

International Seminar on Investment 2000 : Issues and Strategies

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Malaysian Capital Market

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Securities Commission

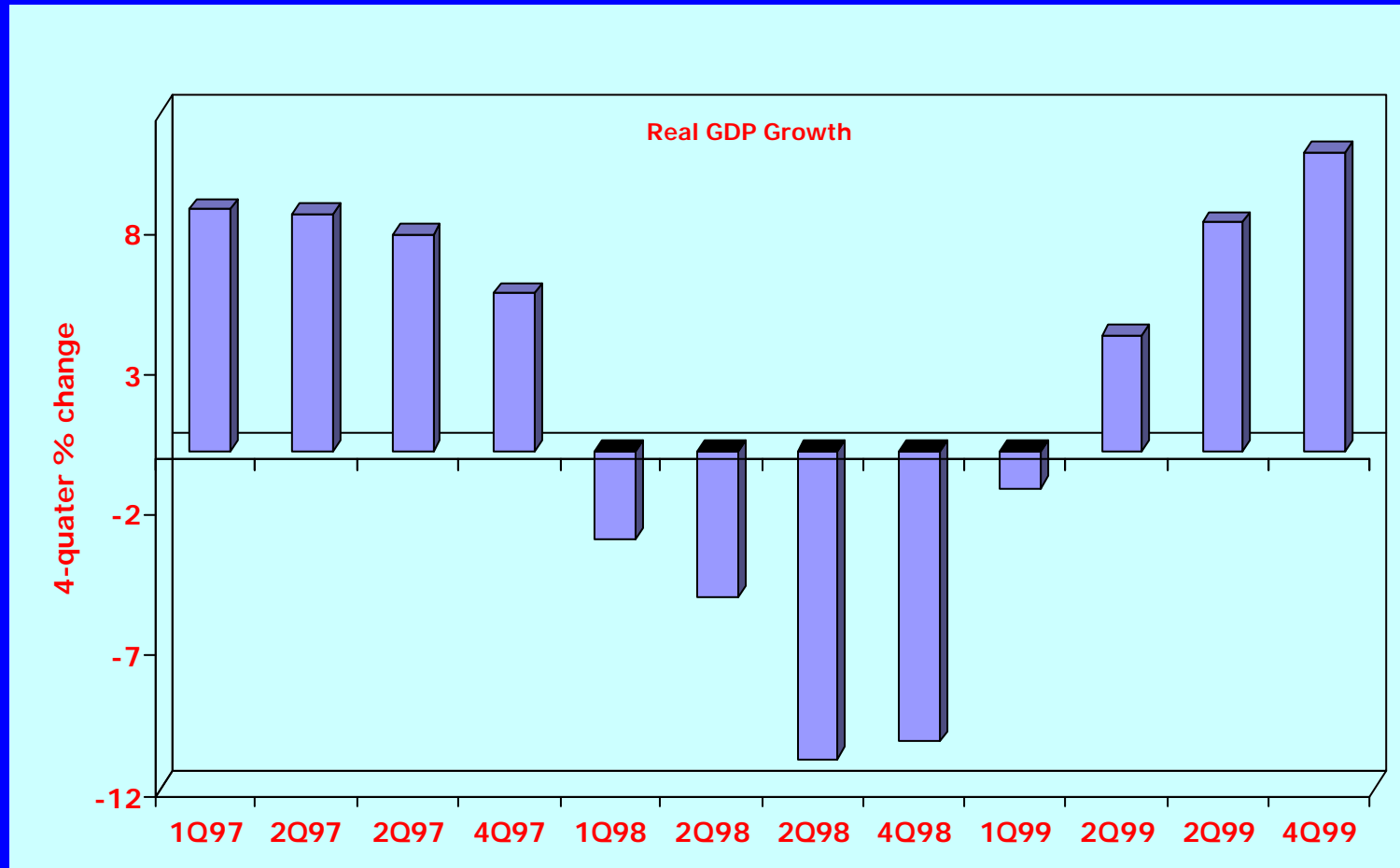


Agenda

- ◆ The Malaysian Capital Market Today
- ◆ Recovery Efforts During The Crisis
- ◆ Other Capital Market Development Efforts
- ◆ The Way Forward

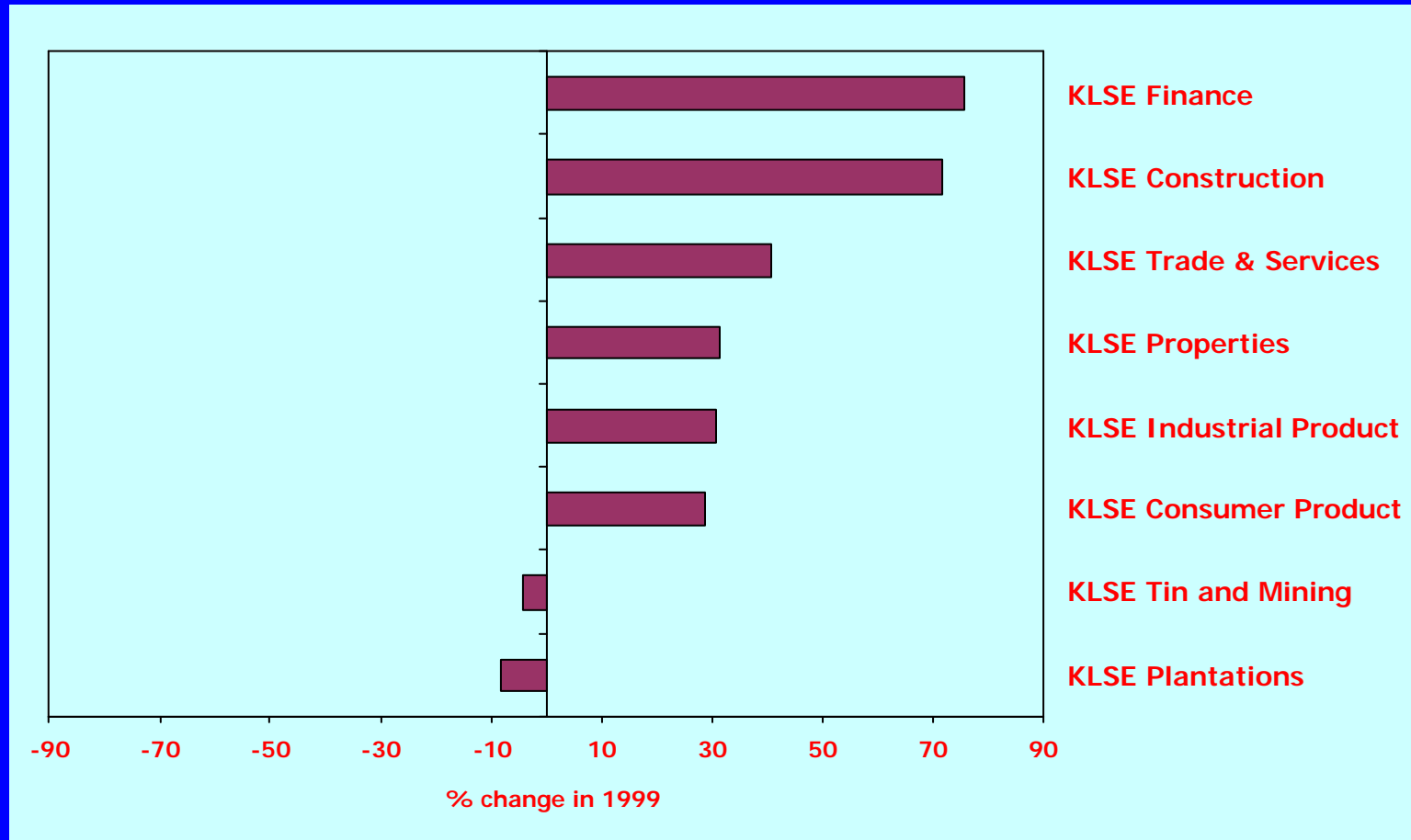


At the dawn of the new millennium the Malaysian economy experienced a sharp rebound



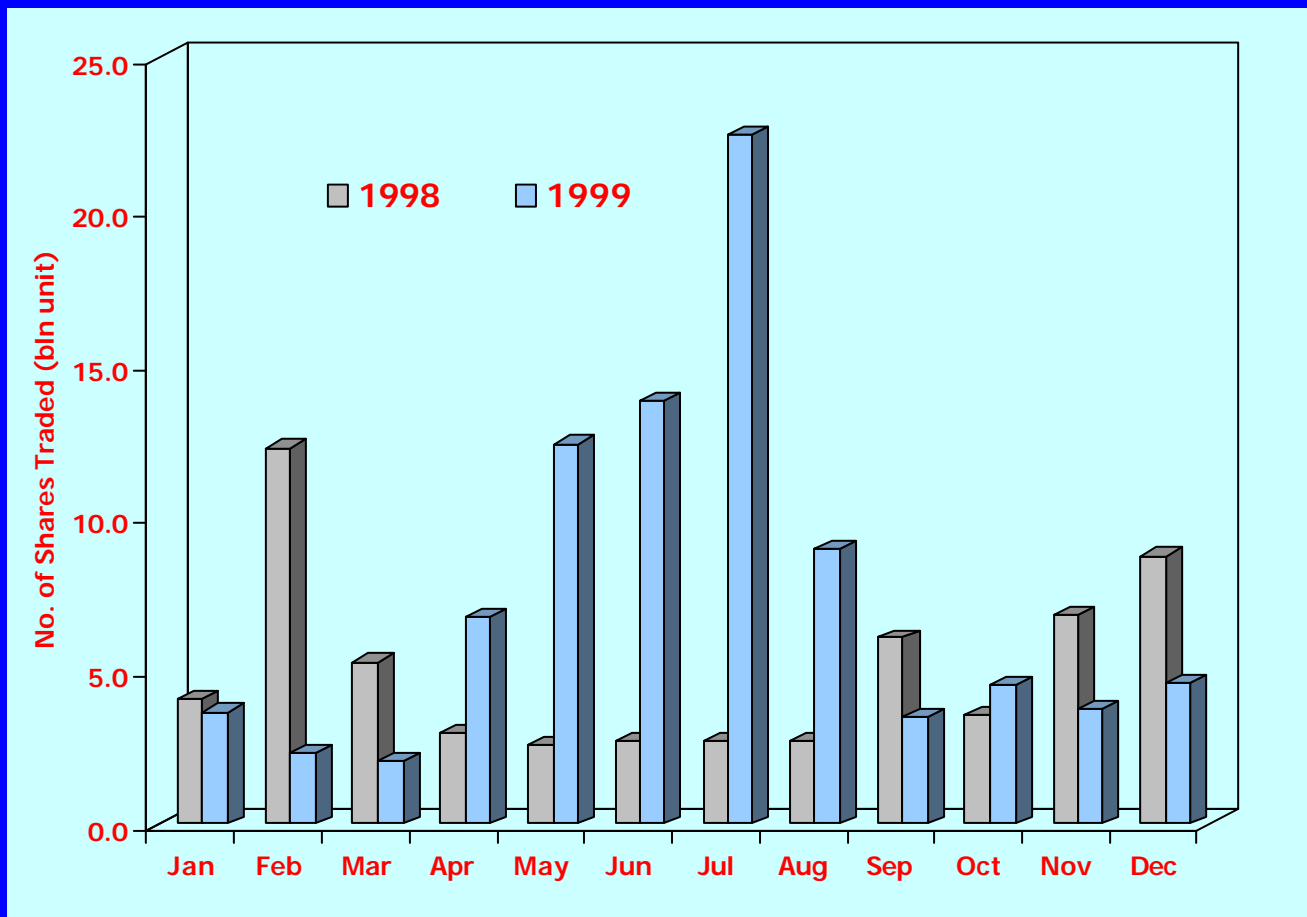
The stock market staged a strong recovery across most sectors

Performance of KLSE Sector Indices

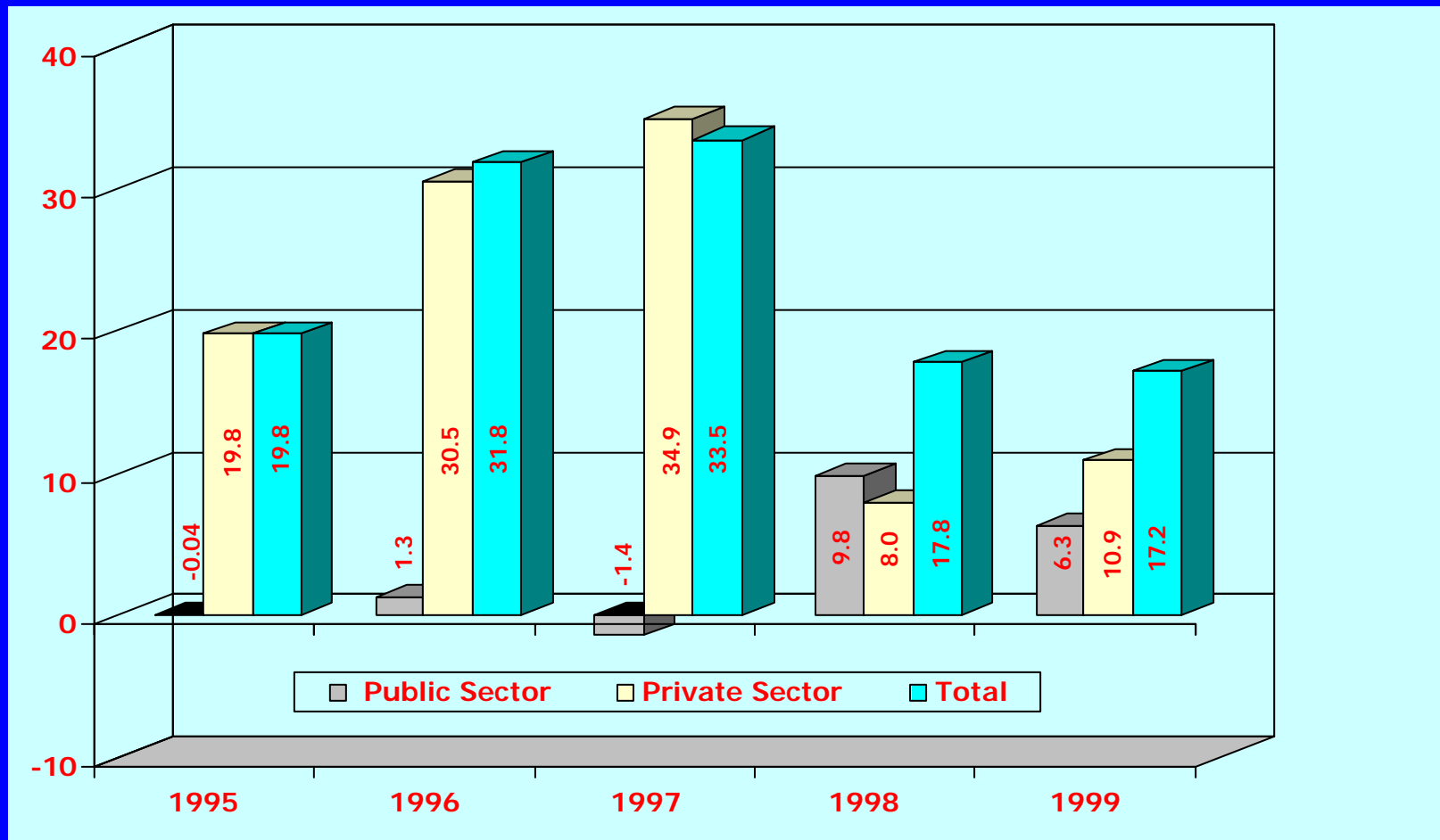


...resulting from improved liquidity

Monthly Turnover (volume) on KLSE



While funds raised in the capital market were marginally lower



...the value of new PDS issues
increased

New PDS Issues

1999 - RM17.6 billion

1998 - RM14.2 billion



...as has the amount of managed funds

Funds under Management - By Types of Funds

TYPE OF FUNDS	LOCAL (RM MILLION)		FOREIGN (US\$ MILLION)	
	1998	1999	1998	1999
Charitable Funds	149.03	163.92	-	-
Corporate Funds	1,933.74	2,843.89	111.38	275.99
EPF	589.04	1,066.07	-	-
Government Funds	309.63	432.04	-	-
Individual Funds	3,873.1	650.37	27.90	29.43
Insurance Funds	300.58	289.6	-	1.53
Islamic Funds	56.32	95.33	0.60	0.50
Other Funds	1,076.92	1,355.03	298.74	522.27
Private Pension Funds	590.18	866.32	2.20	1.73
Unit Trust Funds	26,659.46	32,976.5	21.11	29.63
TOTAL	32,052.2	40,739.07	461.93	861.08



The unit trust industry also showed significant growth

Unit Trust Industry in 1998 and 1999

	1998	1999
No. of Management Companies	32	34
No. of Approved Funds	95	107
Total Approved Size (Bln. Units)	61.88	74.35
Units in Circulation (Bln. Units)	46.54	52.63
Net Asset Value (NAV)	38.73	43.26
No. of Accounts (Mln)	8.59	8.91
% of NAV to KLSE Market Capitalisation	10.34	7.83



Reflecting the success of the recovery efforts

Immediate measures include

- ◆ Reducing systemic risk
- ◆ Improving transparency
- ◆ Enhanced enforcement
- ◆ Plugging regulatory loopholes
- ◆ Flexibilities for corporate restructuring and rescue



The immediate measures were swiftly followed by comprehensive medium and long-term plans

- ◆ Developing Corporate Bond Market
- ◆ Enhancing Corporate Governance
- ◆ Rationalisation of regulatory framework
- ◆ Strengthening of market institutions and intermediaries



Moving forward we need to capitalise on our strengths

- ◆ Expected continued strong growth in the economy
- ◆ High savings rate
- ◆ Growth in demand for investment products
- ◆ Increased investor awareness



And confront the challenges ahead

- ◆ Technology
- ◆ Competition
- ◆ Disintermediation
- ◆ Globalisation/Liberalisation
- ◆ Changing demographic profile
- ◆ Institutionalisation



We need to identify specific areas of focus

- ◆ Fund Management
- ◆ Islamic Capital Market
- ◆ Venture Capital



The role of the fund management industry is all-pervasive

- ◆ Institutionalisation adds depth to the market
- ◆ Injects greater professionalism to the market place
- ◆ Demands higher standards of governance and transparency
- ◆ Supports development of new market
- ◆ Enhances market efficiency



Meeting the challenges

A Masterplan for the Capital Market

- ◆ A road map to 2010
- ◆ Examines lessons learnt
- ◆ Identifies issues and challenges
- ◆ Recommends strategies and priorities



Thank you



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“To promote and maintain fair, efficient, secure and transparent securities and futures markets and to facilitate the orderly development of an innovative and competitive capital market.”