



**WELCOME REMARKS**  
**BY DATO' SERI DR. AWANG ADEK HUSSIN**  
**CHAIRMAN, SECURITIES COMMISSION MALAYSIA**  
**at the Launch of Dana Penjana Selangor in Conjunction with The Corporate Venture Capital (CVC) Programme**

**17 July 2023**

---

**Key Highlights:**

Dato' Seri Dr. Awang Adek Hussin, Chairman of the Securities Commission Malaysia (SC), opened the event by saying that although the startup industry in Malaysia has seen positive developments, more must be done to establish the country as a startup hub. Two critical areas to be worked on were identified, namely deepening the pool of capital, and encouraging Malaysia's investor community to invest in the startup ecosystem.

Here are highlights from his speech:

1. Given the importance of SMEs to the economy, it is crucial to address the supply-demand gap for financing these businesses.
2. Capital market financing provides a viable solution for SMEs to raise funds.
3. The government was given credit for its commitment in developing the Malaysian startup ecosystem. For example, the revised Budget 2023 highlighted several initiatives to support MSMEs.
4. Dana Penjana Nasional was cited as an example of an entity that can be the bridge between Malaysian startups and the global investor community.
5. There is growing interest from various states such as Selangor, Penang and Sarawak, to help startups and SMEs via capital market financing.
6. The SC facilitated a comprehensive "funding escalator" to give startups more funding options throughout their growth lifecycle.
7. Other SC measures include opening up registration for new ECF and P2P market operators, including for those offering Shariah-compliant solutions.
8. The SC introduced the DIGID fund with the aim to co-fund innovative projects that uses technology, advancing the digital agenda for the Malaysian capital market.

## **Full Speech:**

*Bismillahirrahmanirrahim*

### **Salutations**

Yang Berhormat, Tuan Steven Sim Chee Keong, Deputy Finance Minister II

Yang Berhormat, Dato' Haji Abdul Halim Haji Husain, Penang State Executive Councillor in charge of Trade & Industry and Entrepreneurial Development

Yang Berbahagia, Datu Dr Muhammad Abdullah Zaidel, Deputy State Secretary of Sarawak

Yang Mulia Raja Ahmad Shahrir Iskandar, CEO, Permodalan Negeri Selangor Berhad (PNSB)

Mr Yong Kai Ping, CEO, Selangor Information Technology & Digital Economy Corporation (SIDEK)

Yang Berusaha Sdra Taufiq Iskandar, CEO, Penjana Kapital Sdn Bhd.

Dif-Dif Jemputan, Tuan-Tuan dan Puan-Puan Yang Dihormati sekalian.

Assalamualaikum warahmatullahi wabarakatuh dan salam sejahtera.

1. Pertamanya saya ingin mengucapkan selamat datang kepada semua ke Suruhanjaya Sekuriti, SC, pada petang ini, sempena dengan majlis Pelancaran Dana Penjana Selangor.
2. Bagi pihak SC saya ingin mengucapkan terima kasih kepada Kerajaan Negeri Selangor, Penjana dan CMM yang berusaha sekian lama untuk menjayakan program ini.
3. Terima kasih yang tidak terhingga juga kepada YB Tuan Sim Chee Keong, Timbalan Menteri Kewangan yang sudi hadir merasmikan majlis Pelancaran pada petang ini. Terima kasih Yang Berhormat. Tidak lupa juga terima kasih saya dan SC kepada YB Dato Haji Abdul Halim dan Datu Dr. Muhammad Abdullah Zaidel. Kehadiran mereka menunjukkan sokongan padu Kerajaan Negeri Pulau Pinang dan Kerajaan Sarawak terhadap program ini.

Ladies and gentlemen,

4. The startup industry in Malaysia has seen positive developments. However, much more must be done to establish the country as a startup hub. Deepening the pool of capital, as well as encouraging Malaysia's investor community to invest in the startup ecosystem, are two critical areas moving forward.
5. As well all know, SMEs and startups play an important role in driving activities at the national and state levels, as they contribute to half of the country's GDP.

6. **Given the importance of SMEs to the economy, it is crucial to address the supply-demand gap for financing these businesses.** Capital market financing provides a viable solution by allowing SMEs to raise funds in a flexible and creative way. This will facilitate them to grow and contribute more to the real economy, as well as potentially going for listing in the Stock Exchange.
7. On the supply side, SMEs have difficulty in accessing sustainable funding for their business. Traditional bank loans may also have limitations in meeting their financing needs.
8. On the demand side, SMEs, particularly startups, often face higher risks and lower survival rates than larger firms. This leads to a pattern of high entry and exit rates across various economic sectors, which causes financial institutions to view them as riskier loan prospects. This dynamic further hinders SMEs' access to financing.
9. By emphasising governance, transparency, disclosures and investor interest, the capital market can foster investor confidence and attract more capital to fuel SME growth.

Ladies and gentlemen,

10. The government must be credited for its commitment to develop the Malaysian startup ecosystem. The revised Budget 2023, "Building Malaysia Madani", highlights several initiatives aimed at supporting businesses, particularly MSMEs. Among others, RM40 billion is allocated to MSMEs for financing as well as guarantees by government agencies.
11. However, funding gaps in terms of fundraising still exist. Startups struggle especially in the later stages of financing. The situation is referred to as the "Death Valley" in the VC industry, due to the lack of funding. This is where matching fund programmes have proven to be effective in attracting private investors into Malaysia. This approach strikes the right balance between optimising public spending and crowding in private capital into the ecosystem. Additionally, these programmes serve as community builders as well as a bridge between Malaysian startups and the global investor community.
12. **Dana Penjana Nasional**, which is administered by Penjana Kapital Sdn Bhd (PKSB), is one notable example. Dana Penjana Nasional leverages the expertise and networks of both local and global VC managers to effectively identify and support promising startups. By connecting startups with experienced VC fund managers, the program helps startups

access the necessary funding, mentorship, and resources to scale their businesses. This support is vital for the growth and success of startups.

13. I am pleased to see this model is being replicated at the state level. The launch of Dana Penjana Selangor exemplifies the state government's commitment to fostering a thriving startup ecosystem. This should complement existing programs in supporting and nurturing tech startups, paving the way for both the Selangor and Malaysian economies to become centres of innovation and entrepreneurship.
14. The Government is also promoting corporate venturing by exploring the possibility of additional incentives, such as favourable tax treatments to encourage large corporations to participate in this space. This collaboration can lead to knowledge sharing, access to resources and accelerated growth for all parties involved.
15. We are encouraged by Selangor, Penang and Sarawak's growing interest in helping startups and SMEs in their respective states to gain better access to capital market financing, and to progress to eventual listing. The SC is always supportive and will work closely with state governments to achieve this goal.
16. At the SC, we are committed to facilitating and supporting initiatives that make Malaysia a more attractive place for startups. We know that startups are important for innovation, job creation, and economic growth. By fostering a multi-stakeholder approach and encouraging private investments in startups, we can unlock the potential of Malaysia's startup ecosystem and pave the way for a more successful innovation-driven economy.

Ladies and Gentlemen,

17. This launch today is part of the CVC program organised by Capital Markets Malaysia (CMM), an affiliate of SC, to encourage corporate venturing. This is the second program following the inaugural session held in March. Corporates play an important role in a truly thriving startup ecosystem, as both investors and strategic partners. I hope this two-day capacity building programme will give participants the confidence to engage with and invest in our startups in order to spur corporate innovation. This work also complements incentives already in place to encourage investments into startups.

18. Over the years, the SC has facilitated a comprehensive **“funding escalator”** that gives startups multiple funding options throughout their growth lifecycle. These include ECF and P2P financing platforms as well as facilitate frameworks for VC and PE managers. **In 2022, enhancements were made to the VC and PE framework. This includes simplifying VC and PE requirements, as well as expanding the pool of eligible investors to deepen the capital base for early-stage investments.** At the same time, the SC is considering widening the definition of sophisticated investors to include those with relevant knowledge and experience, and not necessarily on the basis of income earned.
19. The SC has also implemented a number of measures to fully realise the potential of ECF and P2P financing platforms. **These measures are meant to make it easier for new ECF and P2P market operators to get registered, particularly those offering Shariah-compliant solutions.** With the registration of ECF and P2P market operators with Shariah solutions, we hope to give investors who want Shariah-compliant options more ways to invest. This will hopefully attract more investors and provide SMEs with a wider pool of potential funding sources.
20. Furthermore, **the SC has allowed P2P operators to focus on debt-based financing instruments.** This includes making debt-based financing available to even larger companies. By emphasising debt-based financing options, we are providing businesses with an additional avenue to raise capital and meet their financial requirements.
21. On the digital front, we recognise the vital role that capital market intermediaries have played in the development of online products and services. To catalyse future growth, the SC introduced the **DIGID fund. DIGID aims to co-fund innovative projects that use technology to introduce new and competitive offerings to Malaysia’s capital market.** DIGID encourages smaller capital market players to adopt innovative digital solutions, fostering their growth and enhancing their ability to engage in capital raising and investment activities.
22. In closing, let me reiterate that the SC remains committed to collaborating with industry stakeholders, government agencies, and investors to create a vibrant and sustainable startup ecosystem.

23. By working together, as we do today, we can help push Malaysia's startup ecosystem towards its full potential.

Thank you. Waalaikumussalam.