



**Suruhanjaya Sekuriti**  
Securities Commission

## **S P E E C H E S**

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### **"Venture Capital in the New Economy"**

**Welcome Address**

**by**

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**Commission Member**

**28 February 2001**

**Securities Commission**

Allow me first of all, on behalf of the Securities Commission (SC) to welcome Y. Bhg. Dato' Mustapa Mohamed, Advisor to the Ministry of Finance, His Excellency B. Lynn Pascoe, Ambassador of the United States to Malaysia and participants to this morning's seminar on "Venture Capital in the New Economy". As a Commission member, I have particular interest in the area of training and education, as I am of the view that education of the market participants, industry and investors is key to promoting fair, stable and efficient markets - a goal that the Commission continues to aspire to, as can be seen in the recently launched Capital Market Master Plan (CMP). Indeed, this is the first major SC event after the launch of the CMP, in which the development of the venture capital industry has been explicitly recognised as being critical if the Malaysian capital market is to support the mobilisation of risk capital.

Ladies and Gentlemen,

I am informed that this seminar is also a "first" on two counts. It is the first of a series of Securities Industry Development Centre (SIDC) seminars on venture capital entitled "Venture capital in the New Economy" and I am pleased to say, it is also the first to be jointly organised by the SIDC and the US Embassy. Generally speaking, the term "New Economy" encompasses two market trends: technological revolution and globalisation, and the various qualitative and quantitative changes that are radically transforming the structure, functioning and role of the economy. In the New Economy, competitive advantage is a function of investment in knowledge, technology and innovation. Needless to say, businesses themselves are undergoing a competitive revolution in order not only to survive, but to stay ahead. Small and medium-sized businesses can now re-define their marketplace as global given the advances in technology and communication.

Indeed, the New Economy is expected to be powered by these small and medium-sized businesses often with great ideas but with little or no track record. As such, venture capital will increasingly be a significant propelling force of the New Economy. But venture capital itself must be nurtured and enhanced to encourage the development of new high technology industries if it is to take its role as the engine or driver of economic growth.

Venture capital after all, is expected to bridge the gap between bank financing and equity financing via public markets. In Malaysia, the venture capital industry has already been growing steadily and given the Government's commitment on promoting high-tech, high growth knowledge-based enterprises, there will inevitably be a stronger demand for flexible financing that can link the gap between bank financing and equity.

Venture capital investment can and will take on an increasingly significant role, providing unprecedented opportunities for those requiring risk capital and for those providing it. For its part, the SC is committed to doing all that is needed within its purview to enhance the market for these types of enterprises. For instance, venture capital companies will be granted exempt dealer status under the Securities Industry Act 1983, while venture capital trusts will be allowed to invest fully in unquoted companies. More generally, the CMP's recommendation that the promotion and development of the VC industry should be coordinated and promoted was accepted by the government as announced in Budget 2001.

Ladies and gentlemen,

This seminar will highlight the significance of a vibrant venture capital industry to a growing New Economy. We have with us today, a line-up of distinguished speakers from near and far. They are all subject matter experts with a great deal of experience behind them and they are here today to share their knowledge. We will hear of their experiences, their learned opinions and unique perspectives, both macro and micro, both domestic and international. We will hear the challenges they face, their business modalities, business solutions and their business ideas. And you will have an opportunity to ask them questions and perhaps leave this seminar with deeper insights of venture capital and its potential impact on nascent new business in Malaysia.

Before I conclude, I would like to express my sincere appreciation to His Excellency B. Lynn Pascoe and members of his staff for their contribution and tireless effort in ensuring the programme got off to a good start by sourcing speakers as well as providing the necessary funding. We look forward to future collaboration in this and other areas of mutual interests.

Ladies and Gentlemen,

I have no doubt that we will have an interesting and thought provoking day. I look forward to the presentations and to the questions and answer session.

Thank you.

**Securities Commission**  
**28 February 2001**