



Welcoming Remarks
Dato' Seri Dr. Awang Adek Hussin
Chairman, Securities Commission Malaysia
Catalysing MSME and MTC Access to the Capital Market:
5-year Roadmap Launch
23 May 2024

Key Highlights:

In his welcoming remarks, SC Chairman, Dato' Seri Dr. Awang Adek Hussin, stressed on the goal to enhance MSME and MTC access to the capital market and increase the total funds raised by this segment. This is particularly fitting in the context of the whole-of-nation approach and MADANI Economic Framework to be more inclusive and helpful to the smaller players or businesses.

Here are highlights from his welcoming remarks:

1. The launch of *Catalysing MSME & MTC Access to the Capital Market: 5-Year Roadmap (2024-2028)* is to support the MSME/MTC sector which in 2022, contributed 74% to Malaysia's GDP and employed 64% of the Malaysian workforce.
2. In 2023, the total amount of funds raised by MSME and MTC via the capital market was RM6.3 billion.
3. There were 178 companies listed on the ACE market, with a total market capitalisation of RM40 billion end-April 2024 and 48 companies listed on the LEAP market with a total market capitalisation of RM6.3 billion.
4. On the demand side, the utilisation of capital market financing among MSME and MTC is relatively low, with some MSMEs unaware of capital market solutions.
5. The Roadmap initiatives if successfully implemented, has the potential to increase the MSME and MTC capital market to RM40 billion in 2028.

Full Speech:

Yang Berbahagia Datuk Johan Mahmood Merican, Ketua Setiausaha Perbendaharaan,

Dr Yushiko Matsuda, World Bank Country Manager for Malaysia,

SC Board Members,

Yang Berbahagia Tan Sri Munir Majid, Chairman ICMR

Dif-dif, Tuan-tuan dan puan-puan yang dihormati sekalian,

Assalamualaikum warahmatullahi wabarakatuh dan salam sejahtera.

1. Selamat datang ke majlis pelancaran 'Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap'.
2. Terlebih dahulu, saya ingin merakamkan penghargaan kepada Yang Berbahagia Datuk Johan Merican atas kesudian beliau untuk memberi ucapan pembukaan serta melancarkan Roadmap ini bagi pihak Menteri Kewangan Kedua, yang di saat-saat akhir tidak dapat bersama kita pada pagi ini.

Ladies and gentlemen,

MSME and MTC are vital to Malaysia's prosperity

3. As we all know, the mandates given to the Securities Commission Malaysia (SC) are to regulate and develop the capital market. Much has been done over the last 30 years, since the SC was established in 1993, as reflected in the expanding breadth and depth of the market. Today our sukuk market is the biggest in the world. Our corporate bond market, relative to GDP, is the biggest in ASEAN and among the biggest in Asia. Our equities market has exceeded the RM2 trillion mark in market capitalisation, and the KLCI index has increased by more than 11% so far this year, among the best performing in the region.
4. While the focus in the past has been skewed towards large companies and corporations, our initiatives in recent years have increasingly been targeted at smaller companies to improve their access to financing from the capital market, as well as facilitating their entry into the public market. This is particularly fitting in the context of the MADANI

Economic Framework to be more inclusive and helpful to the smaller players. Today's launch of this 5-Year Roadmap is the latest in a series of measures we have launched over the years to support the MSME and MTC sector which in 2022, contributed about 74% to our GDP and employed some 64% of the Malaysian workforce.

5. In 2015, we were the first in ASEAN to introduce a framework for Equity Crowdfunding (ECF). A year later we introduced the peer-to-peer financing (P2P financing) framework for investors to enable entrepreneurs, especially the smaller ones, to raise capital through the P2P digital platforms. The co-investment scheme, MyCIF, run by the SC, has benefited more than 6,000 MSMEs since its inception.
6. To help MSME, especially those that are part of the global supply chain on their sustainability journey, we launched the Simplified ESG Disclosure Guide at the end of last year. This is to assist the MSMEs to be better ready to comply with global ESG standards, so they can respond positively to disclosure requests from stakeholders. We are also working with stakeholders on the Governance Code for Malaysian MSME.
7. Based on our experience in dealing with the MSMEs in the past, we believe it is now time to develop a more comprehensive approach through the preparation of the MSME and MTC Roadmap. In preparing the Roadmap, the SC is grateful for the support and assistance from so many Ministries and agencies with interest in the development of MSMEs in Malaysia. I would like to record our appreciation to the World Bank, our partner in this event, who will be speaking later on the importance of financing for MSMEs globally. I would also like to thank the three Ministers who contributed forewords to the Roadmap, namely the Second Minister of Finance, the Minister of Investment, Trade and Industry and the Minister of Entrepreneur and Cooperatives Development.

Ladies and Gentlemen,

8. Last year, the total amount of funds raised by MSME and MTC via the capital market was RM6.3 billion. This includes fundraising through the public market, particularly the LEAP and ACE Markets, and from market segments such as venture capital (VC), private equity (PE), ECF and P2P financing.
9. There were 178 companies listed on the ACE market, with a total market capitalisation of close to RM40 billion at the end of last month, and 48 companies listed on the LEAP market with a total market capitalisation of RM6.3 billion. These companies listed on the

ACE and LEAP Markets have all started out as MSMEs. Many have succeeded to grow big and get listed. We are confident many more will follow in their footsteps if we have a more structured approach to assist them as envisaged in the Roadmap.

Ladies and gentlemen,

Challenges to be addressed to enhance access

10. We realise what we do at the SC is only the beginning. There is still much work to be done in order to better position the capital market as an attractive source of financing for these types of businesses.
11. On the demand side, the utilisation of capital market financing among MSME and MTC is relatively low. Some MSMEs are unaware of capital market solutions. Some may feel that raising capital in this way is too costly, and that the compliance process is overly difficult.
12. From the investor's perspective, there are difficulties in assessing the risk of MSME investments due to a lack of necessary information. In addition, the investments could be relatively illiquid due to the long investment horizons.
13. The Roadmap has come up with some initiatives specifically developed to address these challenges. In fact, if successfully implemented, it has the potential to increase the MSME and MTC financing from the capital market to RM40 billion in 2028, which is almost seven times the level last year. If achieved, it will bring us closer to the overall target of 20% of MSME financing, to be provided by capital market solutions¹.
14. Besides meeting this key target, the Roadmap also aims to build a strong listing pipeline and increase fundraising through the private market segments.

Ladies and gentlemen,

A Roadmap for all

15. The development of the Roadmap is anchored on five guiding principles. These are enhancing regulatory flexibility and investment avenues, providing financing options that are accessible, flexible and cost-effective, ensuring diversity of instruments and

¹ Towards Better Capital Markets Solutions for SME Financing, Oliver Wyman (2014)

mechanisms, harnessing technology and digital tools, and promoting awareness through better outreach and talent development.

16. These guiding principles have shaped the Roadmap's nine cross-cutting strategies covering 36 initiatives. These initiatives fall into three categories: regulatory and product innovation; capacity building; and market infrastructure. These include enhancing fundraising pathways, facilitating innovative products for MSME and MTC, boosting their market readiness and awareness, growing capital market touchpoints, and revitalising the LEAP Market.
17. In order to ensure that capital continues to flow smoothly and swiftly to these enterprises, the SC has undertaken direct engagements at the state level through several state agencies, affiliates and business associations. This is also intended to address the need to broaden fundraising activities outside the Klang Valley, and for the capital market to be more inclusive to serve the various needs across the country.
18. At this juncture, I would also like to record our appreciation to our initial group of key collaborators. A big thank you goes out to the SME Corporation Malaysia (SME Corp), the Malaysia External Trade Development Corporation (MATRADE), Credit Guarantee Corporation (CGC), CGC Digital, and Cradle Fund for signing charters with the SC to demonstrate their commitment and confidence in the Roadmap initiatives.

Ladies and gentlemen,

Closing

19. Finally, our end goal is simple; to enhance MSME and MTC access to the capital market and increase the total funds raised by this segment. While it is a simple target, the spillover benefits will be manifold, both to the capital market as well as to the country. This is likely to be a journey of a thousand miles. But together today, we shall make that critical first step forward to begin that journey.
20. Terima kasih kepada semua yang hadir. Semoga usaha kita mendapat kejayaan.

Sekian, wassalamualaikum.