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Securities Commission
Malaysia

DEVELOPMENT OF MALAYSIA'S ISLAMIC CAPITAL MARKET

14th COMCEC Capital Markets Regulators (CMR) Forum Annual Meeting

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Overview

Since 1990's, Malaysia's ICM has experienced various stages of development to lay the foundation for the orderly growth of the industry...

1993
Establishment of Securities Commission Malaysia

1996
Establishment of Shariah Advisory Council of SC

1997
First full-fledged Islamic stockbroking house – BIMB Securities Sdn Bhd

1997
First official list of Shariah compliant securities

1999
Launch of Kuala Lumpur Shariah Index

2005
First Islamic window stockbroking house – Affin Islamic Sdn Bhd

2007
FBM Emas Shariah Index and FBM Hijrah Shariah Index launched

2009
Bursa Suq Al-Sila' (BSAS) launched

2012
FBM Small Cap Shariah Index launched

2014
- Launch of SRI Sukuk Framework

2016
- Introduction of tax incentive for
- SRI Sukuk issuers
- Launch of the world's first end-to-end Shariah Investing platform on Bursa Malaysia (Bursa Malaysia-i)

2017
Launch of Bond+Sukuk Information Exchange

Launch of Islamic Fund and Wealth Management Blueprint

2018
Introduction of tax incentive for SRI funds

2020
Launch Waqf Featured Fund Framework for unlisted funds

2021
- Launch of Shariah. Screening Assessment. Toolkit for Unlisted. MSMEs
- FTSE4Good Bursa Malaysia Shariah

2022
- Launch of Guidelines on Islamic Capital Market Products and Services
- Launch of SRI-linked Sukuk Framework
- Launch of Waqf-Featured Fund Framework for listed funds

2023
- Launch of Guidance on Maqasid Al-Shariah in Islamic Capital Market
- FIKRA ACE

2024
- MoU with IsDB to advance ICM and social finance

CMP 1 CMP 2 CMP 3

ICM Phases of Development under Capital Market Masterplans

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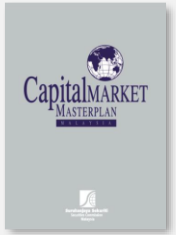
Foundation of Malaysia's ICM

Establishment of the SC Islamic Capital Market Unit in 1994

Establishment of the Shariah Advisory Council of the SC in 1996

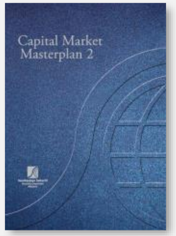
Development of the Shariah screening methodology



Capital Market Masterplan
(2001-2010)
Foundation Building

Focused on development of 11 areas of the capital market, which included ICM agenda

Position Malaysia as the global ICM centre.



Capital Market Masterplan 2
(2011-2020)
Strengthening Fundamentals

Focused on internationalisation agenda to expand and scale to global markets

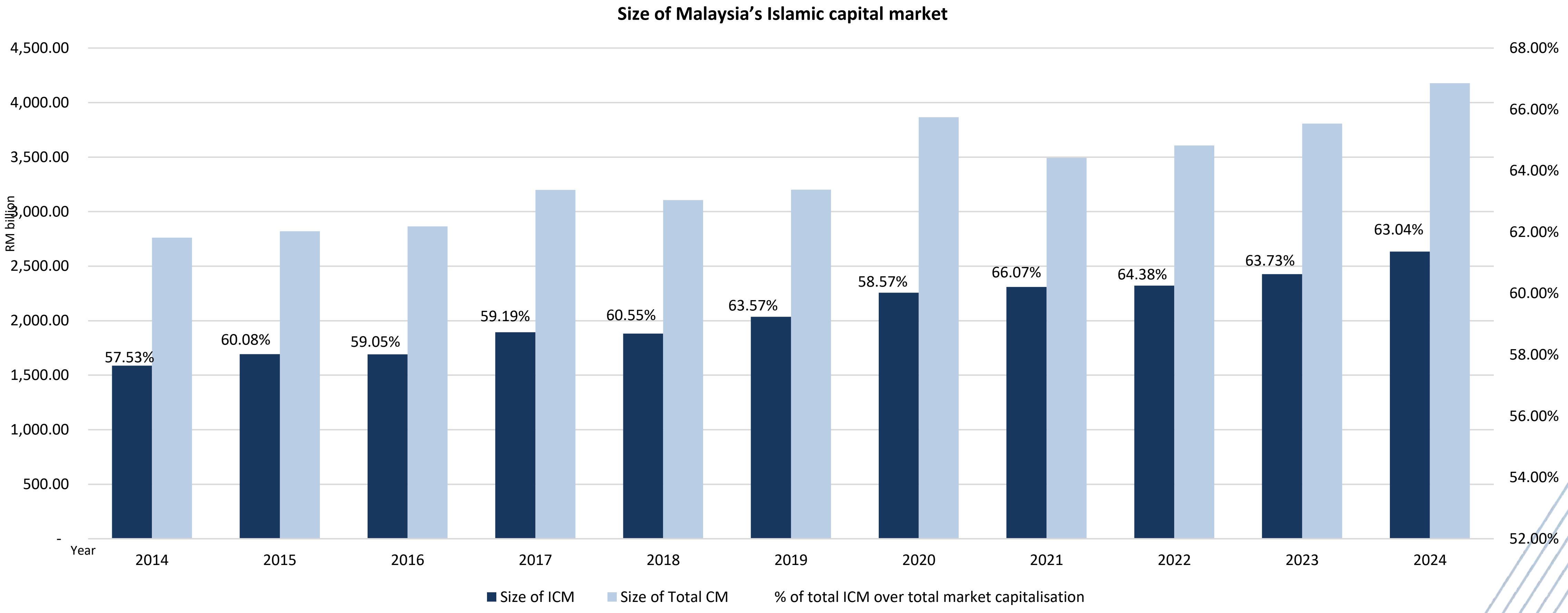
Emphasised on expanding service infrastructure and add-value to the Islamic wealth management industry

Capital Market Masterplan 3
(2021-2025)
Positioning Ahead

Emphasis on the importance of leveraging on technology and digitalisation to advance the capital market

Focus on building stakeholder economy – where ICM and SRI segments were identified as significant enablers for this purpose

ICM Growth Over the Years



	Average 5-Year CAGR (2014-2019)	Average 5-Year CAGR (2019-2024)	Average 10-Year CAGR (2014-2024)
Size of ICM	5.09%	5.29%	5.50%
Size of CM	-0.10%	5.77%	1.20%

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Malaysia a Global Leader in ICM

Global leader in Sukuk – in term of sukuk outstanding and sukuk issuances.

Followed by Saudi Arabia and Indonesia
Source: ICD-LSEG Islamic Finance Development Report 2025

Ranked 1st in IFDI for 13 consecutive years

The indicator takes into consideration various aspects such as financial performance, governance, sustainability, knowledge, and awareness.

According to ICD-LSEG Islamic Finance Development Report 2025

One of the leading jurisdiction in Islamic funds industry

Ranked 3rd in Islamic funds AUM

After UAE and UK.
According to LSEG Islamic Asset Management Report 2025

Ranked 2st in the GIFT Index
(previously #1 from 2021 – 2024)

According to Global Islamic Fintech Report 2024/25

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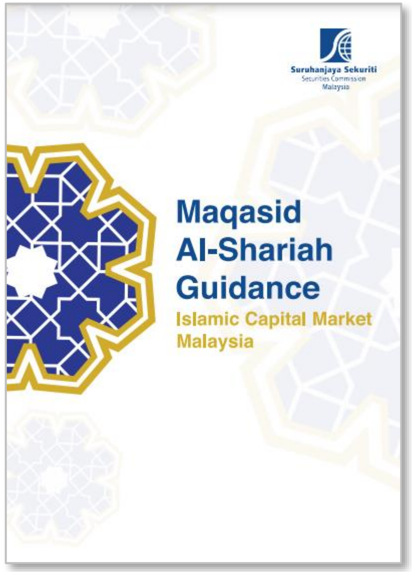
Introduction of Maqasid Al-Shariah Guidance by SC



- The Maqasid Al-Shariah Guidance Islamic Capital Market Malaysia (Guidance) is developed to **enhance the ICM ecosystem's authenticity and alignment with the true spirit of Islamic finance and the objectives of Shariah**.
- Greater emphasis would be given to **creating economic values, progressive development of the sustainability agenda**, while **cultivating ethical conduct** in ICM activities with the introduction of the Guidance.
- The Guidance apply the common classification of *maqasid al-Shariah* or the objectives of Shariah, centered on promoting human welfare, revolving around the preservation of five (5) necessities; religion, life, lineage, intellect, and wealth.

To fit in the context of ICM, the Guidance is designed with six (6) overarching aspirations. Each of the six aspirations underlines its own principles, with a total of 15 principles that are governed thereunder.

Aspiration 1	Aspiration 2	Aspiration 3	Aspiration 4	Aspiration 5	Aspiration 6
HUMANITY	JUSTICE AND BENEVOLENCE	CLARITY AND TRANSPARENCY	FLEXIBILITY AND INNOVATION	FIDUCIARY AND ACCOUNTABILITY	ACCESSIBILITY AND INCLUSIVITY

The six aspirations and 15 principles are considered as a bridge to attain the five necessities.

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Reinforcing Internationalisation of ICM

Objective 1

Supporting ICM Growth

- Complement domestic supply and demand with **foreign investment**.
- Broaden investor base and tap **new capital sources** by attracting foreign sovereign funds, family offices & institutions seeking Shariah-compliant solutions.

Objective 2

Building Strategic Partnerships

- **Connect and collaborate** with global and regional counterparts and stakeholders (e.g. Facilitate cross-border products, dual listings, passporting)
- Align with shared values: sustainability, impact, and Islamic principles (Maqasid al-Shariah).

Objective 3

Promoting Malaysia as ICM Hub

- Strengthen **market signals**, co-host roadshows that showcase high-growth companies, funds and sectors with high potential, including regional Shariah-compliant screening.
- Position Malaysia as an **ASEAN gateway** for Shariah-compliant/ethical investment, through branding, standards leadership & innovation in Maqasid/ESG-aligned products.

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Thank You