if the capital market is to be sufficiently vibrant to support the country in realising its ambitions. The CMP vibrancy target is to achieve a RM5.8 trillion-RM6.3 trillion capital market size by 2030.

The CMP vision focuses on vibrancy as the key element to take the Malaysian capital market to the next stage and to support ambitious national goals. In this context, the drivers of vibrancy should not be narrowly limited to market capitalisation and velocity. Rather, it represents a bigger overarching agenda that translates simply into 'more products, more players and more activities'.

¹ Prime Minister's Office of Malaysia (2023), *Ekonomi MADANI*.

² Ministry of Economy of Malaysia (2025), *13th Malaysia Plan*.



The Malaysian capital market should be a dynamic hub of innovation, scaling ambition into sustainable expansion. It should operate on next-generation technology, sophistication and connectivity. It is not just about the expansion of scale but also the expansion of scope of the Malaysian capital market. Elevating vibrancy in the Malaysian capital market is a collective responsibility of all stakeholders to seize the ample emerging opportunities.

It is inevitable for the Malaysian capital market to venture into new territories such as private credit and alternative assets as this would inject greater vibrancy, which would add momentum to future growth. Given the opportunities and in view of the risks, it is incumbent on the SC to ensure that the various ecosystems are built on solid regulatory footing, thus maintaining a well-regulated market and ensuring that investors are appropriately protected.

The initial phase of development will be gradual as activities largely need to be preceded by the establishment of legal frameworks for these unregulated activities. The focus would be to intensify collaboration with market participants and other regulators. While regulatory frameworks are still being reviewed, the SC would bridge the gap by refining its 'sandbox' to permit pilots and enable experimentation.

IMPLEMENTATION PRIORITIES FOR 2026–2030



IMPLEMENTATION PRIORITY I OPTIMISING EQUITY MARKET VALUATION AND VALUE PROPOSITION OF BONDS AND SUKUK

EQUITY MARKET

Optimising market valuation is a critical aspect of enhancing vibrancy, given its positive spillover effects on fundraising activities and market liquidity. The task of optimising market valuation must begin with existing companies getting their boards and management to take a more pro-active interest in optimising corporate valuation.

In this regard, it is observed that voluntary programmes may not achieve maximum outcomes. For example, the ACGA Value Up, Asia report³ in 2025 highlighted that the FBM KLCI's performance remained muted although companies representing roughly 65% of market capitalisation participated in the voluntary Public Listed Companies Transformation (PLCT) Programme. The implication is that investors are demanding stronger evidence of positive stewardship and measurable outcomes from Malaysian PLCs. Moving forward, the new initiative will adopt a more direct engagement approach, by explicitly recognising the board and management as primary stewards and placing the onus on them to lift the performance of their companies.

In parallel, an upcoming review of the *Malaysian Code on Corporate Governance* (MCCG) will ensure it remains fit-for-purpose in a rapidly evolving market. The review may consider whether selected practices should move beyond 'apply or explain an alternative' and be implemented as mandatory requirements through appropriate regulatory or policy instruments. These measures will be undertaken with a view to instilling better conduct, behavioural shift and strengthening commitment to raise governance standards across PLCs.

The SC also seeks to enhance the role of boards in promoting innovation and improving capital efficiency. On this note, the SC may consider the introduction of tangible performance metrics such as total shareholder returns, return on invested capital and innovation for boards and management to be reported through publishing annual KPI scores and public disclosure.

Under the new initiative known as MY Value Up Programme, the SC will adopt a tailored approach emphasising value creation and measurable performance based on the different PLC archetypes with the objective of raising the visibility of quality companies, catalysing re-ratings where warranted and establishing structured recovery pathways for laggards.

MY Value Up Programme to prioritise value creation with the objective of raising the visibility of PLCs

Enhance the role of boards in promoting innovation and improving capital efficiency

³ Asian Corporate Governance Association (ACGA) Special Report (May 2025), *Value Up, Asia – Aligning governance with shareholder value*.





This will be supported by increased transparency and communication on corporate plans and performance with a view to stimulating greater investor interest and market activity. As an incentive, consideration will be given to launching an index (premium index) for top-performing companies, providing subsidised advisory support and listing-fee rebates to reinforce positive outcomes.

Strengthening investor confidence will also require addressing persistently non-compliant or dormant firms that weigh on liquidity and is undermining the market's reputation. To address this, the SC will explore initiatives to review persistently non-compliant PLCs or dormant PLCs with the aim of improving overall market quality.

The SC would consider seeking enhanced statutory powers to direct and oversee exits, with clear safeguards for minority shareholders. Consequently, the current framework will be reviewed with a view towards emphasising early detection of concerns relating to the financial health of listed companies.

In tandem with this, the SC and Bursa Malaysia will review the current framework towards greater emphasis on preventive aspect. Forward-looking indicators, with an even greater emphasis on data-driven analytics, would be used to enable early detection of a company's deteriorating financial health. Companies at greater risk of distress will be subject to rigorous supervision and supplemented with more proactive interventions. Turnaround actions can then be initiated during an 'action-plan' window to provide PLCs more time and support to improve their performance.

It is intended that regular disclosures on value-creation targets and structured transformation plans will become the new norm, and boards will be expected to demonstrate greater accountability for setting and achieving the more ambitious performance targets. Heightened transparency on corporate performance will boost investor confidence and market valuations. It also enables representative bodies such as the Minority Shareholders Watch Group (MSWG) and Institutional Investors Council of Malaysia (IIC) to engage in informed dialogues with boards and management to ensure better alignment with investor expectations. The Institute of Corporate Directors Malaysia (ICDM) can then utilise these insights for further enhancements to board practices and director development.

The success of large PLCs in establishing valuation premiums will have large positive spill-over effects in attracting more domestic and foreign companies to raise funds in the Malaysian capital market. This would, in turn, reinforce Malaysia's position as a regional gateway and as an Islamic hub for ethical and sustainable products.

BOND AND SUKUK MARKET

Malaysia's corporate bond and sukuk market has reached a level of maturity that places greater emphasis on facilitation rather than pure regulation. With the market exceeding RM2.2 trillion in size, including RM950 billion in corporate bonds and sukuk, growth is increasingly driven by market readiness, ecosystem connectivity and execution efficiency. While the market has deepened significantly, not all potential issuers are equally equipped to access bond and sukuk funding.

Therefore, the focus will be on supporting high-potential issuers in navigating the complexities of bond and sukuk issuance. This includes clarifying structural considerations, documentation requirements, execution pathways and engagement with investors and market intermediaries, with the objective of reducing friction and improving transaction preparedness.

A key emphasis is on strengthening connectivity across the ecosystem, including reinforcing the role of trustees as a core pillar of investor protection and governance. As issuance structures and issuer profiles continue to diversify, a strong trustee ecosystem plays an important role in supporting effective monitoring, robust disclosures and ongoing issuer accountability throughout the lifecycle of bond and sukuk instruments. Deeper collaboration among issuers, intermediaries, trustees and investors is expected to enhance market discipline and strengthen confidence.

Collectively, these efforts are intended to broaden participation in the corporate bond and sukuk market beyond traditional large corporates, diversify the credit rating spectrum and reinforce investor trust. Enhanced facilitation and ecosystem alignment will support sustainable market growth, improve execution outcomes and strengthen the role of corporate bonds and sukuk as a core driver of Malaysia's capital market vibrancy.





IMPLEMENTATION PRIORITY II ACCELERATING GROWTH OF VENTURE CAPITAL AND PRIVATE EQUITY

The national ambition is to advance into the top 20 of the Global Innovation Index by 2030 from the current rank of 34th place.⁴ This ambition is achievable if Malaysia can sharpen its focus on innovation as a driver of long-term competitiveness. Towards this end, there is a need to accelerate the growth of VC and PE to increase the flow of capital to innovative start-ups and SMEs in high value-add sectors such as electrical and electronics, data infrastructure and medical devices as well as to support achieving the priority outcome themes of vibrancy, inclusivity, sustainability and regional expansion.

While the VC industry has a major role in supporting growth of start-ups, it lacks the scale and talent to make a sufficiently large impact on the supply of investable assets. Concerns have also been raised in relation to the poor exit performance and pathways for investors, the unavailability of tax-efficient, flexible locally domiciled fund vehicles for both VC and PE, and on capital controls hindering cross-border deal-making activities.

Within the CMP vision, there are significant opportunities for seeding and structuring deals in relation to sustainability, social, Islamic and regional projects as well as for those in the high value-add sectors. Hence, it is important to strengthen the ecosystem with a deeper community of professionals and investors, as well as variety of offerings under this asset class to better address strategic needs of the economy.

Towards this end, the SC will intensify its efforts to accelerate the development of the VC and PE ecosystem. On the VC and startup front, SC will continue its collaboration with like-minded stakeholders under national projects such as KL20 and MyStartUp platform, as well as ecosystem stakeholders, including the Malaysian Business Angel Network (MBAN), Malaysian Venture Capital and Private Equity Association (MVCA) and emerging corporate venturing programmes. The SC will continue to support initiatives under the respective ministries and agencies⁵ to address the needs of the startup community and will consider institutionalising angel syndicates for better risk pooling and raising the visibility of startups in Malaysia.

The SC will also provide greater regulatory clarity to participants, explore ways of expanding the base of local and global general partners (GPs), revisit the tax, legal structures and capital control efficiency issues to enhance competitiveness and strengthen training programmes to upskill players. The SC recognises the importance of enhancing exit pathways through a cohesive funding escalator and reduction of transaction frictions.

Increase the flow of capital to innovative start-ups in high value-add sectors such as electrical and electronics, data infrastructure and medical devices

⁴ World Intellectual Property Organization, *Global Innovation Index 2025*.

⁵ This includes SME Corp, MOSTI, MDEC and others.

It is also timely to deepen the linkages between the VC and PE industry to ICM through strengthening the Islamic VC/PE framework and upskilling specialist skillsets.

Global trends reflect that PE and private markets, through their ability to provide greater flexibilities and efficient access to capital, will expand their role to match public markets and banks in fundraising. The SC intends to create a conducive environment to attract global VC/PE players with the expertise and network to participate more actively in the Malaysian capital market towards expanding the investor community and diversity. Achieving critical mass in VC and PE will be key to unlocking greater deal flows to fund innovation and growth in strategic sectors and to elevate vibrancy in the Malaysian capital market.



IMPLEMENTATION PRIORITY III FACILITATING DEVELOPMENT OF PRIVATE CREDIT ECOSYSTEM

Private credit is a form of non-bank financing in which investors, through capital market intermediary funds or sponsored vehicles, could provide loans directly to companies. In developed markets, capital market intermediaries have ventured into private credit to diversify and grow their product suite. There is little doubt that a well-organised private credit industry would greatly expand access to credit or capital – in line with the CMP's four outcome themes.

In this context, the SC will introduce a dedicated regulatory framework for private debt instruments and direct lending, which will be accompanied with requirements on licensing, governance, disclosure and risk management and to provide clarity on roles and coordination across relevant regulators. The framework will also extend to cover Shariah-compliant private financing vehicles and sustainability-linked products.

Efforts will also be made to launch crowding in of private capital and provide a facilitative framework for ecosystem players. In the mid to longer term, consideration can be given towards establishing a digital platform to consolidate credit information from various sources, enabling data exchange for capital market products and facilitating data reporting for regulatory supervision and surveillance purposes. This could be supported with credit analytical tools such as AI-driven credit scoring and underwriting models.

With a view to providing clarity to industry stakeholders, the SC will engage with other agencies to review regulations relating to tax, company structures and foreign exchange. To kick-start the private credit industry, consideration may be given to launching pilot programmes to allow selected private credit funds to mobilise long-term, patient capital to finance priority projects.

**Regulatory
framework for
private debt and
direct lending
instruments**



IMPLEMENTATION PRIORITY IV REGULATORY FRAMEWORKS FOR ALTERNATIVE ASSETS

The term ‘alternative assets’ usually refers to assets other than the traditional stocks, bonds and sukuk. Alternative asset classes are, thus, a diverse universe that cover real estate, derivatives, private equity, private credit, hedge funds, crypto assets, infrastructure assets, commodities, minerals, collectibles and others. Most investors use alternative assets due to their low correlations and high alphas to diversify portfolio risks and enhance performance. Global trends indicate rising investor interest in alternative assets and as such, it is important for regulations to continue to be relevant to ensure competitiveness.

There is considerable synergy in facilitating greater intermediation of alternative assets. It is envisaged that alternative assets could help Malaysia achieve its developmental goals, especially in positioning the Malaysian capital market for the next generation investment preferences.

In this context, the SC will develop appropriate regulatory frameworks for alternative assets to provide clarity to market players. The SC’s priority for new alternative asset classes includes digital assets, securitised real-world assets (RWAs), carbon credits and renewable energy certificates (RECs).

Within the digital asset space, the SC will expand its regulatory framework to allow new crypto offerings and to strengthen the resilience of regulated crypto market players. This measure will attract anchor participants to institutionalise the local crypto market ecosystem, while the SC concurrently strengthens surveillance and enforcement efforts against illicit and unlicensed crypto activities.

Separately, focus will be placed on securities tokenisation to harness the efficiency and accessibility benefits of blockchain technology. This necessitates the collaboration with capital market intermediaries, innovation leaders and other agencies, including Bank Negara Malaysia (BNM), to scale up tokenisation pilots, enabling innovative products to be tested in real-world conditions and introducing faster time-to-market. This will complement the SC’s regulatory sandbox to accelerate the pace of innovation in the capital market.

It should be emphasised that alternative assets may expose investors and markets to novel risks (e.g. crypto illicit activities, mule, integrity of tokens post listing). Therefore, any developmental initiatives will be complemented with data-driven supervision and surveillance, for example AI-driven anomaly detection, on-chain transaction forensics for proactive risk detection and market integrity assurance through strategic partnerships with RegTech players.

To further strengthen investor confidence in the new alternative asset classes, the SC will explore enhancements to its investor protection framework, including dedicated dispute resolution forums and insolvency ringfencing safeguards.

Regulatory frameworks for alternative assets, including digital assets, securitised real-world assets (RWAs), carbon credits and renewable energy certificates (RECs)

The SC will continue working with BNM to coordinate policies on anti-money laundering and know-your-customer (KYC) safeguards for digital assets, including cryptocurrencies. In parallel, the SC will work with the Ministry of Digital to align on the nation's digital agenda.

At the same time, capacity building will be coordinated for entities or intermediaries along the value chain. Industry-wide upskilling initiatives, including thought leadership and SCxSC programmes will be launched to grow the local talent pool. Regulatory digital capabilities and talent pipeline will be enhanced through internal capability development and strategic partnerships with RegTech players.



Box Article 3

Explanatory Note on Tokenised Securities

How it Works

A tokenised security is a share, bond, or fund unit recorded on a shared digital ledger. The token encodes ownership, eligibility, and lifecycle rules, and settles against tokenised cash so asset and money can be exchanged in one step. Many functions can be programmed to run automatically from the same record. This means settlement can be executed on the same day or instantaneously when both legs are on the ledger as compared with the T+1/T+2 timelines in today's fragmented settlement systems.

Benefits of Tokenisation

As primary issuance can run end-to-end on-ledger, tokenisation enables smaller denominations of ticket sizes (fractionalisation), which is beneficial for broadening access. Secondary venues can offer instant delivery-versus-payment (DvP) within the venue while retaining end-of-day netting across venues. Funds and structured notes automate valuation, coupons and redemption events, cutting manual operations and processing time.

Tokenisation reduces incidences of post-trade breaks and reconciliations. This lowers 'fails' and operational risks. Costs fall as manual processing and duplicate systems give way to automation. Counterparty exposure narrows because DvP is instant and automatic, and this reduces margin and capital needs. The transparent trail for authorised parties and collateral speeds up secured lending and derivatives trading.

Overall, tokenisation unlocks innovative on-chain use cases, enabling market participants to achieve operational efficiency with broader considerations such as liquidity, funding and risk management.

Risks of Tokenisation

Tokenised securities will introduce new vulnerabilities. It introduces new risks such as (1) technology and cyber risks stemming from blockchain infrastructure and potential flaws in smart contract coding; (2) legal risks concerning enforceability of token-based rights and obligations; and (3) operational risks related to maintaining accurate on-chain records. These challenges require robust controls such as enhanced disclosures and business continuity plans to address blockchain incidents such as cyber security attacks.

Overall, the development of regulatory safeguards needs to be in tandem with the growth of tokenised securities to ensure adequate investor protection and to preserve market integrity and financial soundness.

SUMMARY OF KEY ACTIONS – VIBRANCY

KEY ACTION ITEMS	KEY COLLABORATORS
Implementation Priority I: Optimising Equity Market Valuation and Value Proposition of Bonds and Sukuk	
1. Launch tailored programmes to help PLCs strengthen performance, transparency, liquidity and governance.	Bursa Malaysia
2. Introduce early-intervention measures for under performing PLCs.	
3. Strengthen board and senior management accountability through the revision of the MCCG.	Regulatory, professional and investor representative bodies as well as industry players
4. Establishment of bonds and sukuk facilitation programme for high-potential issuers.	BNM, industry players
5. Enhance investor protection by strengthening the role of trustees.	
Implementation Priority II: Accelerating Growth of Venture Capital and Private Equity (VC/PE)	
6. Support the growth of VC and PE industry through clearer guidelines, better exit pathways and ecosystem collaboration.	BNM, SSM, MVCA, MBAN, GLICs
7. Review of suitable fund vehicles (e.g. legal structure, tax policy, incentives).	
Implementation Priority III: Facilitating Development of Private Credit Ecosystem	
8. Develop regulations for private credit and direct lending, including Shariah-compliant funds.	BNM, GLICs
9. Enable and facilitate the orderly development of the private credit ecosystem.	
10. Review tax and foreign-exchange policies to enable more flexible and competitive fund structures.	SSM, BNM



Implementation Priority IV: Regulatory Frameworks for Alternative Assets

9. Expand regulatory framework to include emerging asset classes such as digital assets, carbon credits, real-world assets.	Bursa Malaysia, Industry Players
10. Facilitate on-boarding of new market participants within the alternative asset ecosystem.	
11. Enhance supervision and surveillance for new asset classes through data-driven and technology-enabled monitoring.	Industry Players

OUTCOME THEME 2: INCLUSIVE CAPITAL MARKET FOR ALL MALAYSIANS



A capital market that works for all Malaysians – democratising access for small investors, MSMEs and mid-tier companies.

Guided by *RMK13* and the *MADANI Economy Framework*, Malaysia places emphasis on building an inclusive and resilient economy. This underscores the nation's commitment to 'raising the floor' to uplift living standards, strengthen social protection, ensuring sustainable progress and inclusive development.

To support the national inclusivity imperatives, the CMP's overarching vision is to democratise access to the Malaysian capital market so that it can serve the needs of all Malaysians and small businesses to the fullest extent possible.

Currently, individual participation in the Malaysian capital market is estimated at 25%. This needs to be raised to meet the requirement for an inclusive society. Around 60% of non-investors are below the age of 40, which reflects limited financial awareness and engagement among younger Malaysians.⁶ The lack of trust or confidence could be the obstacle, with more than half (53%) of non-investors citing fear of scams as their main reason for staying out of the market.⁷ These concerns about sophisticated fraudulent schemes highlight the urgent need for holistic and effective financial education. A survey (see Box article 4) also reflects the changing investment preferences of Next-Gen investors in favour of values and the use of non-traditional products and channels. The inclusivity implementation priorities outlined in the CMP seek to realign access in a manner consistent with the changing investment preferences of Next-Gen investors.

⁶ SC (2025), *Capital Market Literacy Study*. Participation includes Malaysians with indirect exposure to capital market products such as unit trusts. This annual survey will be carried out to correspond with market dynamics and evolution.

⁷ SC (2025), *Capital Market Literacy Study*.



Box Article 4

The Rise of Next-Gen Investors

A quiet transformation is changing how investing works, and who it is for. Today's investors are younger, diverse and more digital than ever before. Armed with financial apps, online communities and a strong sense of purpose, this new generation is stepping confidently into the capital markets and reshaping products and processes with a whole new mindset. What they care about, their scope of investment, how they learn and even their goals look different.⁸ Their investment preferences are poised to change the face of investing.



They lead with values

For younger investors, making money is no longer the only goal. Environmental and social considerations are increasingly important motivations for investing. A significant 70% of millennials and 66% of Gen Z believe it is important for their financial institutions to align with their personal values, and more than half say they regularly factor in ESG issues when making investment decisions.



They invest beyond traditional products

This generation is also more willing to look beyond conventional products like stocks and bonds. Many are investing in emerging asset classes such as digital assets, alternatives and derivatives. Around 35% of millennials and Gen Z hold crypto, as compared with only 8% of baby boomers, and they are allocating a growing share of their portfolios to these newer products.



They learn differently

Gen Z and millennials often turn to digital platforms and their peers for knowledge, as evidenced by their higher use of digital services such as AI chatbots (36%), budgeting applications (32%) and robo-advisers (19%), compared with Gen X and baby boomers (Chart 1). This shift makes transparency and digital trust more important than ever, as guidance and information increasingly flow through online channels.

⁸ World Economic Forum (March 2025), *2024 Global Retail Investor Outlook*.

Box Article 4

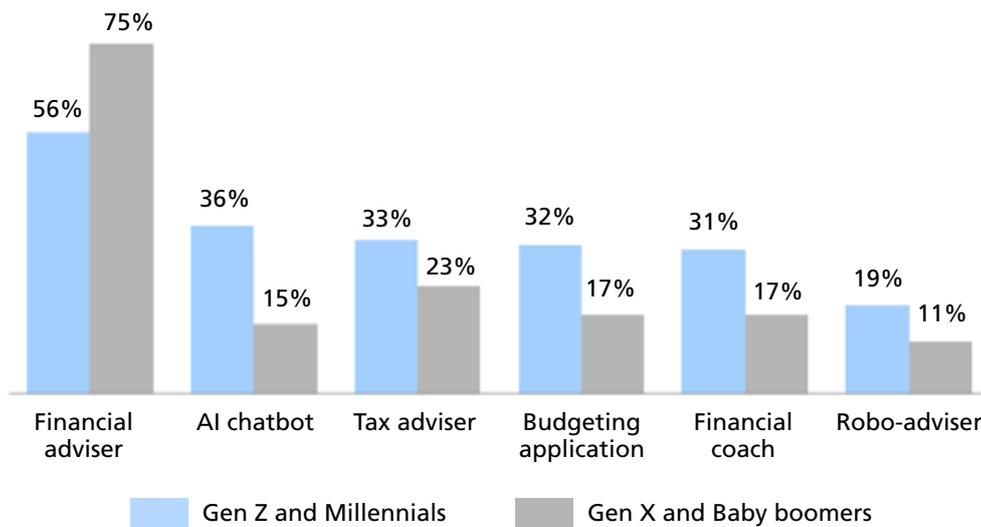


Their goals look different

Younger investors tend to focus less on retirement and more on immediate priorities. For many, building emergency savings (46%) or funding travel (39%) rank higher than making large, long-term investments (15%). This reflects a more lifestyle-driven approach to financial planning, in contrast to older generations who place greater emphasis on retirement and long-term security. These differences highlight the need for wealth solutions that can adapt to varying timelines, motivations and life stages.

This generation is not just participating in the market, they are reshaping it into something more personal, purposeful and human.

CHART 1 Type of services used by different investors



Note: Based on 8,805 respondents' answers.

Source: 2024 Global Retail Investor Outlook.



The inclusivity challenge is not confined to the entry point of participation but also relates to democratisation of access to capital market products and services to manage long-term financial needs. It is well-recognised that while Malaysia's population is ageing rapidly, over 90% of EPF members under 30 are assessed as having insufficient basic retirement savings, following the drawdown of balances during the COVID-19 period.⁹

The shortfalls in retirement savings reflect the need to further expand long-term wealth planning and to improve access to a wider range of investment products that can assist Malaysians, particularly those with lower disposable income, to meet their long-term goals and achieve reasonable levels of financial security. In addition, there is also a need to reduce investment friction costs as this has a significant corrosive effect on the ability of investors to generate positive compounded rate of returns for wealth accumulation.

Similarly, inclusivity means small Malaysian businesses should also benefit from better access to financing. The SC's MSME and MTC Roadmap estimates the MSME funding gap at RM290 billion and has a target to raise RM40 billion in the capital market by 2028. Currently, fewer than 20% of MSMEs have tapped into capital market channels to secure funding. The CMP visualises enhancing the role of the capital market to assist smaller enterprises to secure the financing they need to grow at a faster pace.¹⁰

The CMP's overarching vision is to establish an inclusive capital market that is not only accessible to all Malaysians and small businesses but is able to offer appropriate solutions for their financial needs. Inclusivity also means that most Malaysian adults should have access to investment products and strategies to close the retirement-income gap, and to compound returns to improve long-term wealth accumulation. Similarly, small businesses should find it easier to secure funding from the capital market to power the growth of their enterprises and, in the process, enhance long-term nationwide wealth creation. By 2045, the CMP aspires to substantially raise the participation of adult Malaysians in the capital market¹¹ and to increase the access of MSMEs and MTCs to market-based financing.

**Democratisation
of access for
managing
long-term
financial needs**

**Improved
access to
a wider range
of investment
products**

⁹ Khazanah Research Institute (September 2024). *Households and the Pandemic 2019–2022: The State of Households 2024*. Executive Summary, p. xi.

¹⁰ ICMR (2024), *Market-based Financing for SMEs in Malaysia: Issues, Challenges, and Way Forward*.

¹¹ Ambitions relate to the share of population aged 18 and above holding at least one capital market product: among stocks, unit trusts/mutual funds, PRS, ETFs, bonds, REITs and alternative assets.





IMPLEMENTATION PRIORITY I FINANCIAL LITERACY AND ACCESS TO DATA

The low retail participation rate in the Malaysian capital market suggests that many Malaysians lack confidence to invest and are not financially savvy, resulting in many households holding wealth in low yielding assets.

Democratising access to the capital market requires preparing retail investors at every stage of their journey. It begins with raising public awareness on the benefit of using the capital market to build wealth, strengthening financial literacy to assist individuals to understand their financial needs and improving their access to investment tools and support so that they can confidently make well-informed investment decisions.

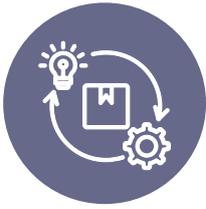
The CMP outlines plans to reshape how individuals are engaged, incentivised and supported throughout their financial journey. This involves initiating engagement as early as possible in their working lives to drive early participation followed by efforts to improve long-term retention with a view to helping more Malaysians achieve financial resilience and retirement sufficiency. In addition, the SC will continue to leverage on its InvestSmart® brand and collaborate with the Financial Education Network and Bursa Malaysia to heighten digital presence and to explore new ways of engaging Malaysians with targeted digital campaigns based on the latest media consumption habits.

Improved access to financial information, digital tools, financial advisers and planners through self-directed platforms or intermediaries will enhance the retail investor experience. Emerging technologies such as AI-driven tools can be adopted to promote investor education and facilitate investment discovery. Financial planning tools like goal visualisers on digital platforms can be used to make retirement planning more relatable and actionable across the different life stages.

Individuals should also have access to a comprehensive overview of their financial position to enable them to make informed investment decisions. The SC will work with other regulators and industry players to enable the aggregation of disparate financial data such as bank deposits, retirement savings, loans and investments into a consolidated, user-friendly digital view. In tandem with this, the SC will collaborate with financial intermediaries and fintech players to facilitate the piloting of AI solutions that provide visual tools, peer benchmarking or savings alerts and advice that can assist Malaysians to manage their wealth more effectively.

Improve access to financial information, digital tools, financial advisers and planners through self-directed platforms or intermediaries





IMPLEMENTATION PRIORITY II ACCESS TO INNOVATIVE PRODUCTS AND SERVICES

The democratisation of access implies that all Malaysians, including retail investors, should have access to an expanded range of products such as innovative products and new asset classes, to make their participation in the capital market more meaningful. By enabling access to the same range of products available to high-net-worth and sophisticated clients, retail investors should, in theory, be able to enjoy similar advantages in enhancing returns and hedging risks.

Considering this, it is timely to shift to a new investor protection paradigm by enabling improved access to products in line with demand and supply realities. This is especially so as regulators have gained significant experience in managing the emergent risks of new products by reorganising the points of accountability via strengthening oversight over intermediaries and business conduct in a redesigned investor protection paradigm.

Other initiatives include collaborating with industry players to improve access by enhancing the affordability of investments through reducing the ticket size for bonds (e.g. retail bonds) and enabling easier access to intermediation platforms providing digital solutions and AI tools. Overall, the democratisation of access to the capital market needs to be accompanied by reduction of friction costs for small transactions as this will ensure investors enjoy better compounded returns which will boost their pace of wealth accumulation.

**Improve
access to
products in line
with demand
and supply
realities**



IMPLEMENTATION PRIORITY III BUILDING FINANCIAL SECURITY FOR RETIREMENT

This priority reflects the urgent need to prepare an ageing population to address insufficiency in their retirement savings. Hence, efforts would be made to increase public awareness of the benefits of active retirement planning and starting at a younger age. Hence, the SC will facilitate streamlining enrolment processes to make it easier for individuals to start saving for their retirement. This will be complemented by a range of support measures and 'kick-start' mechanisms to promote early participation.

In addition, there will be initiatives to encourage individuals to 'stay invested' through improving the user experience in actively managing their retirement savings. The Private Pension Administrator Malaysia (PPA) and Federation of Investment Managers Malaysia (FIMM) have important roles to play towards enhancing portability and withdrawal processes and facilitating the introduction of intuitive platforms to improve investor experience. The introduction of behavioural design features such as auto-enrolment, smart defaults and nudges will be explored with employers and private pension providers.

The SC is also reviewing mechanisms and structures to enhance individuals' control of their retirement savings. The SC aims to expand the range of retirement-focused offerings to facilitate more active management of wealth. In relation to this, the SC will explore the PRS account structure to permit direct access to other asset classes to improve investors' choice of products that can help them achieve long-term retirement goals. Legislative amendments may be required to ensure that administrative and operational requirements do not impose excessive costs. Transparency on product fees, performance and other information will help investors track outcomes, assess value and make informed long-term decisions. The aspiration is for investors to benefit from a Malaysian retirement investment account framework for individuals, which allows access to a wide range of securities (domestic and foreign equity, bonds and sukuk, collective investment scheme (CIS), ECF, P2P, VC/PE funds, digital assets). Additionally, the SC would facilitate algo-based portfolio management schemes or ePRS to be offered by digital investment managers. These algo-based schemes operate completely online via mobile apps to facilitate greater customer interaction and they typically do not impose commissions.

These measures will need to be complemented by behavioural nudges which can play a critical role in encouraging consistent retirement savings behaviour. Globally, there is recognition that tax relief is essential to drive participation in retirement products and services with long term lock-in features. Accordingly, voluntary retirement schemes across jurisdictions are supported by some form of tax relief or incentives to encourage sustained savings behaviour.



IMPLEMENTATION PRIORITY IV STRENGTHENING FUNDRAISING FOR MSME AND MTC

Traditional bank lending accounts for more than 90% of MSME financing.¹² However, tighter lending requirements mean many MSMEs may not qualify for bank financing. To address this, the CMP builds on the foundations laid by the MSME and MTC Roadmap to promote market-based solutions that can meet the full spectrum of business financing needs.

The CMP will continue to advance the broader initiatives to increase the share of MSME and MTC financing sourced from the capital market. These include creating a seamless end-to-end fundraising journey that allows businesses continued access to capital as they grow, activating new funding structures that cater to diverse business risk and growth profiles, including those with limited collateral, variable cash flows or unconventional business models, and expanding the pipeline of capital market-ready companies.

¹² Bank Negara Malaysia (2022), *SME Financing*.

Expand retirement-focused offerings to facilitate active management of wealth

Advance initiatives under the MSME and MTC Roadmap to increase share of capital market financing for MSMEs and MTCs

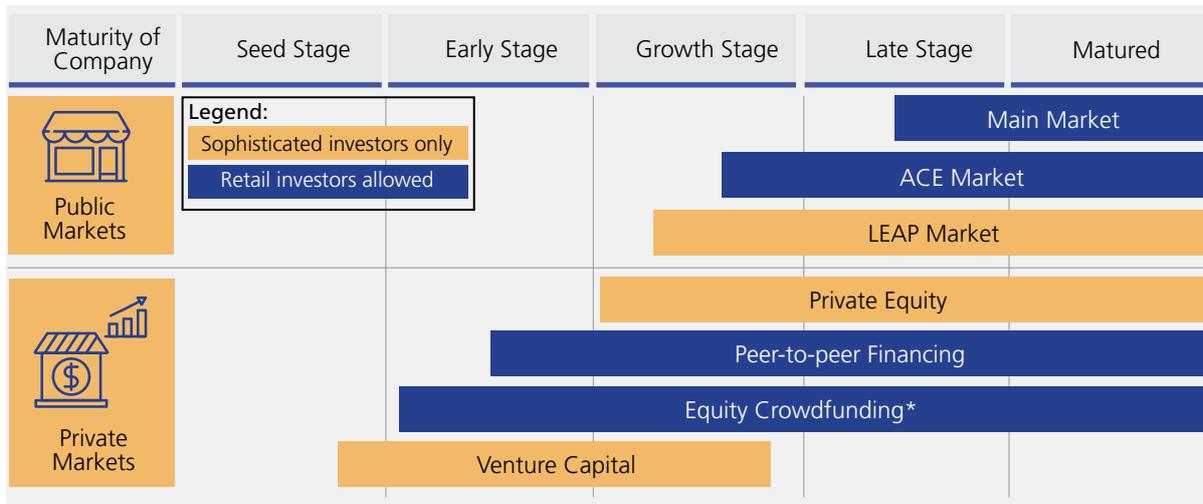
Greater visibility and targeted support are also needed to help MSMEs and MTCs navigate available financing channels. Capital market intermediaries will play a pivotal role in guiding businesses to identify suitable funding solutions, promoting awareness of market-based financing and foster a more inclusive and enabling environment for businesses of all sizes.

To encourage the participation of Bumiputera companies in the capital market, a tailored pre-IPO readiness programme will be implemented to identify and develop a credible and sustainable pipeline of listing-ready Bumiputera companies, with structured support across governance, financial disclosure, business growth and investor engagement.

With respect to investors, the SC will encourage greater participation from institutional investors and high-net-worth individuals as they play an equally important role, given their long-term investment horizons and ability to provide 'patient capital'.

The overall objective is to build a stronger end-to-end fundraising ecosystem that provides continued access to capital as businesses grow and their needs evolve (Chart 2).

CHART 2 Funding Options Available Across the Business Lifecycle



* Note: Equity crowdfunding allows for fundraising by companies, and up to a total fundraising of RM20 million.

Source: SC.

The objective comprises three key components:



Build an efficient MSME and MTC funding escalator to meet businesses' evolving needs

Existing gaps will be addressed to reduce friction between the tiers in the escalator and smoothen progression. While ECF and P2P platforms now support businesses from early stage to growth phase, and the LEAP Market, ACE Market and Main Market offer listing opportunities, the pathways between these tiers are often complex. The aim is to streamline the pathways by addressing friction such as issuance costs and compliance requirements.



Promote innovative product offerings and structures

There remains significant scope for product innovation to serve MSMEs and MTCs more effectively, particularly those with high-potential but are asset-light or unsecured. The SC will facilitate innovative products and structures to enable businesses to access new forms of capital to supplement their financing needs. This includes facilitating the issuance of bonds and sukuk by SMEs and MTCs, and exploring additional public–private partnership (PPP) arrangements or co-investment models in coordination with relevant stakeholders.



Strengthen MSME and MTC data analytics and capacity building

This will be undertaken through the development of a reliable and robust MSME and MTC dataset to identify high-potential, capital market-ready MSMEs and MTCs and support their access to suitable market-based financing solutions. This data foundation will also enable more targeted capacity-building and advisory interventions, helping businesses strengthen governance, financial preparedness and investor readiness to support sustained growth and expansion. In parallel, the SC will also explore measures to strengthen education and outreach for MSMEs to improve their knowledge which would lead to greater access to market-based financing opportunities.



SUMMARY OF KEY ACTIONS – INCLUSIVITY

KEY ACTION ITEMS	KEY COLLABORATORS
Implementation Priority I: Financial Literacy and Access to Data	
1. Broaden access to capital market products and services and launch targeted digital literacy and awareness programmes.	BNM, Bursa Malaysia, SIDC, NAIO, Industry Players
2. Facilitate the development of a safe, responsible and AI-enabled digital capital market ecosystem.	
3. Establish a platform that gives Malaysians a holistic view of their finances with AI-based financial advisory tools.	
Implementation Priority II: Access to Innovative Products and Services	
4. Encourage innovation in investment products, trading instruments and structures to make retail participation more affordable and accessible.	BNM, Bursa Malaysia, SIDC, NAIO, Industry Players
5. Improve access to fair and efficient dispute resolution channels for investors.	FMOS
Implementation Priority III: Building Financial Security for Retirement	
6. Develop an account-like structure for retirement with wider product diversification.	PPA, EPF, FIMM, Industry Players, Bursa Malaysia
7. Encourage early participation in retirement savings through simplified enrolment and workplace initiatives.	
8. Enhance the appeal of retirement savings products through improved investor experience and transparency.	
Implementation Priority IV: Strengthening Fundraising for MSME and MTC	
9. Build an efficient MSME and MTC funding escalator to meet businesses' evolving needs.	Bursa Malaysia, SSM, RMOs, Industry Players
10. Promote innovative product offerings and structures.	
11. Strengthen MSME and MTC data analytics and capacity building, including Bumiputera MSME and MTC companies.	

OUTCOME THEME 3: CAPITAL MARKET SUPPORTING NATIONAL SUSTAINABILITY GOALS



Financing for climate transition, mitigation, adaptation, resilience and social progress to advance Malaysia's future.

The Southeast Asia region is among the most vulnerable areas in the world, facing escalating impacts from extreme heat, floods and rising sea levels.¹³ Recognising these shared risks, Malaysia has placed climate action and sustainability at the heart of its national development agenda, pursuing ambitious targets to reduce greenhouse gas (GHG) intensity by 45% by 2030 compared to 2005 levels and achieve net-zero emissions by 2050.¹⁴

The NETR sets out a pathway to raise the share of renewable electricity in installed capacity to 70% by 2050.¹⁵ The *Hydrogen Economy and Technology Roadmap* and *Green Technology Master Plan* aim to position Malaysia as a regional leader for the renewable energy industry and green technology hub.¹⁶ Specifically, Sarawak's Hydrogen Economy Roadmap, which targets transforming the state into a developed economy by 2030 through hydrogen-led industrialisation, complements this national vision.

Significant progress has been made, with GHG intensity reduced by around 37%, just short of eight percentage points to meet the 2030 target.¹⁷ Renewables accounted for approximately 26%¹⁸ of installed power capacity as of 2024, which is just 5% below the 2030 NETR target¹⁹. Yet, a significant journey lies ahead. To realise the ambitions of the NETR, Malaysia will need to mobilise between RM1.2 trillion and RM1.3 trillion in capital to fund the energy transition.

At the same time, climate adaptation and building resilience to physical climate risks such as floods, droughts and coastal erosion is equally urgent. It is estimated that climate adaptation measures, to be announced in the impending National Adaptation Plan (MyNAP), will require RM392 billion in investments.²⁰ Malaysia is taking the lead in championing adaptation finance at the regional level, recognising that building resilience is just as critical as reducing emissions.

¹³ Norris, L., Calow, R., Griffith, H., Osborne, R., Borodyna, O., Nijhar, I., et al. (2024), Climate risk report for the Southeast Asia region. Met Office, ODI, FCDO.

¹⁴ UNFCCC (2023), *Malaysia Nationally Determined Contribution Update*.

¹⁵ Ministry of Economy (2023), *National Energy Transition Roadmap*.

¹⁶ Ministry of Energy, Green Technology and Water (2017), *Green Technology Master Plan Malaysia 2017-2030*.

¹⁷ UNFCCC, Malaysia 2024, *Biennial Transparency Report*.

¹⁸ Policy Brief No. 3 (2025), *Malaysia REC Market Assessment and Opportunities for Regional Integration*, ASEAN Centre for Energy.

¹⁹ Ministry of Economy (2023), *National Energy Transition Roadmap*.

²⁰ *The Star Malaysia* (July 2023), *M'sia needs almost RM400bil to adapt to climate change, says Nik Nazmi*.



Overall, the SC believes that Malaysia's national sustainability goals are transformative and critical to shaping the country's economic future and competitiveness. Towards this end, the CMP vision is to embed sustainability as a core feature of the Malaysian capital market so that it can play a key role in mobilising the financing needed to achieve these goals. By 2030, the CMP has set an ambitious target of mobilising RM90 billion to RM100 billion in cumulative financing towards projects that deliver measurable environmental and social impact.

Malaysia is well-positioned to unlock the potential for market-based sustainability finance. Over the next five years, the initial focus will be on facilitating pilot financing for identified projects and using these as learning opportunities to build up the sustainability financing ecosystem. To this end, the SC will tap into the expertise of global institutions, ESG firms and specialists, and non-governmental organisations (NGO) to learn from their experiences, to avoid common pitfalls and implement best practices. The SC will also forge partnerships, particularly with counterparts from ASEAN and the Middle East, where there are shared interests at the intersection of sustainability and Islamic finance.



IMPLEMENTATION PRIORITY I MOBILISING CAPITAL FOR SUSTAINABILITY-RELATED PROJECTS

Under most scenarios, the Intergovernmental Panel on Climate Change (IPCC) projects global warming to exceed two degrees Celsius by 2100.²¹ In this context, the current focus on transition is critical for Malaysia to meet its international obligations. This will require mobilising capital for a broad range of sustainability-related projects and sectors, including infrastructure and renewable energy, as well as wider transition and resilience needs across the economy, while ensuring projects are delivered cost-effectively to minimise impact on consumers. Encouragingly, the climate transition is gaining momentum, with renewable energy increasingly reaching, and in some cases surpassing, cost parity with fossil fuels.

The challenge for the Malaysian capital market is to mobilise substantial private capital in tandem with government funding to finance the nation's goal in meeting its transition, mitigation, adaptation, resilience and social commitments.

To mobilise large-scale adaptation and mitigation finance, one approach is to develop effective de-risking mechanisms to make climate and social projects attractive to private funds and investors. In this context, innovative blended finance structures will play a catalytic role in improving the commercial viability of high-impact projects.

The SC will facilitate sustainable financing including via the application of blended finance instruments (e.g., guarantees, first-loss tranches, sustainability-linked sukuk, impact bonds, catastrophe bonds etc.) as a means of systematically de-risking investments and enhancing return profiles for projects with low commercial viability (e.g., coastal resilience, MSME decarbonisation, coal plant retirement, just transition etc.). In this regard, blending commercial capital from banks and institutional investors with concessional capital from government and philanthropic sources will help better match risk-return preferences across a broader investor base. In parallel, the SC will explore expanding the issuer base by facilitating state and municipal entities to raise capital for sustainability-related projects, while providing support for federal government initiatives.

²¹ Intergovernmental Panel on Climate Change (2023). Summary for Policymakers. In: Climate Change 2023: Synthesis Report.



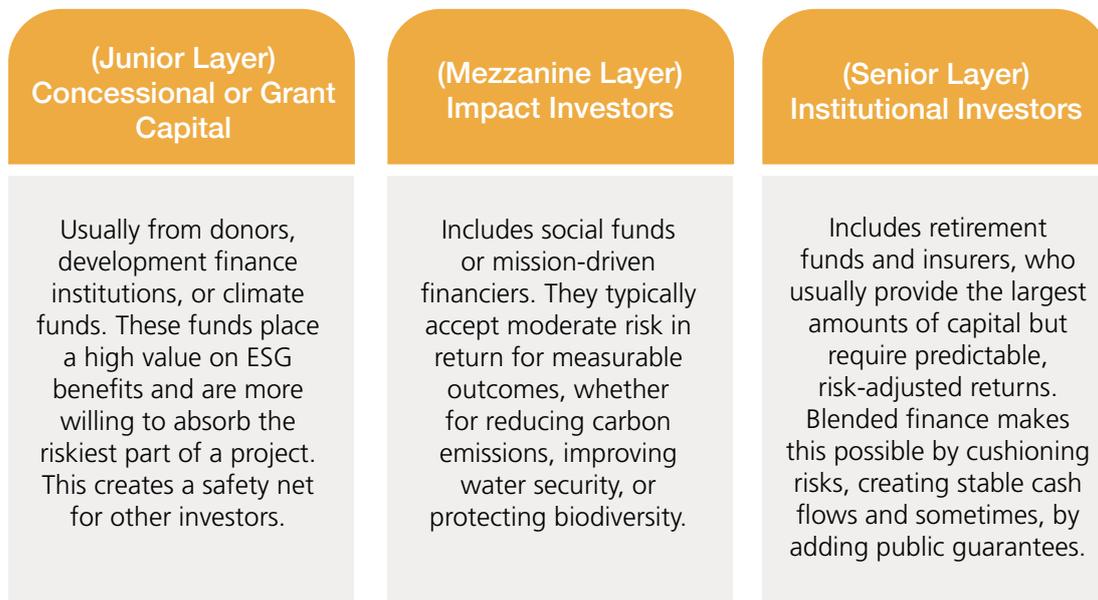
Box Article 5

How Blended Finance works

Protecting communities from floods, shifting to cleaner energy, or restoring forests often require billions in investment. Yet many projects struggle to get off the ground because they are seen as 'too risky' or deliver uncertain early returns.

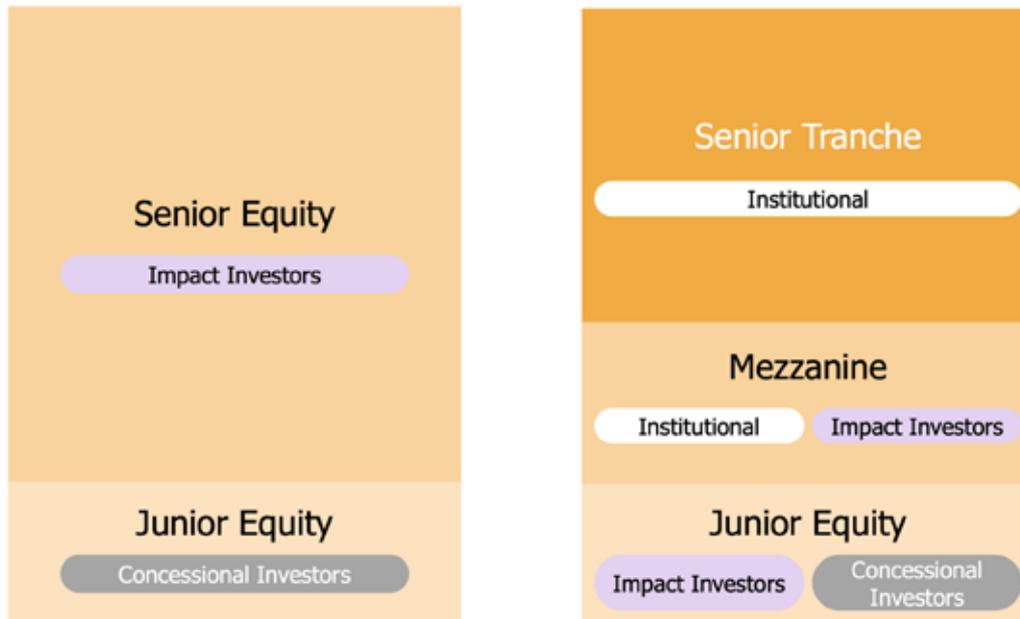
Blended finance helps bridge this gap. It mixes different types of funding such as public, private and philanthropic, so that each plays a distinct role in making projects viable. The aim is to build a 'capital stack' where each layer of financing is structured to take on a different level of risk and return.

At the base, the junior (first loss) layer absorbs the earliest losses, creating a safety net for others. Above that, the mezzanine layer takes on moderate risk in exchange for mid-level returns. At the top, the senior layer is paid first and carries the lowest risk. Public or philanthropic funds often cover the riskier layers, while private investors are drawn in at the more secure levels. Different types of capital finances different layers (Chart 3):



Box Article 5

CHART 3 Example of Blended Finance Capital Stack



Source: *Scaling Blended Finance: Practical Tools for Blended Finance Fund Design* by BII & BCG.

Chart 3 exemplifies typical blended finance structures. On the left, junior equity (often concessional) is positioned to absorb early failures in frontier markets so senior equity (impact) can participate. The goal is to prioritise proof over scale. On the right, junior equity plus mezzanine layer seek to de-risk a diversified portfolio so senior institutional capital can invest at near-market terms. This structure is meant to facilitate scaling.

When combined with clear impact reporting and long-term policy support, blended finance can become a powerful tool to direct capital to financing a sustainable future.

Recognising that many sustainability projects remain marginally bankable or wholly unbankable, greater efforts will be made to unlock new pools of concessional and commercial capital, including through Islamic social finance. The SC will be seeking guidance from the State Islamic Religious Councils (SIRCs) to integrate *waqf* and *zakat* into blended finance models via regulatory and operational frameworks. Greater efforts will also be made to identify and meet the participation criteria for international funds.

To broaden access and market participation, the SC will facilitate the establishment of regulated fundraising platforms such as the Social Exchange to enable retail investors to participate in small-scale, high-impact projects. The Social Exchange, which will be developed in phases, will connect NGOs, social enterprises, donors and investors, through the broadening of capital market access and instruments that support social impact projects. NGOs and Social Enterprises will be able to raise funds from a wider pool of donors and investors, through the Social Exchange, for social impact projects that benefit communities.

By enhancing transparency, credibility and accountability within the social finance ecosystem, this initiative will complement government efforts to strengthen community resilience and social welfare through market-driven solutions.

To further catalyse innovation and crowd-in private capital, the SC will support the mobilisation of capital through climate finance innovation platforms (e.g. the Climate Finance Innovation Lab) and the establishment of special-purpose funds or vehicles for adaptation projects. These initiatives will complement existing funding channels, create proof-of-concept opportunities for emerging sustainability solutions and scale up investments in frontier sectors.

Collectively, these measures will form a robust foundation for scaling investable opportunities, improving capital allocation efficiency and channelling funds to projects with the highest measurable impact. They also seek to align domestic financing with Malaysia's broader sustainability goals, advance climate transition, enhance adaptation and resilience, and promote social equity. The SC believes that a well-articulated and managed framework may also attract international funds that seek to do good.

Overall, these measures will unlock commercial investment for environmental and social projects, facilitate cross-border capital flows into sustainability-focused products and reinforce the capital market's role in driving Malaysia's shift towards a sustainable and inclusive economy.

Scale investable opportunities, improve capital allocation efficiency and channel funds to projects with the highest measurable impact



IMPLEMENTATION PRIORITY II BUILDING A ROBUST SUSTAINABLE FINANCE ECOSYSTEM

The SC intends to accelerate the development of the sustainable finance ecosystem, partly in pursuit of its goals to develop sustainable finance as a niche. There are many aspects to consider in building the ecosystem:



The ecosystem will be supported by clear taxonomies, robust measurement standards and transparent sustainability disclosures. The SC will collaborate with BNM to develop a national sustainability taxonomy, aligned with the ASEAN Taxonomy and mitigation co-benefits and Adaptation for Resilience (mARs) Guide. This will provide consistent definitions and improve market clarity as well as investor confidence.



The SC will develop impact investment guidance, beginning with social impact indicators aligned with international frameworks to standardise impact measurement and disclosure requirements. This will improve the credibility of disclosures, comparability of impact outcomes and support informed decision-making with a view to building investor confidence that their capital is being channelled into projects delivering genuine environmental and social outcomes. Overall, this will facilitate greater capital mobilisation for projects with meaningful community benefits.



Enhanced transparency standards will be reinforced by strong safeguards and oversight to mitigate risks such as greenwashing, fraud and market misconduct. Market discipline will be anchored in robust self-governance mechanisms, strengthened professional standards and industry-led accountability. These will be complemented by proportionate regulatory supervision to identify, address and deter misconduct across the ecosystem.

Clear taxonomies, robust measurement standards and transparent sustainability disclosures

Strong safeguards and oversight to mitigate risks – greenwashing, fraud and market misconduct





The NSRF issued in 2024, adopts a phased approach to implementation, starting with FY2025 for large, listed companies with market capitalisation of more than RM2 billion. The NSRF refers directly to the IFRS® Sustainability Disclosure Standards, specifically IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (collectively referred to as the ISSB Standards). This is an important first step to provide investors and stakeholders with better data on how Malaysian companies are preparing themselves for climate change and ultimately, the sustainability of their business. As listed and large non-listed companies progressively adopt the ISSB Standards, the Advisory Committee on Sustainability Reporting (ACSR), chaired by the SC, will focus on improving the quality of data sets and explore how the disclosed information can demonstrate to both domestic and international investors the resilience of our business community in navigating future uncertainties.

Provide investors and stakeholders with better data on climate change and business sustainability



A well-functioning carbon market depends on deep liquidity and credible price signals to support effective risk management and price discovery. Instruments such as carbon credits and Renewable Energy Certificates (RECs) play a critical role in anchoring market confidence by enabling investors to assess value with greater certainty. The SC will work with key stakeholders to strengthen assurance mechanisms, standards and price discovery frameworks, while facilitating the development of Malaysia's carbon market. Potential linkages with regional carbon markets will be explored to enhance interoperability, deepen liquidity and support credible regional price formation, thereby unlocking larger flows of sustainable and transition capital.



A well-functioning sustainable finance ecosystem requires a diverse and skilled network of market participants to originate, structure, verify and assure impact investments. The SC will prioritise building local capability and attracting global expertise across the sustainable finance value chain. This includes enabling service providers such as impact investment managers, ESG rating agencies, verification bodies, auditors and technology vendors to play a greater role in origination, structuring and assurance. Collaboration with international firms and development partners will help transfer knowledge, raise professional standards and build the technical depth of domestic players. In tandem, efforts will be made to localise expertise and strengthen professional capacity across the ecosystem. This includes the establishment of an association of sustainability professionals. The deepening of market expertise is critical to success in financing climate transition, environmental resilience and inclusive socio-economic development.

Build local capability and attract global expertise across the sustainable finance value chain

Overall, these measures will contribute to higher levels of transparency, comparability and accountability that will convince investors to increase their allocations to sustainable finance products while encouraging boards to embed sustainability into corporate strategies as a driver of long-term value.



SUMMARY OF KEY ACTIONS – SUSTAINABILITY

KEY ACTION ITEMS	KEY COLLABORATORS
Implementation Priority I: Mobilising Capital for Sustainability-Related Projects	
1. Facilitate sustainable financing, including via blended finance instruments to de-risk climate and social projects.	BNM, SIRC, SSM, ROS, NGOs, Social Enterprises, Industry Players
2. Coordinate concessional and alternative capital pools such as Islamic social finance, philanthropy to crowd-in private investment.	
3. Leverage regulated fundraising platforms such as Social Exchange to widen access to social-impact financing.	
Implementation Priority II: Building a Robust Sustainable Finance Ecosystem	
4. Drive adoption of the national sustainability taxonomy, aligned with the ASEAN Taxonomy and mARs Guide.	BNM, Industry Players
5. Support the growth and development of Malaysia's carbon market ecosystem.	Bursa Malaysia, AOB, SSM, Industry Players
6. Formulate impact-investment guidance, beginning with social-impact indicators.	
7. Develop an ecosystem of capable market participants, including impact-investment managers, ESG-rating agencies, verification bodies and an association of sustainability professionals.	

OUTCOME THEME 4: CAPITAL MARKET AS GATEWAY TO REGIONAL OPPORTUNITIES



The next phase of Malaysia's capital market growth is dependent on its ability to capture opportunities in the fastest growing region in the world.

Asia is the fastest-growing region in the world. Growth trends will be magnified as global trade and investment flows are increasingly re-directed intra-regionally. In the transition to a multipolar-based global economy, ASEAN stands to benefit from a rapid increase in the levels of intra-regional trade and investment. It is of little surprise that ASEAN's share of the global economy is being elevated with the region projected to become the world's fourth-largest economy by 2040.²²

However, ASEAN capital markets are currently substantially under-represented relative to its economic presence. For example, ASEAN currently represents only 4% of the MSCI Emerging Markets Index.²³ The bright long-term economic growth prospects suggest there is huge upside potential for ASEAN capital markets and regional intermediation over the next two decades. There is thus significant incentive for the ASEAN capital markets regulators and their intermediaries to collaborate to unlock intra-regional cross-border capital flows to fund the growth of their economies and build regional resilience against global financial shocks.

The Malaysian capital market stands at a strategic crossroad in terms of how it is to move forward to unlock regional opportunities. Malaysia's strategic geographical location provides natural connectivity across the regional growth corridors in Asia-Pacific, South Asia, Eurasia and the Middle East. As a prominent member of ASEAN and given its relationships with many Asian countries, Malaysia is well positioned to seek opportunities to transform the thriving economic relationships into cross-border capital and deal flows.

The CMP envisages that Malaysia will step forward positively to establish itself as a regional gateway; a platform that promotes mutually beneficial two-way relationships with other regional capital markets and intermediaries.

Malaysia offers a compelling proposition with its ICM size of RM2.7 trillion and globally-recognised sukuk expertise. Apart from unparalleled access to Shariah-compliant and ethical opportunities, Malaysia also plans to develop niches in sustainable, ethical and infrastructure finance. These attractions are underpinned by international acknowledgement of Malaysia's regulatory strengths in relation to its governance²⁴ and investor protection standards. Overall, Malaysia is operating from a position of strength

²² Oxford Economics (2025), *GDP forecast*.

²³ MSCI (2025), *Emerging Markets Index*.

²⁴ ACGA *CG Watch Rankings* (2023).



as it has a relatively mature capital market ecosystem with relatively sophisticated intermediaries, large government-linked and private institutional investors and excellent relationships with regional and global regulators.

The CMP has set a target to grow assets with foreign underlying in Malaysia's capital market to beyond RM100 billion to RM110 billion by 2030. The vision is to position Malaysia as a regional gateway by facilitating funding for the expansion of homegrown regional champions, issuers and intermediaries to finance their expansion across the region.

The Malaysian capital market will evolve to become a product hub with niches in ASEAN-themed underlying, including Shariah-compliant ETFs, ethical, sustainable and infrastructure funds. Towards this end, the SC will collaborate with other ASEAN regulators to ensure greater harmonisation of regulatory frameworks, standards and processes, with a view to reducing transaction frictions and increasing payment and settlement efficiencies.

Intra-regional cross-border flows is likely to grow substantially as it is underpinned by rising Asian affluence and savings accumulation. The expansion of regional-linked products and cross-border fundraising will open new lines of intermediation business in origination, advisory and fund management, thereby creating opportunities for intermediaries to secure fresh mandates and new fee pools. Expanding the array of regional assets provides investors in the Malaysian capital market with greater choice for portfolio diversification and strategies to enhance their long-term returns. Domestic investors would also gain improved access to invest in one of the world's fastest-growing economic regions.

Work to strengthen cross-border connectivity is already in progress. Through the ASEAN Capital Markets Forum (ACMF) Action Plan 2026–2030, ASEAN is advancing a set of strategic initiatives to strengthen regional capital markets, deepen cross-border integration, and position the region as a cohesive and attractive destination for capital and investment. The Action Plan promotes the development of regional products and platforms, including 'ASEAN Diamonds', a cornerstone initiative to support ASEAN firms in expanding their regional footprint, alongside the facilitation of ASEAN indices and the development of a regional Shariah screening tool. Collectively, they aim to attract greater regional and global investment, expand intra-ASEAN capital market activity, and reinforce ASEAN's long-term financial resilience.

IMPLEMENTATION PRIORITIES FOR 2026–2030



IMPLEMENTATION PRIORITY I FUNDING EXPANSION OF HOMEGROWN REGIONAL CHAMPIONS

Malaysian companies are well positioned for regional expansion, supported by the depth and resilience of the domestic capital market. To further enhance access to capital, the SC will facilitate fundraising for regional ventures, business acquisitions and strategic projects particularly in sectors such as *halal*, ethical and sustainable industries.

Efforts are in place to increase the number of Malaysian companies recognised under the Malaysian ASEAN Business Entity (MyABE) Status. The initiative aims to support their expansion beyond domestic borders and accelerate their progress into multinational enterprises by enhancing their access to diverse sources of capital market funding.

Increase the number of Malaysian companies recognised under the MyABE Status



IMPLEMENTATION PRIORITY II POSITIONING MALAYSIA AS A REGIONAL FUNDRAISING AND INVESTMENT DESTINATION

Malaysia's equity market has a good track record in mobilising funds to support national projects and corporate expansion. Efforts will continue to focus on building the IPO pipeline for both domestic and foreign companies. In tandem, efforts would be made to improve Malaysia's fundraising value proposition by digitalising listing and IPO workflows to shorten timelines, improve efficiency and lower issuance costs.

At the same time, Malaysia aims to position itself as a preferred high quality investment destination for institutional investors and family offices by actively promoting its value proposition internationally. This includes showcasing the country's stable economic fundamentals, growing financial markets and supportive regulatory landscape. Through targeted outreach, strategic partnerships and a strong emphasis on investor confidence, Malaysia seeks to attract long-term and high-quality investments.

Given its fundraising infrastructure, Malaysia is ready to serve as a gateway to attract foreign governments and entities to raise funds through equities, bonds or sukuk. This will be achieved through deeper regulatory collaboration and harmonisation with regional and global counterparts. By creating a more seamless,

Position Malaysia as an attractive investment destination and gateway for global capital raising



facilitative and predictable fundraising environment, Malaysia can attract a broader spectrum of enterprises seeking efficient access to capital, while also strengthening its role within the regional financial ecosystem.

Success will hinge on Malaysia's ability to generate investor interest and market liquidity in foreign listings. Domestic institutional investors and intermediaries would be encouraged to participate in regional fundraising exercises, particularly for infrastructure projects. The visibility of foreign listings will be supported by Bursa Malaysia and research institutions initiating analyst coverage. Consideration will also be given towards enhancing access to retail investors using domestic channels. The SC will collaborate with Bursa Malaysia and intermediaries to roll out targeted retail education and promotional campaigns to increase awareness of foreign listings.

Establishing Malaysia as an attractive fundraising destination will significantly boost market vibrancy. It will lay a strong foundation for bundling products into regional themes, unlocking vast opportunities for local intermediaries, underwriters, accountants and legal advisors to innovate, structure, execute and advise. While Malaysia already possesses deep experience, expertise and networks to structure and originate regional products, a surge in regional fundraising activities will serve as a powerful magnet to attract international talent to collaborate or relocate to Malaysia.

In view of these, there is scope for Bursa Malaysia to evolve its services and processes to diversify its activities, facilitate trading in a wider range of regional assets and enhance connectivity to a wider base of retail and foreign investors across the region.



IMPLEMENTATION PRIORITY III ESTABLISHING NICHE IN INNOVATIVE AND HIGH-IMPACT PRODUCTS

Stakeholders such as institutional funds, family offices and retail investors increasingly seek to increase their allocations to regional, innovative and value-based products. This demand is further reinforced by beta activism and next generation preferences for value-based and non-traditional products and channels. Intermediaries should seize the opportunity to manufacture such products that meet investor diversification needs and their growing appetite for thematic investing.

The CMP envisages leveraging the strong regional economic growth and Malaysia's Islamic finance leadership and ethical as well as sustainable finance to establish niches for structuring innovative, high-impact investment products. The SC will promote the development of products such as depository receipts, thematic ETFs and funds that are regionally focused.

**Promote
facilitative
environment
for product
innovation,
domiciliation
and deal
execution**

The SC will work closely with Bursa Malaysia and industry players to create a facilitative environment for product innovation, domiciliation, and deal execution by refining regulations and collaborating with other regulators to harmonise region-wide standards and address impediments. The SC may undertake co-development initiatives with regional market participants aligned with the standards and needs of regional investors. Measures including adoption of AI-based digital screening tools for Shariah compliance and ESG alignment will be introduced to improve cross border product visibility and scalability. Local intermediaries should also consider exploring partnerships with global or regional houses to co-manufacture, domicile or list regional products in Malaysia and embark on a global distribution platform to widen their distribution channels.

SUMMARY OF KEY ACTIONS – REGIONAL OPPORTUNITIES

KEY ACTION ITEMS	KEY COLLABORATORS
Implementation Priority I: Funding Expansion of Homegrown Regional Champions	
<ol style="list-style-type: none"> Increase the number of local companies recognised as Malaysian ASEAN Business Entities (MyABE) to support regional expansion. Facilitate fundraising for Malaysian companies expanding into the region, especially for ventures in <i>halal</i>, ethical and sustainable sectors. 	MIDA, BNM, Bursa Malaysia, ACMF, Industry Players
Implementation Priority II: Positioning Malaysia as a Regional Fundraising and Investment Destination	
<ol style="list-style-type: none"> Facilitate greater cross-border capital flows for companies and strategic projects to position Malaysia as a leading regional fundraising hub. 	MIDA, ACMF, Bursa Malaysia, BNM, Industry Players, GLICs
<ol style="list-style-type: none"> Establish Malaysia as a preferred investment destination for institutional investors and family offices through enhanced market visibility, liquidity and investor engagement. 	MIDA, Bursa Malaysia, BNM, Industry Players
Implementation Priority III: Establishing Niche in Innovative and High-Impact Products	
<ol style="list-style-type: none"> Originate and innovate regionally themed investment offerings such as ASEAN infrastructure bonds and sukuk, <i>halal</i> economy funds, thematic ETFs and listed VC/PE funds. 	ACMF, Bursa Malaysia, BNM, Industry Players, ICM stakeholders



DIFFERENTIATOR: ISLAMIC CAPITAL MARKET LEADERSHIP



Malaysia's Shariah compliance will be anchored by *Maqasid al-Shariah*, demonstrating *Halal-Toyyib* as the compass for capital market development.

Malaysia is recognised globally as a leader in Islamic finance. The country was ranked first in the ICD-LSEG Islamic Finance Development Indicator for 13 consecutive years and remains the world's largest sukuk issuer.²⁵ Malaysia's ICM has grown to RM2.7 trillion today, representing around 64% of Malaysia's total capital market size, reflecting regulatory maturity, market depth and sustained innovation.²⁶

Malaysia's established and mature ICM ecosystem positions the nation at the forefront of innovation in Islamic finance. Moving beyond Shariah compliance, the CMP envisions Malaysia's ICM being anchored by *Maqasid al-Shariah* (objectives of Shariah) and demonstrating the *Halal-Toyyib* as the guiding compass for capital market development. This paradigm shift will accelerate the origination of purpose-driven Islamic financial products designed to deliver outcomes that uphold the essentials of human well-being; faith, life, intellect, lineage and wealth, while aligning capital with real economic outcomes and advancing shared, sustainable prosperity.

Demand for Shariah-compliant and ethical investment products will continue to expand, supported by demographic and values-based trends. The global Muslim population is projected to grow by 75% between 2010 and 2050, with a large proportion located in rapidly growing Asian economies.²⁷ In Malaysia, the Muslim share of its population is projected to rise from 63.5%²⁸ in 2020 to 72.4% in 2050²⁹. These shifts, coupled with the rise of values-based investors where 66% of Gen Z and 70% of millennials prioritise ethical and social alignment, will sustain positive long-term growth trends for Islamic finance.³⁰

Historically, Islamic finance has been defined by form, eliminating prohibited elements such as *gharar* (uncertainty), *maysir* (gambling) and *riba* (interest), and differentiating products through contracts such as *musharakah*, *mudharabah* and *ijarah*. While necessary, this approach has sometimes resulted in perceptions of Shariah-compliant products as 'conventional mirrors' with limited differentiation in economic effect.

²⁵ LSEG (2025), *ICD-LSEG Islamic Finance Development Report*.

²⁶ SC, *Annual Report 2024*.

²⁷ World Economic Forum (October 2015), *How religious will the world be in 2050?*

²⁸ Department of Statistics Malaysia (DOSM).

²⁹ PEW Research Center.

³⁰ World Economic Forum (March 2025), *2024 Global Retail Investor Outlook*.

The next phase of growth is to move beyond compliance, towards purpose. In this context, innovation and origination of purpose-driven Islamic capital market products and services are paramount for sustaining Malaysia's leadership and competitiveness. Anchored by *Maqasid al-Shariah* and demonstrating the *Halal-Toyyib*, Malaysia is well-placed to lead this paradigm shift through innovative Shariah-compliant products that deliver real economic value.

The *Halal-Toyyib* emphasises that Islamic finance must be more wholesome than just Shariah-compliant, focused on superior value creation and tangible societal benefit rather than replication of conventional products.

As a guiding compass for the ICM, embedding *Maqasid al-Shariah* principles into governance, product design and investor or stakeholder engagement will lift the market's value proposition across both traditional and innovative instruments. A wider range of Shariah-compliant products that reflect the full spectrum of risk-sharing and the underlying values of Islamic finance will attract new investors who now have access to a wider choice across asset classes such as impact-linked sukuk, tokenised financial assets, private financing, digital tokens and carbon credits. Wider product choice enables better portfolio diversification for both conservative and growth-oriented investors. With product design and governance anchored by *Maqasid al-Shariah* principles, fairness and transparency are reinforced, safeguarding long-term stakeholder interests.

Thought leadership and innovation will confer Malaysia a first mover advantage and assist its evolution into a regional hub for cross-border offerings across, for example ASEAN and the Gulf Cooperation Council (GCC). Capital market intermediaries must support this aspiration by playing an active role in promoting a greater variety of risk-sharing models and scaling the mobilisation of concessional capital with a view to tapping capital pools of return-centric investors to deepen market liquidity. Intermediaries should also seek to expand outreach to new investors to further widen participation. Early movers will be rewarded by their ability to capture the potentially large flows of ethics-driven capital from regional markets and global centres.

Concurrently, demographic realities require solutions that matter at home. As Malaysia moves towards an ageing society, asset managers could further expand their offerings by innovating retirement solutions with Islamic social finance features. Such products can integrate elements of impact and *waqf*-linked investments to support long-term income security while contributing to positive social outcomes.

Ultimately, the CMP aims to position Malaysia's ICM as a leading centre for ethics-driven finance, with a view to establishing new benchmarks in governance, innovation and social impact. Embedding *Maqasid al-Shariah* into the capital market will be a key differentiator, adding value for investors through the integration of Shariah principles and social values on an end-to-end basis. Aligning capital with real economic and social outcomes will highlight how social purpose can optimise investment valuations and reinforce Malaysia's aspiration to be a niche for ethics-driven products.



IMPLEMENTATION PRIORITIES FOR 2026–2030



IMPLEMENTATION PRIORITY I ICM THOUGHT LEADERSHIP

To cement Malaysia's ICM thought leadership, Shariah compliance will be anchored by *Maqasid al-Shariah*, to align the ICM more closely with ethics-driven finance. Investors seeking both Shariah and ethical integrity will value the enhanced transparency and governance that accompanies this approach.

Malaysia's ICM leadership will be further strengthened through deepening collaboration with regions such as the GCC and other Muslim-majority countries to attract more global experts and market players. This collaborative approach will be undertaken in phases through the formalisation of new strategic collaborative partnerships to enhance global visibility and the promotion of *Maqasid al-Shariah* as Malaysia's distinctive value proposition. The objective is to eventually broaden the investor base across high-priority markets.

The SC will also explore the development of *Maqasid al-Shariah* indicators to help investors identify ethical assets with greater confidence. Complementing this, AI-based digital tools will be explored to screen public information for Shariah compliance across jurisdictions to enhance transparency and comparability.

To sustain Shariah governance excellence, the industry must cultivate a new generation of innovative, multi-disciplinary Shariah leaders that are able to thrive in the next generation ICM landscape. Focus will be placed on enlarging the pool of Shariah scholars with expertise in finance, sustainability, governance and innovation. This encompasses the introduction of a Super Scholar programme to develop leadership capability with relevant technical competencies to strengthen the pipeline of senior Shariah leadership.

Shariah compliance anchored by *Maqasid al-Shariah*, to align with ethics-driven finance



IMPLEMENTATION PRIORITY II COMPETITIVENESS OF ISLAMIC ASSETS

With the new approaches and expansion into emerging asset classes, Malaysia's ICM is poised to enter its next phase. Commercial success will depend on the ability of the pioneers of innovative Shariah-compliant instruments to originate products with competitive risk-return profiles and liquidity comparable to conventional assets. In this regard, the product structures should be anchored in *Maqasid al-Shariah*, demonstrating the *Halal-Toyyib* and reflecting core Islamic values, including *baraka* (blessings).

The SC will support initiatives that enhance product innovation, accessibility and competitiveness of Shariah-compliant products across frontier areas such as digital assets, private financing and carbon markets. Initiatives will include streamlining approval processes, strengthening market infrastructure and upskilling Shariah advisers.

Product innovation will be guided by the ICM Product Roadmap, a strategic blueprint to expand Shariah-compliant product availability across both traditional and emerging asset classes. The introduction of ICM’s Innovation Lab will facilitate ideation, structure design, process refinement and infrastructure development. This can be extended to Islamic social finance instruments for climate adaptation, resilience and social impact projects, including Shariah-compliant blended finance models to attract public, private and philanthropic capital.

Overall, the SC aims to ensure a continuous pipeline of competitive Shariah-compliant products across all asset classes, including private financing, VC, PE and tokenised assets to reinforce Malaysia’s leadership in the global ICM. Intermediaries that innovate first-to-market Shariah-compliant variants will enjoy early-mover advantages in investor access and revenue capture.



IMPLEMENTATION PRIORITY III ISLAMIC SOCIAL FINANCE

Investors increasingly seek investment products that deliver measurable social outcomes alongside financial returns. Islamic social finance can play a more prominent role in mobilising and scaling funds to address long-term social and climate-related challenges, from retirement planning to climate adaptation.

The SC will encourage the development of innovative products such as retirement solutions with Islamic social finance features. At the same time, efforts will be made to establish a mobilisation framework for Islamic social finance solutions including *zakat* and *waqf* to serve as concessional capital for underfunded areas such as climate adaptation. Stakeholders such as the SIRC will be engaged and form part of key collaborative partners to ensure alignment and effectiveness to meet the nation’s pressing needs for environmental resilience, retirement preparedness and social equity.

Overall, the CMP seeks to harness the immense potential of Islamic social finance within the broader ICM to support national priorities, from reducing the retirement savings gaps to unlocking new pathways for climate financing. This will reinforce Malaysia’s role as a pioneer in purpose-driven finance with a view to extending access to the underbanked or underserved.

Continuous pipeline of competitive Shariah-compliant products across asset classes

Harness the potential of Islamic social finance to support national priorities





IMPLEMENTATION PRIORITY IV ANCHOR GOVERNANCE ON *MAQASID AL-SHARIAH* PRINCIPLES

Global investors are generally demanding stronger validation of the ethical credentials of investment products. Towards this end, efforts will be made to embed *Maqasid al-Shariah* more deeply into Malaysia's capital market. In this regard, embedding Islamic principles into governance structures offers a transparent framework on conduct and accountability to strengthen investor confidence. Overall, this will further strengthen Malaysia's ICM value proposition.

The SC will therefore explore the integration of *Maqasid al-Shariah* principles into key governance levers such as rules, regulations, stewardship codes and disclosure frameworks. Capacity building efforts will be undertaken to elevate Shariah advisers from compliance gatekeepers to trusted stewards guiding purpose-driven strategies. This includes expanding their role in identifying and monitoring assets against applicable standards and principles.

In tandem with this, the SC will strengthen the Shariah governance framework for ICM products and services. The aim is to entrench an ICM that is anchored on six aspirations as specified by the *Maqasid al-Shariah*, namely Humanity, Justice and Benevolence, Clarity and Transparency, Flexibility and Innovation, Fiduciary and Accountability, and Accessibility and Inclusivity. This alignment will reinforce Malaysia's positioning as an ethics-driven market that combines strong governance with societal purpose.

**Integration
of *Maqasid al-Shariah*
principles
into key
governance
levers**

SUMMARY OF KEY ACTIONS – ICM LEADERSHIP

KEY ACTION ITEMS	KEY COLLABORATORS
Implementation Priority I: ICM Thought Leadership	
1. Strengthen ethical principle foundations with <i>Maqasid al-Shariah</i> tools to guide purpose-driven investments.	Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners ³¹ , Bursa Malaysia, BNM, SIRCs
2. Build enabling ecosystem, with tools and infrastructure to support product discovery and screening of Shariah-compliant assets.	
3. Launch a Super Scholar programme to strengthen the pipeline of senior Shariah leadership for ICM.	
4. Promote Malaysia's leadership in ethical finance.	
Implementation Priority II: Competitiveness of Islamic Assets	
5. Expand Shariah-compliant product availability across both traditional and emerging asset classes through issuance of ICM Product Roadmap.	Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners, Bursa Malaysia, BNM, SIRCs
6. Establish ICM Innovation Lab to pilot new product structures, refine approval processes and strengthen supporting infrastructure.	
Implementation Priority III: Islamic Social Finance	
7. Encourage development of innovative Islamic social finance products and frameworks, including <i>waqf</i> -linked, <i>zakat</i> -based and impact-oriented solutions to mobilise capital for social and climate objectives.	Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners, Bursa Malaysia, BNM, SIRCs
Implementation Priority IV: Anchor Governance on <i>Maqasid al-Shariah</i> Principles	
8. Strengthen Shariah governance frameworks by embedding <i>Maqasid al-Shariah</i> principles and build capacity of Shariah advisers as stewards of purpose-driven finance.	Shariah Advisory Council of the SC and BNM, industry players, GLICs, Knowledge partners, Bursa Malaysia, BNM, SIRCs

³¹ Refers to technical expert or research institution with expertise in Islamic finance.



CRITICAL FOUNDATION: REGULATORY AND GOVERNANCE EXCELLENCE



With the fast-changing capital market landscape, facilitative regulation and robust governance must go hand-in-hand to maintain the balance between innovation, vibrancy, market integrity and investor protection.

Global capital markets are evolving rapidly, driven by technological disruption, the emergence of new asset classes and increasing complexity of cross-border activities. These shifts are blurring traditional intermediation and regulatory boundaries, creating opportunities while exposing markets to emerging risks ranging from scams to cyber-attacks and systemic stress. Regulators worldwide are under pressure to manage these risks with greater agility.

Malaysia's regulatory and governance framework has been internationally recognised for its strong investor protection and facilitative approach to market development. These were advanced under CMP3 (2021–2025) through streamlined enforcement, strengthened oversight and elevated governance standards.

Cognisant of future challenges, the SC's core regulatory goals remain steadfast. Facilitative regulation and strong governance will continue to serve as the foundation of a modern and resilient capital market. The CMP envisions Malaysia's capital market being anchored by a globally trusted regulatory framework aligned with international standards, including the International Organization of Securities Commissions' (IOSCO) tenet of 'same activity, same risk, same regulatory outcome'³².

In line with the *Government Service Efficiency Commitment Act 2025* (GSEC Act 2025), the SC will undertake structured reviews of laws and regulatory frameworks to ensure their continued efficiency, effectiveness and proportionality. The SC will also streamline regulatory processes to facilitate the introduction of new products and services, improve linkages between markets, deepen supervisory oversight through technology and expand regulatory coverage to reinforce investor protection and market resilience. Collectively, these measures will ensure that regulation keeps pace with market structure changes while maintaining investor confidence.

³² IOSCO Policy Recommendations for Crypto and Digital Asset Markets (including DeFi), 2023.



IMPLEMENTATION PRIORITY I FACILITATIVE REGULATORY FRAMEWORKS AND GOVERNANCE

This priority focuses on keeping regulations relevant and inculcating good governance practices as new business models emerge. The SC will continue to streamline regulations to facilitate innovation, especially in priority areas related to sustainability, Shariah-related investments, alternative asset classes, digital assets and private markets. When considering emerging business models in the capital market, the SC will seek to harmonise regulatory treatment across asset classes and activities within nascent and mature industries, guided by IOSCO's tenet of 'same activity, same risk, same regulatory outcome'.

In line with the GSEC Act 2025, the SC will conduct a structured review of its laws and guidelines to identify provisions that are outdated, redundant or duplicative. This initiative supports the Government's wider effort to enhance regulatory efficiency and service delivery, ensuring that capital market regulations remain facilitative, effective and proportionate to evolving market needs.

In parallel, the SC will strengthen governance in proportion to risks arising from new business activities or processes. The SC will outline risk-proportionate expectations on disclosure, reporting and conduct, and ensure high standards of transparency and accountability while improving time-to-market for new products.

Product and activity convergence continues to blur traditional licensing boundaries. To provide clarity for businesses expanding across asset classes, the SC will refine its licensing and registration framework to introduce clear, risk-based pathways. A phased implementation and transitional arrangements will ensure a smooth transition once the enhanced framework is in place.

As rules and structures evolve, governance cultures must also be deepened. Malaysia has significantly enhanced its corporate governance standards since the Asian financial crisis, yet there remains room for improvement. Boards and senior management are expected to strive to reinforce their oversight, strengthen accountability and embed a culture of stewardship and ethics that considers broader stakeholder interests.

**Harmonise
regulatory
treatment
across
all capital
market
activities and
participants**



To strengthen market discipline, accountability will be extended beyond boards to include key governance professionals such as compliance officers, sustainability officers and auditors. This extension of accountability will be supported by the relevant regulatory, professional and investor representative bodies as well as by industry players. The SC will support professional bodies and industry associations to elevate professional standards, enhance competency frameworks and promote a consistent culture of ethical conduct across the market. Professional capability will be strengthened through targeted training, continuous upskilling and the sharing of best practices to ensure that governance expertise keeps pace with growing market sophistication.

Finally, the SC will also broaden governance coverage for capital market participants such as intermediaries, VC and PE companies, RMOs, investment banks, digital asset service providers and ESG rating agencies as well as explore enhancements to the AOB's oversight role. Overall, the objective is to establish consistent baseline standards of accountability, transparency and ethical conduct across all market activities. Capital market participants are expected to take proactive remedial steps to address unsatisfactory business conduct practices or to engage with the SC on appropriate corrective measures.



IMPLEMENTATION PRIORITY II STRENGTHENING CAPITAL MARKET ECOSYSTEM DEVELOPMENT TO ENHANCE FUTURE READINESS

The emergence of new asset classes and technology-driven activities has disrupted traditional regulatory models. To keep pace, the SC will intensify proactive reviews of existing regulations to ensure they adequately address the risks posed by newer business models such as digital platforms, alternative-investment providers and cross-sector entities offering capital market products or services.

The SC will work to eliminate gaps by extending oversight to new categories of intermediaries and service providers encompassing digital platforms, digital asset service providers, critical third-party IT vendors, non-traditional distribution channels (such as finfluencers) and valuers. Given accelerating technological disruption, greater emphasis will be placed on strengthening accountability and extending regulatory reach, with conduct regulation focused on market behaviour, professional integrity and investor outcomes.

As the market landscape evolves, closer cooperation among regulators is essential to manage emerging risks. Internationally, the SC will strengthen collaboration with counterpart agencies to enhance cross-border cooperation and achieve common regulatory outcomes. Domestically, the SC will continue to work closely with BNM and other relevant agencies to monitor the adequacy of current regulatory arrangements and to manage an orderly transition towards a twin-peaks regulatory model. Under this model, the SC will continue to strengthen its supervisory oversight as the conduct regulator while BNM focuses on prudential regulation. The success of this transition will depend on proactive stakeholder engagement and resource alignment, with market intermediaries consulted to ensure a seamless process.

Additionally, the SC will deepen engagement with market intermediaries to foster a more conducive environment for innovation, to improve linkages between markets and access to regional opportunities and to strengthen operational resilience. Intermediaries are encouraged to maintain competitive fee structures, strengthen professional competence and align business models toward capturing next-generation opportunities. The evolving role of intermediaries will be reviewed, with support extended for the upskilling of key ecosystem agents, including remisiers, unit trust and private retirement scheme consultants. This will ensure that human expertise continues to complement technology in providing quality services and advice.

Intermediaries will also be encouraged to transition from product-centric sales or commission-based activities to holistic, goal-based engagement models that prioritise investors' long-term financial well-being. In parallel, the SC will review industry fee structures to ensure greater fairness and transparency for investors in achieving long-term wealth accumulation.



IMPLEMENTATION PRIORITY III DATA-DRIVEN SUPERVISION

Technology is speeding up the pace and increasing the volume and complexity of capital market activities. To cope, the SC will increasingly rely on advanced technology and data analytics for proactive risk detection and early supervisory oversight to achieve its regulatory goals of maintaining market integrity and protecting investors.

Towards this end, the SC will establish a robust data architecture across the capital market. This would involve streamlining data pipelines, facilitating the integration of fragmented databases, upgrading interfaces between exchanges, platforms and other market nodes, redefining the data taxonomy and promoting data sharing. Together, these initiatives will strengthen the foundation for technology-based surveillance and supervisory oversight.

The SC will also work closely with the industry to enable more RegTech and SupTech solutions, including AI-powered surveillance tools to manage risks, detect anomalies and extend supervisory reach. These technologies will support more proactive monitoring and deliver timely, data-driven insights to facilitate

Evolving business models to seize next-gen opportunities while delivering real value for investors

Robust data architecture across the capital market



risk pre-emption. The SC will continue collaborating with key industry players such as Bursa Malaysia and FIMM towards creating an industry-wide platform that would facilitate oversight over a wider range of asset classes. The SC will also review the use of MyDigital ID for authentication purposes and eXtensible Business Reporting Language (XBRL) for data submissions as well as work with other local and international agencies to reduce scamming activities.

In summary, these measures will align Malaysia's capital market regulation with current market realities and international standards. The SC will streamline its laws and regulations to reduce friction, strengthen governance standards across licensed and registered entities and expand oversight to new intermediaries and service providers. Technology and data will be integrated into supervision to assist the SC to identify risks early and to act faster. Together, these regulatory initiatives will contribute towards enhancing market integrity, protecting investors and ensuring that innovation develops within clear regulatory boundaries.

SUMMARY OF KEY ACTIONS – REGULATORY AND GOVERNANCE

KEY ACTION ITEMS	KEY COLLABORATORS
Implementation Priority I: Facilitative Regulatory Frameworks and Governance	
1. Review capital market laws and guidelines in line with GSEC Act 2025.	Regulatory, professional and investor-representative bodies as well as industry players
2. Rationalise authorisation frameworks to facilitate evolving business models, asset classes and investment activities.	
3. Harmonise governance standards across capital market participants, including boards, key management and governance professionals.	
Implementation Priority II: Strengthening Capital Market Ecosystem Development to Enhance Future Readiness	
4. Review development of the regulatory ecosystem to ensure it remains effective.	Industry Players
5. Drive alignment for potential implementation of a twin-peaks regulatory model considering impact on intermediaries and investors.	BNM
Implementation Priority III: Data-driven Supervision	
6. Establish robust data architecture to streamline data pipelines across the capital market, including integration of non-conventional and raw data.	Industry Players
7. Enabling RegTech/SupTech solutions and AI-powered surveillance tools to anticipate risks, detect anomalies and strengthen supervisory reach through proactive, data-driven insights.	

