

MEDIA RELEASE

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SC AND BURSA TO CONTINUE SUPPORTING A FACILITATIVE AND MARKET-FRIENDLY ECOSYSTEM

The Securities Commission Malaysia (SC) and Bursa Malaysia Berhad (Bursa) today said that they remain committed in their efforts to ensure that the Malaysian capital market continues to grow and support the economic needs of Malaysia.

On the back of a stable macroeconomic environment, the Malaysian capital market continues to provide an avenue for mobilisation and utilisation of long-term funds for development. An average of RM16 billion was raised through the equity market in the last five years. Equity market capitalisation has grown to RM1.7 trillion as at end-April 2019.

Healthy growth in Malaysia's fund management industry's asset under management, which now stands at RM786 billion, has enabled greater mobilisation of savings and expansion of other market segments. Over 900 small and medium enterprises (SME) have also benefitted from equity crowd-funding and peer to peer (P2P) financing arrangements, which saw these companies successfully raise close to RM350 million over the last three years for their business expansion.

Although emerging markets continue to go through periods of uncertainty due to concerns over the sustainability of global economic growth, the SC and Bursa are confident that the Malaysian equity market will remain resilient.

The SC and Bursa have introduced several initiatives over the years to enhance the competitiveness of the Malaysian capital market. While some market vibrancy measures have faced headwinds in light of global uncertainties, the SC and Bursa will continue to work with the industry to identify new business opportunities and growth areas, as well as design a facilitative and efficient ecosystem to enhance the attractiveness of the market.

In relation to licensed capital market intermediaries, their compliance with financial requirements remain relatively strong as a high percentage of intermediaries are well-capitalised with sufficient liquidity positions, while clients' margin exposures are well-managed.

Promoting good governance and ensuring fair outcomes for investors are at the core of the SC and Bursa's regulatory priority. Intermediaries are expected to uphold the highest level of professionalism and ethical conduct when dealing with investors.

Over the last decade, the SC and Bursa have applied various intervention tools in order to instil greater market discipline in the most efficient and effective manner. To enable the Malaysian capital market to compete regionally and remain attractive, investors need to be assured, among others, that the market operates in a fair and orderly manner; companies' financial statements are reliable; and intermediaries are competent with strong governance and internal systems, and always act in the best interest of their clients.

In this regard, the regulators' ongoing reviews have indicated that intermediaries have increased their investments in people and systems to improve compliance culture and enhance self-discipline when managing business and regulatory risks. A majority of brokers have also implemented trade surveillance systems which have enabled them to detect suspicious transactions early, leading to an increase in self-reporting and collaboration with regulators in mitigating the breaches detected.

As market discipline continues to strengthen, the SC and Bursa will proportionately scale down the intensity of regulatory discipline. Moving forward, the regulators will adopt a facilitative and dynamic surveillance and supervisory approach in tandem with the maturity of the market and the level of market discipline achieved. Market and self-discipline will be prioritised as regulatory discipline is liberalised. The pursuit of industry best practices will be driven by disclosures, self-reporting and engagement with intermediaries.

While the SC and Bursa will continue to provide guidance to intermediaries to strengthen their governance processes, intermediaries have to put more efforts in invigorating the market by increasing their customer base, enhance efficiency and improve investors' experience when they trade in the market or consume capital market products and services.

The SC and Bursa will also be engaging all stakeholders to seek ideas and obtain feedback on measures which will drive and support a market-friendly and vibrant capital market.

SECURITIES COMMISSION MALAYSIA & BURSA MALAYSIA

About the Securities Commission Malaysia

The Securities Commission Malaysia (SC), a statutory body reporting to the Minister of Finance, was established under the Securities Commission Act 1993. It is the sole regulatory agency for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions, including the exchanges and clearing houses, and regulating all persons licensed under the Capital Markets and Services Act 2007. More information about SC is available on its website at www.sc.com.my. Follow the SC on twitter at @SecComMy for more updates.

Contact person for media:

Lau Mei San

Corporate Affairs Department

Mobile : +6019 3332127

Office : +603-62048305

e-mail : msslau@seccom.com.my

About Bursa Malaysia

Bursa Malaysia is an exchange holding company incorporated in 1976 and listed in 2005, and has grown to be one of the largest bourses in ASEAN today. Bursa Malaysia operates and regulates a fully-integrated exchange offering a comprehensive range of exchange-related facilities, and is committed to *Creating Opportunities, Growing Value*. Learn more at www.bursamalaysia.com.

Contact person for media:

Rizal Zaidi Zainudin

Strategic Communications Department

Phone: +603-20347271

Fax : +603-27326160

E-mail: rizalzaidi@bursamalaysia.com