



Suruhanjaya Sekuriti
Securities Commission
Malaysia

annual report 2020





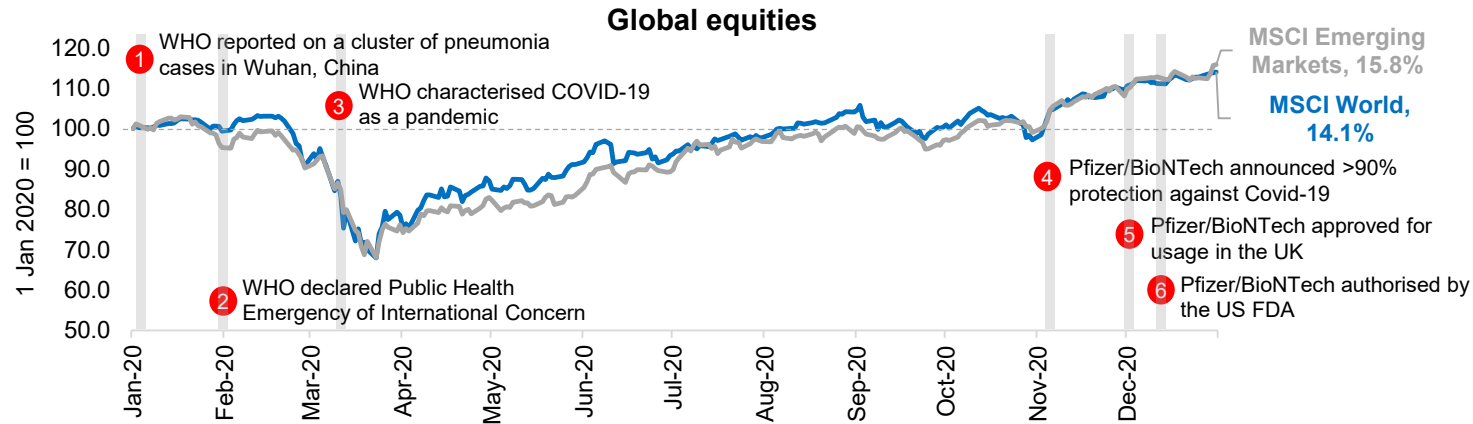
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PART 1

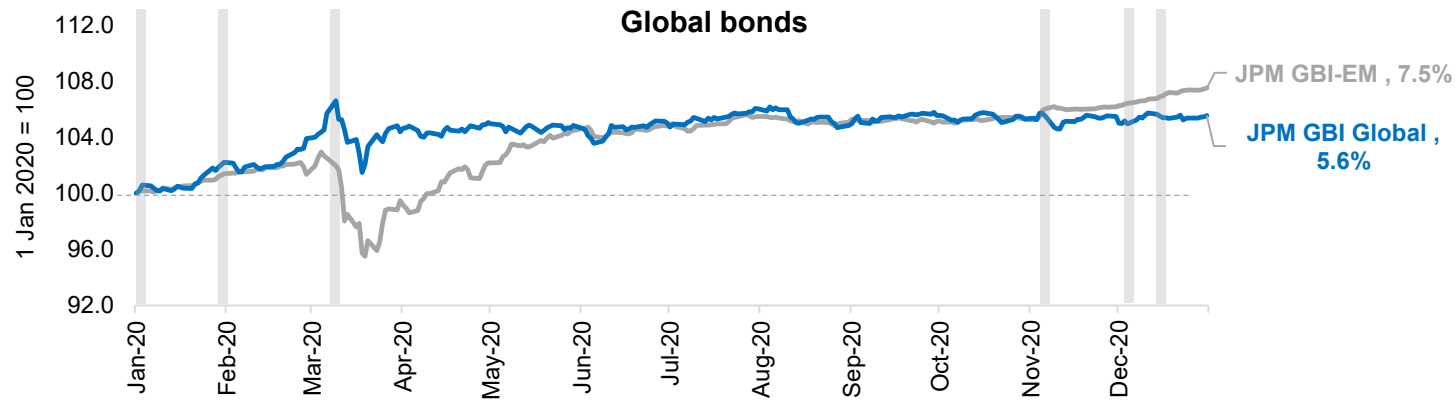
CAPITAL MARKET REVIEW AND OUTLOOK

Global financial markets recovered from initial pandemic shock given unprecedented global policy supports and progress on vaccines

Global equities rebounded since 2Q 2020



Similarly, global bonds were supported by global policy action



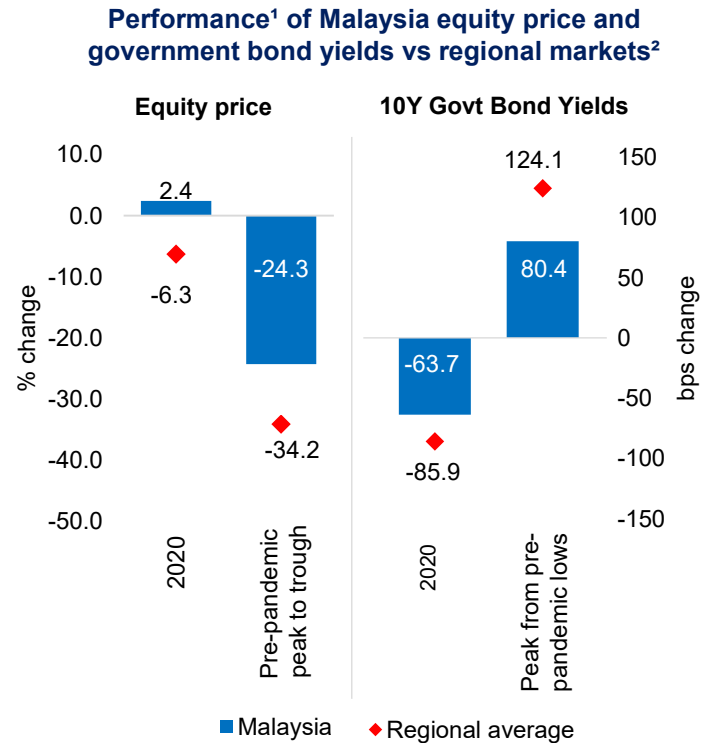
Source: Thomson Reuters Datastream

Despite continued volatility throughout the year, global financial markets began to recover in 2Q 2020

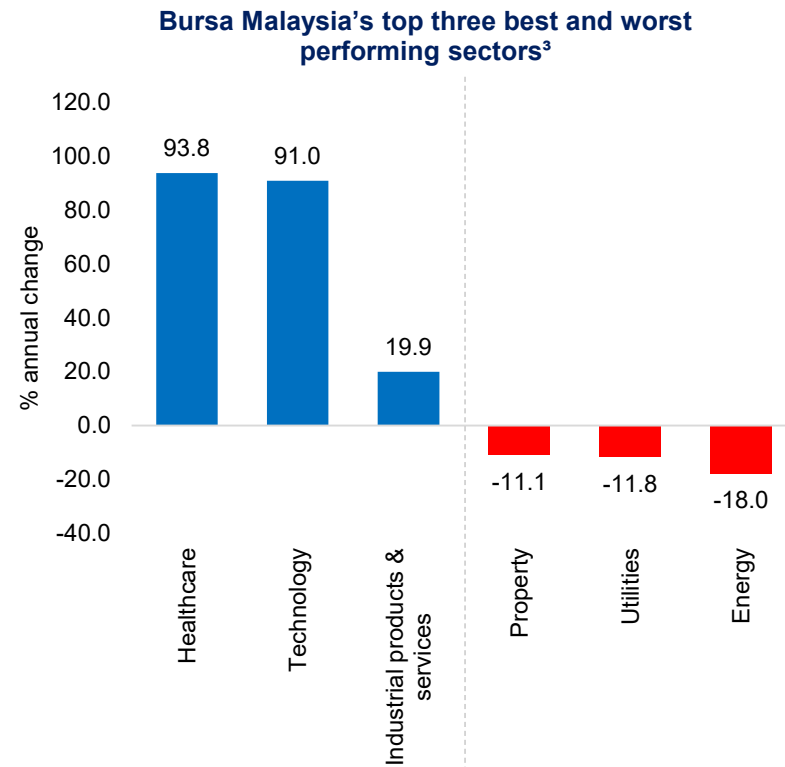
- **Supportive global policy action and gradual resumption of economic activities** contributed to easier global financial conditions while improving investor confidence
- Towards the end of the year, **progress on vaccines** further supported performance in global financial markets as we entered into 2021

The domestic capital market was resilient and orderly in 2020...

The Malaysian capital market performed better in 2020 relative to regional peers...



...with the equity market experiencing differentiated performance, favouring certain sectors



The Malaysian capital market remained resilient and orderly despite the unprecedented environment

- Both the **local equity and bond market recovered** from pandemic lows, outperforming regional peers
- In the equity market, **performance was differentiated**, favouring sectors that benefitted from the pandemic

Note: ¹ Between January and March 2020

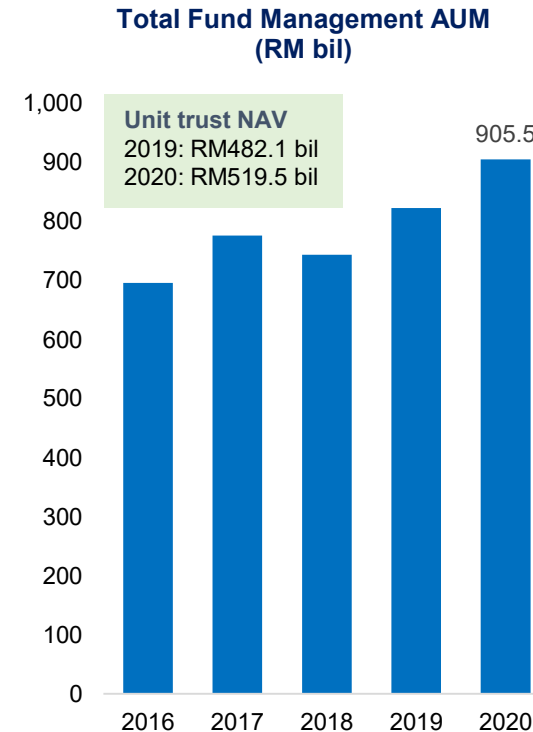
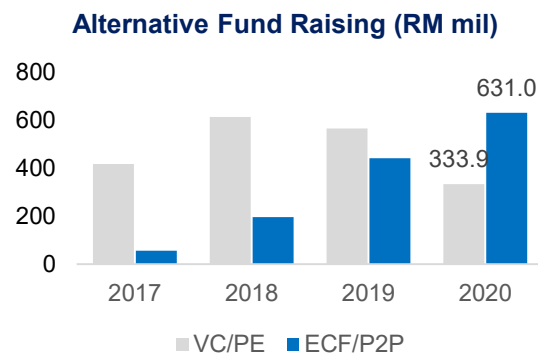
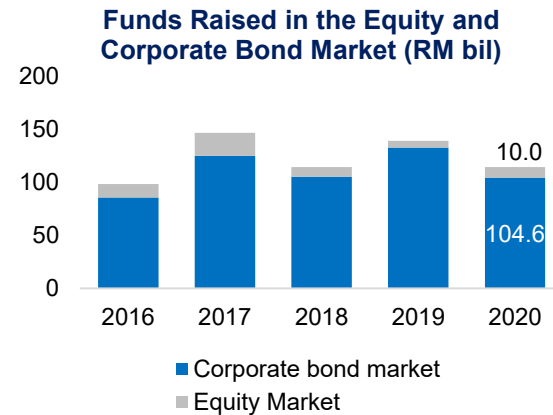
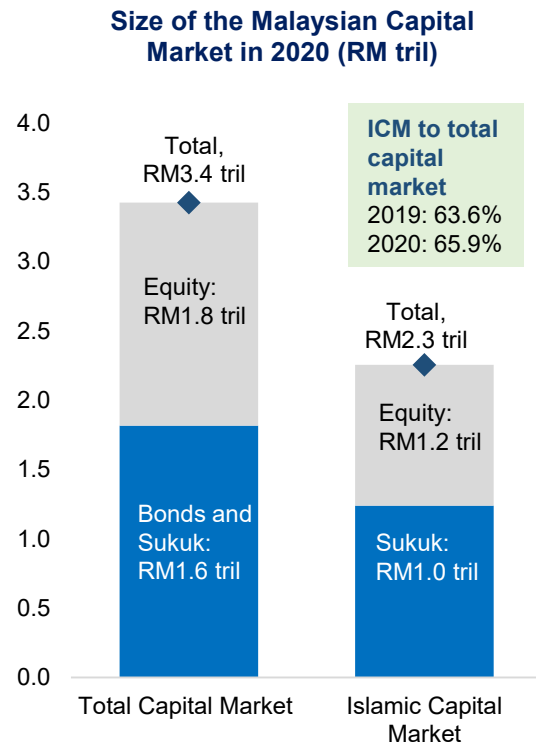
² Includes Indonesia, Thailand, Singapore and the Philippines

³ Annual percentage change in market capitalisation based on sectoral classification by Bursa Malaysia for 2020

Source: Thomson Reuters Datastream, SC's calculations

...and continued to play its role in financing the economy and mobilising savings

The capital market size increased to RM3.4 trillion in 2020



- Funds raised in the equity and corporate bond market stood at **RM114.6 billion**
- Higher ECF and P2P financing** for MSMEs in 2020; ECF and P2P grew by **43% in 2020**
- The AUM of the fund management industry expanded to **RM905.5 billion**

Source: SC, Thomson Reuters Datastream



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PART 2

2020 FOCUS AND ACHIEVEMENTS

SC's efforts in 2020 centered around ensuring stability, maintaining market integrity and enabling opportunities

1

Ensuring stability and continuity during Covid-19



Ensuring a fair and orderly market



Facilitating business and providing relief



Maintaining market stability and managing risks

2

Maintaining market integrity and good governance



Promoting good governance and transparency



Ensuring market integrity and conduct



Protecting vulnerable investors

3

Enabling immediate opportunities and facilitating recovery



Broadening the capital market's digital embrace

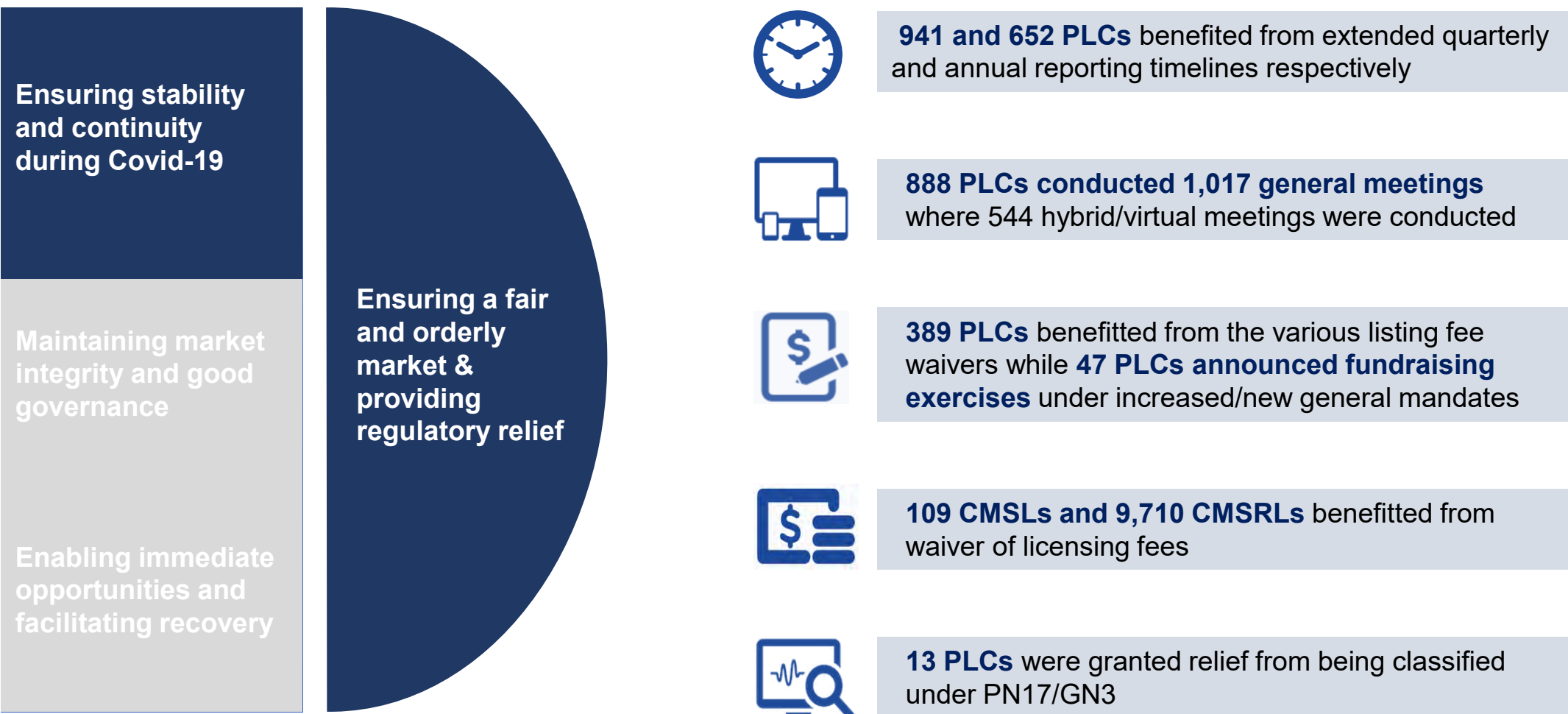


Enhancing market diversity and opportunities

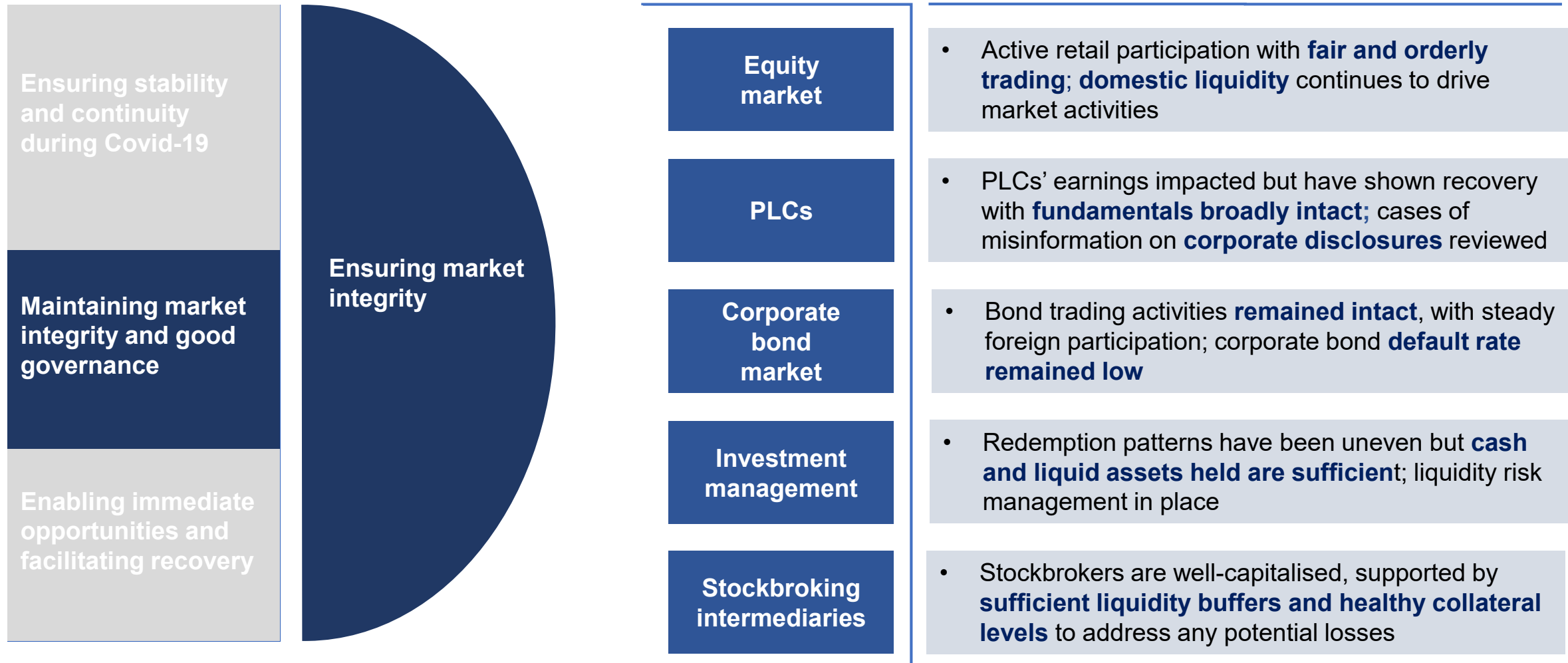


Strengthening SRI and Islamic market ecosystem

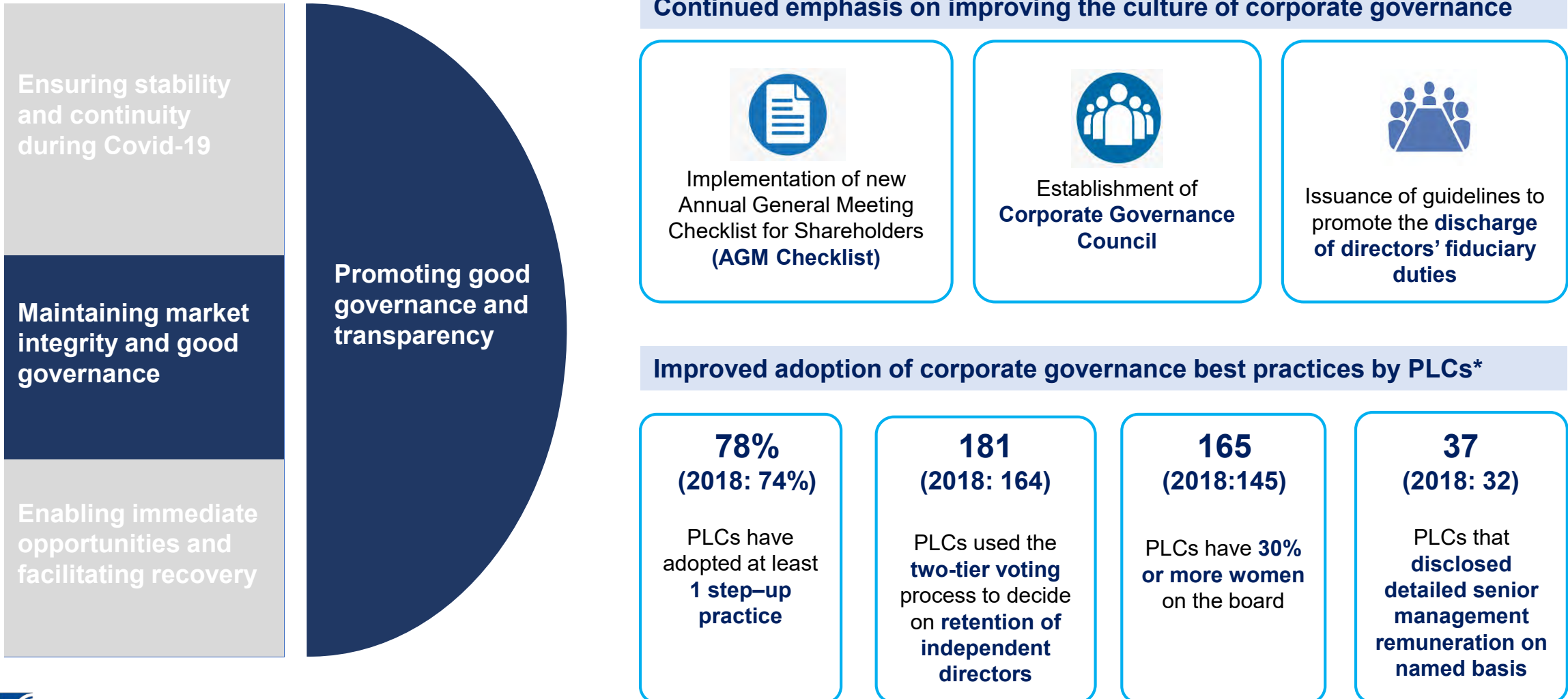
The SC took swift actions in rolling out regulatory reliefs to facilitate business continuity and maintain market operations



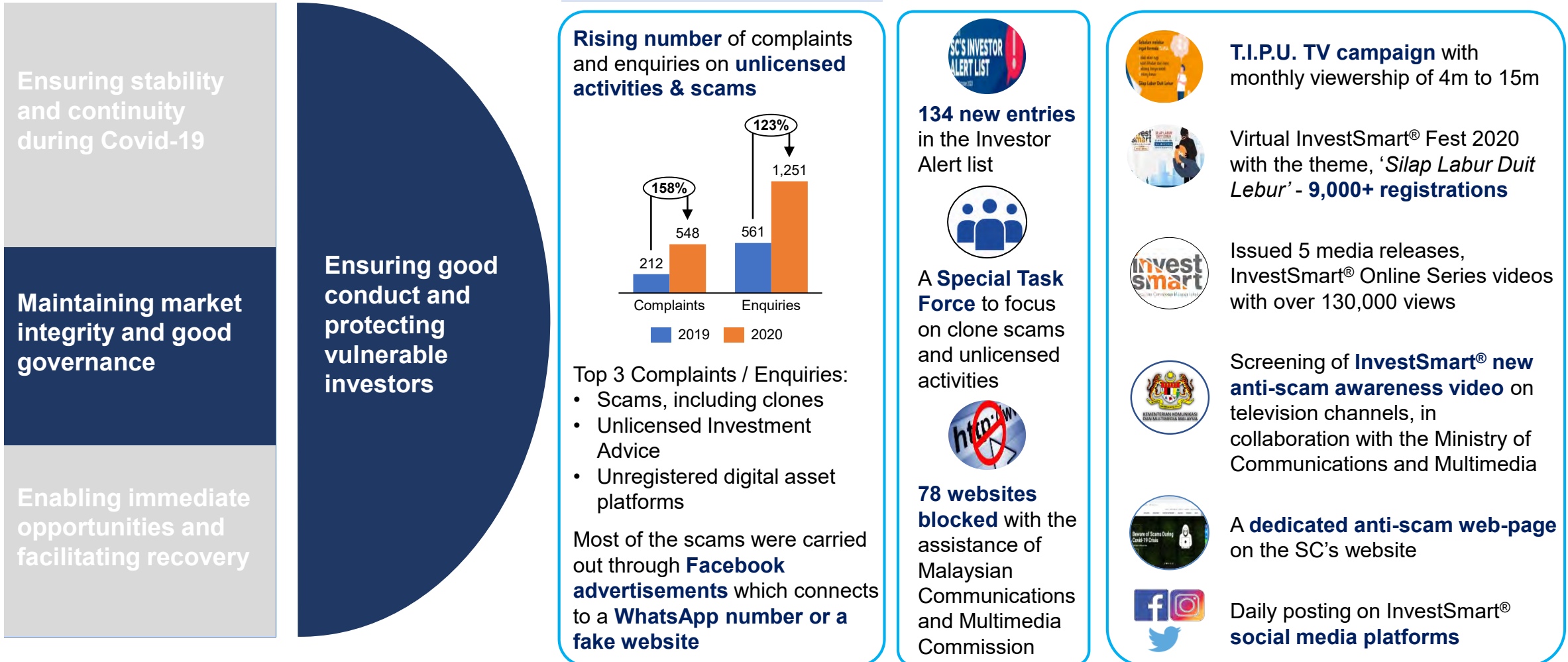
Supervision and surveillance assessments were conducted on various areas within the capital market to ensure orderly functioning of the market



We continued our emphasis on improving culture of corporate governance in the capital market

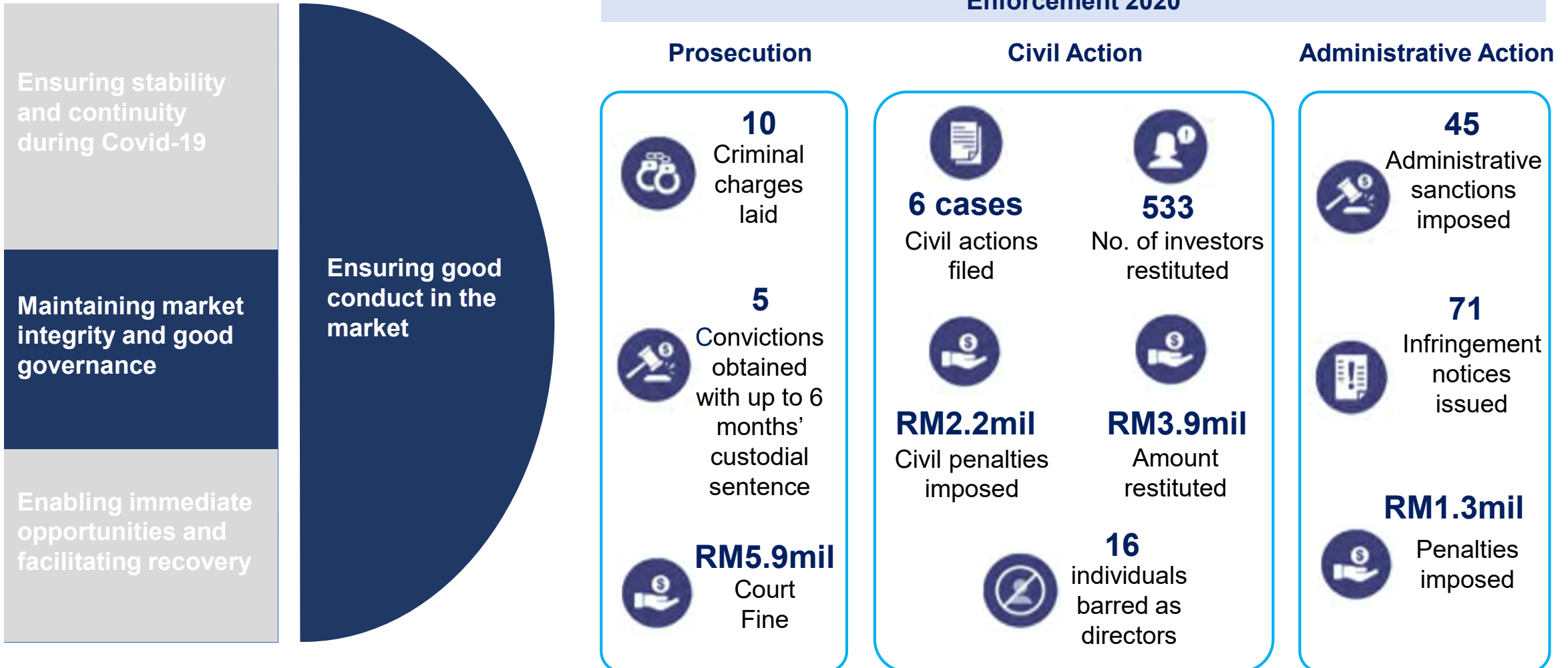


We stepped up interventions and awareness measures in response to rising scams and unlicensed activities to protect investors – continuous collaboration with industry is key to be effective



Continuous industry collaboration is pertinent to ensure wider dissemination of key messages

We continued to pursue swift and effective enforcement outcomes through the utilisation of a broad range of enforcement tools



We continued to facilitate the growth of digital markets amidst greater demand for digital solutions and services

Ensuring stability and continuity during Covid-19

Maintaining market integrity and good governance

Enabling immediate opportunities and facilitating recovery

Broadening the capital market's digital adoption

Significant acceleration in digital adoption in the capital market across different digital platforms



>450k DAX accounts
opened to date across the three platforms



175k new DIM accounts
opened in 2020, >8x accounts opened in 2019

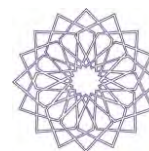


3 new DIM companies
licensed in 2020



2 new e-services platforms
registered in 2020

...facilitated by developmental efforts during the year



Shariah Advisory Council resolution on **trading in digital assets**



Facilitated alternative fundraising through **issuance of digital tokens**

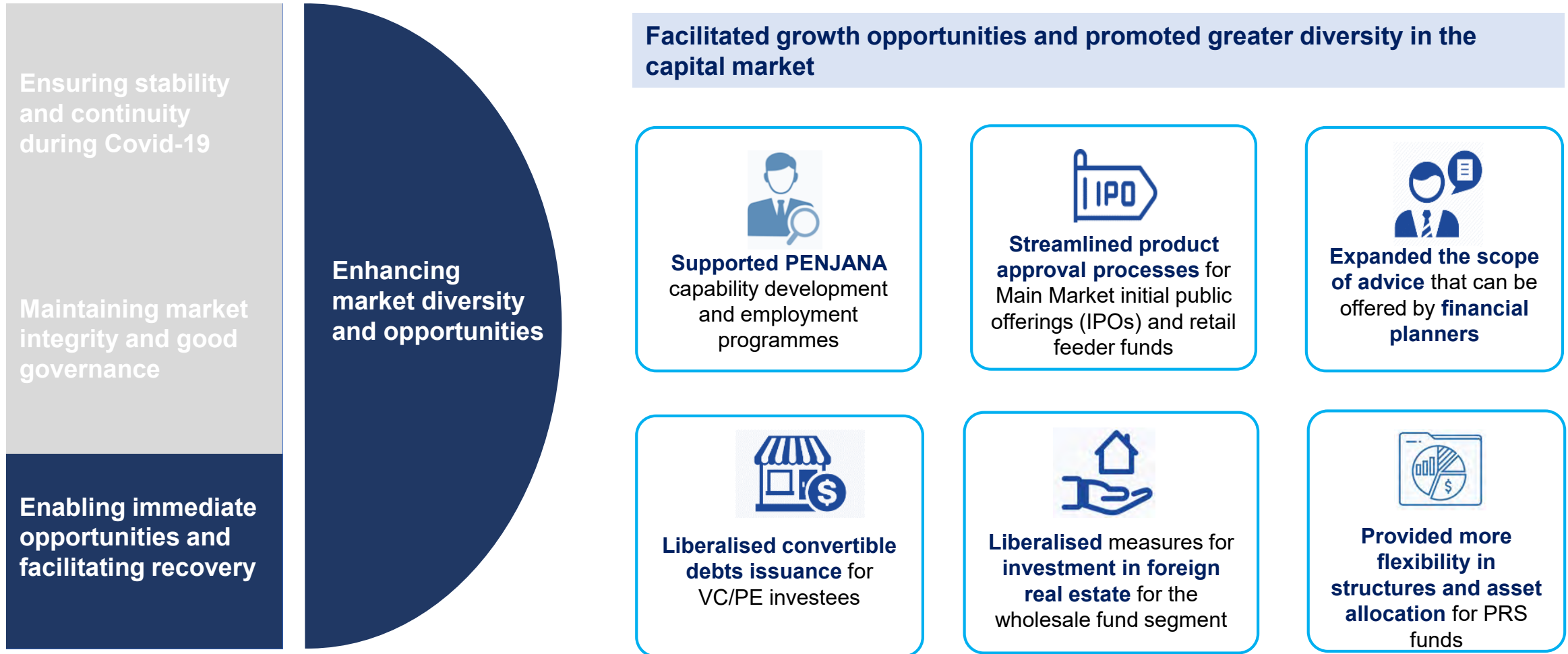


Enhanced **access to investments via e-services platforms**



Liberalised ECF fundraising limit and launched **secondary trading for ECF/P2P**

We enabled new opportunities and greater diversity in solutions for our market participants



We continued to strengthen the SRI ecosystem and enabled greater advocacy of social finance and impact investing through Islamic Capital Market



Strengthening SRI fundamentals and enabling greater access to capital for SRI projects were the main focus in 2020...



Establishment of **Centre of Excellence (COE)** on sustainability for **PLCs and intermediaries** through Capital Markets Malaysia (CMM)



Introduction of **SRI Centre** in collaboration with the **Bond and Sukuk Information Exchange (BIX)**



Expanded **SRI Sukuk and Bond Grant Scheme** to cover all sukuk/bonds issued under **SRI Sukuk Framework and ASEAN Green Bond standards**

... in tandem with efforts to enhance social finance and impact investing with the release of Waqf-featured Fund (WQ-FF) Framework



Facilitated the offering of **Islamic unit trust funds and Islamic wholesale funds with waqf feature**



Facilitated the launch of products that **integrate commercial with social objectives**



Opportunity for investors to participate in **products that deliver sustainable benefits for society**



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PART 3

2021 FOCUS AND INITIATIVES

Key trends for 2021



Continued market uncertainties may result in heightened volatility and conduct issues



Greater digital development in the industry and increase in technology-related risks



Continued fundraising access for MSMEs and Mid-Tier Companies, and opportunities for corporates to undertake corporate exercises amidst economic recovery



Search for yield amidst low interest rate environment fuels demand for diversity in investment products and services



Increased focus on ESG, including managing climate risks

Our 2021 priorities will further journey towards an Accessible, Agile and Accountable (“3As”) Capital Market

3 A's

2021 Key initiatives

1	Accessible : <i>Fundraising access, investment access and digital inclusiveness</i>	Enhancing funding access for both private and public needs	Enabling greater investor options and access through enhanced advisory, unit trust and PRS	Expanding digital outreach to silver population	Launch of CMP3 in 2H 2021
2	Agile : <i>Innovation agility, business growth agility and being competitive</i>	Enabling digital developments and tech readiness including internal capabilities	Scaling Sustainable and Responsible Investments (SRI) and leveraging Islamic Capital Market (ICM) for growth in SRI	Reviewing take-over regulations to enhance clarity and ensure continued relevancy	
3	Accountable : <i>Regulatory ability, agility and corporate governance culture</i>	Ensuring effective regulatory actions and promoting self-reporting	Strengthening identification of systemic risk through integrated and predictive risk surveillance	Expanding corporate governance to intermediaries and promote high-quality disclosures and audits	

Q & A