

The Malaysian Capital Market: Facts & Figures 2019

The Securities Commission Malaysia released its 2019 Annual Report on 16 April 2020. We're pleased to bring you a snapshot of the most recent data on the Malaysian capital market as at December 2019 as published in the report.

The full report may be viewed here: www.sc.com.my/resources/publications-and-research/sc-ar2019

Size of the market

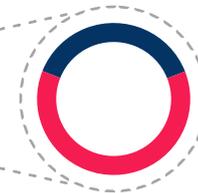
RM823.19billion
Conventional Capital Market



RM1,652.12billion
Islamic Capital Market



RM1,490.28billion
Fixed Income Market



RM1,711.84billion
Equity Market



Global Positioning: #1 in the Islamic Capital Market

430 Global Islamic Funds Issued

34% Largest Global Islamic Funds AUM

47.5% Global Sukuk Outstanding by Domicile

Source: MIFC as at September 2019



Equity Market



RM1,711.84billion
Total Equity Market



929
No. of Public Listed Companies

772

Main Board

129

ACE Board

28

LEAP Board

Source: Bursa Malaysia as at December 2019



Fixed Income Market



RM1,490.28billion
Total Outstanding



RM384.85billion
Total Issuances

RM142.54billion
Corporate Bonds Outstanding

RM555.50billion
Corporate Sukuk Outstanding

RM30.43billion
Corporate Bonds Issuance

RM102.39billion
Corporate Sukuk Issuance

Fund Management



Total AUM
RM823.19 billion

Total Islamic AUM
RM180.52 billion



Private Equity & Venture Capital

122

No. of Registered Corporation

105

No. of Registered VCMCs and VCCs

17

No. of Registered PEMCs and PECs

304

No. of Investee Companies

RM566.37 million

Amount of Investment in Investee Companies

2019 Data



Equity Crowdfunding (ECF)

29

Successful Campaigns

RM25.16M

Amount Raised

29

Successful Issuers

2019 Data



Peer-To-Peer (P2P) Financing

5583

Successful Campaigns

RM418.63M

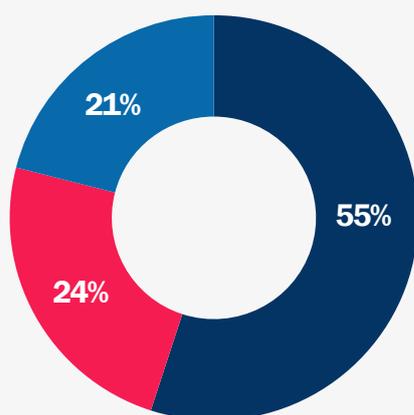
Amount Raised

1420

Successful Issuers

Campaigns & Issuers

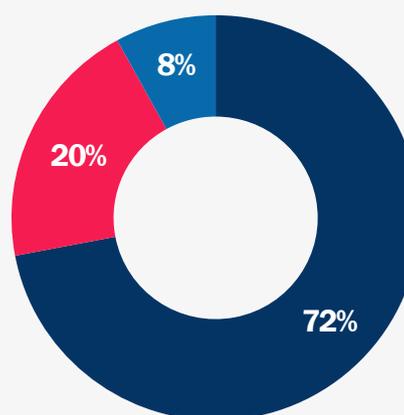
Distribution by Fundraising Amount



- RM500,000 and below
- >RM500,000 and up to RM1.5 million
- >RM1.5 million and up to RM3 million

Campaigns & Issuers

Distribution by Fundraising Amount



- RM500,000 and below
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BIMB Investment launches Robo-Intelligence Shariah-ESG Investing Platform

BIMB Investment launched BEST Invest on 14 April 2020, an app offering a suite of BIMB Investment's Shariah-ESG unit trust funds across asset classes that include global equities, Asia Pacific equities, Malaysian equities, Sukuk and money market instruments.

The app was designed to provide convenience and efficiency for retail investors to build wealth through investing on a robo-intelligence and big data technology platform. BIMB Investment

Chairman, Mohamed Ridza Mohamed Abdulla believes that robo-intelligence will be integral in the next generation of funds and wealth management, explaining that the thought process behind the app is that investing should be convenient, transparent and cost-efficient.

According to BIMB Investment Chief Executive Officer, Najmuddin Lutfi, "Based on investors' financial goals and risk tolerance, BEST Invest assists investors digitally to construct an

optimal investment portfolio driven by data and analytics. BEST Invest also focuses on Shariah-ESG and sustainability investing. The underlying funds in BEST Invest app are shariah-ESG compliant."

BIMB Investment, a signatory to the United Nations-supported Principles for Responsible Investments (PRI) has focused its efforts on ESG investing in the past 5 years and currently manages over RM 1 billion in ESG investment assets.

Bank Pembangunan Malaysia Berhad initiates Industry Sustainability Education Fund

In response to the Sungai Kim-Kim disaster, which involved the dumping of toxic waste in the Kim Kim River in Johor's Pasir Gudang district, the Ministry of Finance announced the creation of an Industry Sustainability Education Fund – a Corporate Social Responsibility (CSR) fund. The objective of the initiative is for a long-term intergenerational programme to educate the public to be more environmentally aware and ultimately to change the behavior of society.

In line with the government's sustainability development plan enshrined in the 11th Malaysia Plan, this initiative has received the approval from the Ministry of Finance, the support from the Economic Planning Unit (then Ministry of Economic Affairs) and acknowledgement by Bank Negara Malaysia. In addition, the United Nations have also expressed their interest in-principle to co-operate on the same platform, given the alignment of this initiative to the Sustainable Development Goals 2030 and Paris Agreement.

Corporations have already undertaken various independent CSR programmes over the years in response to growing

environmental awareness. As such, it is timely for a concerted effort to tackle the environmental issues at a national level, bringing the public and private sector together to change the behaviour towards a sustainable and environmentally responsible mindset. Through this initiative, corporations would be able to come together to address the critical environmental challenges facing the world today and create a long-term CSR programme in educating the public on environmental awareness.

This long-term, intergenerational, education-focused, national-level initiative is a platform to pull these sectors together. It would combine resources from the public sector, corporations and perhaps international institutions together to achieve its objective of educating the public on environmental awareness. This initiative would serve to complement rather than compete with the on-going CSR initiatives in the country.

The main targets of the initiative are three distinct generations; primary school and below, tertiary and below and corporates, to become the change agents to ensure long-term sustainability in creating a future for the nature in Malaysia.

For further information, please contact

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SC Grants Flexibilities for Businesses Issuing Convertible Notes to VC and PE Firms

Securities Commission Malaysia (SC) on April 28 2020 granted flexibilities for businesses issuing convertible notes to venture capital (VC) and private equity (PE) firms registered with the SC. These flexibilities will allow businesses to lodge the issuance of their convertible notes directly with the commission without requiring the services of a principal adviser. Lodgement fees will also be waived, further lowering the fundraising cost.

Tan Sri Abdul Wahid Omar becomes new Chairman of Bursa Malaysia

Bursa Malaysia announced on April 17 that Tan Sri Abdul Wahid Omar will be its new non-executive chairman taking effect on May 1, following the retirement of Datuk Shireen Ann Zaharah Muhiudeen. Tan Sri Wahid previously chaired Malaysia's largest fund management company Permodalan Nasional Bhd.

Greater Fundraising Access for Smaller Companies

Observing heightened interests by MSMEs to tap into alternative fund raising channels, the SC has lifted fundraising limits on Equity Crowdfunding (ECF) platforms from RM 5 million to RM 10 million, and allowed ECF and peer-to-peer financing (P2P) platforms to operationalise secondary trading, both with immediate effect. From now until 30 September 2020, the government co-investment fund MyCIF, administered by the SC, has also increased its funding matching ratio from 1:4 to 1:2 for eligible ECF and P2P campaigns, to provide additional liquidity into the alternative fundraising space.

SC and Bursa Malaysia Extend Temporary Short Selling Suspension

Securities Commission Malaysia (SC) and Bursa Malaysia Bhd have extended the temporary suspension of short selling, which began on March 24, to June 30, 2020. It involves the suspension of intraday short selling and regulated short selling, as well as intraday short selling by proprietary day traders. The suspension does not, however, apply to permitted short selling. The extension of the temporary suspension is meant to ensure that market management measures are still in place to manage risks within the prevailing uncertain and challenging environment amid the Covid-19 pandemic, as well as mitigate any excessive speculative activity in the marketplace.

Bursa Malaysia – Shenzhen Stock Exchange Collaboration

Bursa Malaysia Bhd entered into a memorandum of understanding (MoU) with Shenzhen Stock Exchange (SZSE) on April 15 to broaden opportunities in investment, as well as to facilitate further cross-border collaboration between the two exchanges in several areas including the display of mutual benchmark indices in the respective markets, and joint promotion of the indices and their constituents to enhance the visibility and profile of both the Malaysian and Chinese markets.

DAX Operators receive Full Approval to Operate

Digital asset exchange (DAX) operators Tokenize Malaysia and Sinegy have received full approval by the Securities Commission Malaysia (SC) to operate. In June 2019, the SC awarded conditional approval to three DAX operators out of 23 digital exchanges who applied. As of April 2020, all three have received full approval to operate digital asset exchanges.



P2P Focus: The microLEAP Story

First introduced in 2015, peer-to-peer (P2P) financing platforms have served to raise financing for 1,866 micro, small and medium enterprises, with a total RM 632 million raised through over 8000 campaigns, as at December 2019. The Securities Commission Malaysia has thus far approved licenses for 11 P2P Financing Platform Operators. One of the newest to the game is microLEAP PLT - a Malaysian P2P platform that have differentiated themselves in two ways, by focusing on the microfinance sector and offering a Shariah-compliant service.

We recently sat down with Tunku Danny Nasaifuddin Mudzaffar, CEO & Founder and Matthew Fernandez, COO of microLEAP to find out more about this newly licensed platform and how they intend to make a difference to Malaysia's P2P Financing landscape.

microLEAP, which was given the 'Go-Live' status by the Securities Commission Malaysia (SC) in October 2019, have a clearly articulated mission: to increase the level of financial inclusion in Malaysia by offering access to microfinancing to the

Bottom 40% (B40) of the Malaysian economy, in terms of household income, with financing as little as RM 1,000 to RM 50,000. Bearing in mind that their client base are largely micro enterprises possibly without a background in finance microLEAP also provides value adding services to issuers on their platform at no extra cost in the form of micro-insurance, online basic debt management and basic accounting.

Doing Good

The social impact element is important to Founder and CEO, Tunku Danny Nasaifuddin Mudzaffar.

"Having had 15 years of financial services experience, I wanted to strike out on my own using the knowledge and skills that I had learned, but putting it all into something that would have an impact in people's lives. Microfinance gave me the perfect avenue to do that, where financing to microenterprises would have a direct and social impact."

Tunku Danny, an ex-banker who worked for major banks in London and KL prior to setting up microLEAP, felt that P2P financing provided the perfect tool to implement this and undertook to formulate a business plan to operate his

own P2P microfinancing platform. He did, however, need some expertise in microfinance, and looked to LinkedIn for a partner. "I call it LinkedIn blind dating!" says Tunku Danny, "Having just completed my business plan, I needed someone senior in the microfinance space that could help me get my idea off the ground. So I looked at over 200 LinkedIn profiles that mentioned "microfinance, Malaysia" and whittled that down to the Top 10. I then messaged the Top 10 and got 3 responses. Norsharizal was the best candidate, having been the ex-CEO of Malaysia's largest government-funded microfinance institution, and we met for a coffee and hit it off straight away." Norsharizal acts as a senior partner in the business, advising on the microfinance portion of the platform.

Leap of Faith

Tunku Danny then took an extra step to provide a Shariah-compliant service, alongside a conventional platform. "The P2P financing market raised a cumulative amount of RM632million since 2016, but I noticed that the vast majority of those raised were through conventional financing. We needed to do more in terms of giving P2P Investors access to Shariah-compliant assets and we needed to do



more for Issuers to raise funds via Islamic and ethical means. So, having been given the green-light by the SC this year, we launched our Shariah-compliant Investment Notes and completed our first Islamic microfinancing in April.”

What do they see as their unique value proposition? “We’re a Shariah-compliant microfinancing platform focused on B40 to lower M40 businesses” says Matthew Fernandez, COO of microLEAP, “We aim to assist microenterprises that are underserved and that may find it difficult to access traditional loans.” The platform, he explains, also provide group financing, in line with the Grameen model of group lending, if an issuer’s credit history is insufficient.

Gamifying the Investment Experience

To further enhance the P2P investors’ experience, microLEAP launched the League of Extraordinary Investors, whereby investors may gain points depending on the amount, tenor and number of Investment Notes they invest in. Points will lead to lower fees as they move up their rankings of Rookie, Apprentice, Champion and Sifu. “What we found was that issuers want to be financed long term, but investors wanted to invest short term” added Tunku Danny, “Hence, there was an area where Investment Notes were not getting filled. So we decided to gamify the investment process whereby investors would get

more points for investing in Notes with longer maturity than the shorter ones. We give out monthly and yearly cash prizes in the form of ‘Free Credits’ to be used to invest on our platform and the more you invest the more you work towards lower fees.”

Embracing Post-Pandemic Challenges

microLEAP has big plans for 2020, despite the inevitable challenges ahead. “COVID-19 has slowed down the number of quality Investment Notes that we are hosting on our platform, as the last thing we want is for our P2P investors to invest in a business that will not exist in a month’s time” says Tunku Danny, “but we have several exciting initiatives lined up including our partnership with MDEC in their #DigitalvsCovid campaign and our participation in their eBerkat programme which will help microenterprises and the B40 access Islamic digital financial services.”

With secondary market trading of investment notes now permissible by theSC, microLEAP also hopes to have this up and running by Q4 this year. The team is clearly committed to making a difference to Malaysian micro enterprises. With the challenges faced by this segment during these difficult times, platforms such as microLEAP could make all the difference.

