

MEDIA RELEASE

Kuala Lumpur, 17 October 2024

SC and Khazanah Sign MoU to Catalyse MTC Access to the Capital Market

An initial RM500 million to catalyse the growth of MTCs through Khazanah's Dana Impak

The Securities Commission Malaysia (SC) today signed a Memorandum of Understanding (MoU) with Khazanah Nasional Berhad (Khazanah) via Dana Impak Fund to increase access to funding and familiarise the capital markets for Malaysian mid-tier companies (MTC) to further catalyse their growth and expansion.

The MoU supports the SC's '*Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap (2024-2028)*' ("MSME and MTC Roadmap").

The SC Chairman Dato' Mohammad Faiz Azmi commended Khazanah's commitment to support the growth and expansion of MTCs. "We appreciate Khazanah's support of the MSME and MTC Roadmap and SC's long-term goal to ensure a more inclusive and holistic capital market fundraising ecosystem."

"MTCs are significant domestic employers and economic contributors. However, they have been identified as the 'missing middle', as they often face difficulties in accessing financing for growth. This MOU will address such challenges to ensure sustainable growth and resilience," he said.

MTCs make up less than 2% of firms in Malaysia but contribute 36% of Malaysia's gross domestic product (GDP) and 16% of employment. This presents a significant driving force for the Malaysian economy, and potential demand pool for the capital market.

Khazanah Managing Director Dato' Amirul Feisal Wan Zahir said that the fund is committed to empowering Malaysian companies and MTCs by providing them with the opportunities they need to excel.

Khazanah, through Dana Impak which is a key pillar under its Advancing Malaysia strategy, has earmarked an initial RM500 million to provide funding to MTCs. This funding will be directed to high-potential MTCs via the private markets, be it private equity or private credit funds, ensuring greater access to capital.

“One of the key pillars for Khazanah’s “A Nation that Creates” framework is in catalysing future ready industries and talents, anchored on transforming firms of different sizes to derive greater value creation, while increasing national productivity and global competitiveness. The objective is also to establish Malaysian companies that continue to create and innovate, with persistent growth momentum and economic resilience. We look forward to our collaboration with the SC, to support MTCs to be well-positioned to contribute substantially to the nation,” he said.

Through mutual co-operation, the MoU will focus on measures to support MTCs’ next phase of growth and innovation, and joint programmes and initiatives to increase their awareness and access to the capital market. This includes:

- Fundraising incubation for 60 - 100 MTCs to enhance capital market-readiness
- Specialised MTC capacity-building programmes to raise MTC competitiveness and innovative capacity
- Greater MTC-focused investments to spur this growth segment

Under this MOU, Khazanah will also implement capacity-building programmes with key partners such as the SC to drive productivity improvements and unlock new opportunities in business, innovation and funding including market-based financing solutions.

The aim is to build a strong pipeline of capital market-ready MTCs, including upskilling a pool of selected MTCs on fundraising requirements via the Elevate programme by the SC affiliate Capital Markets Malaysia, and enhancing their growth innovation capabilities.

These initiatives are consistent and in line with the ambition of the MSME and MTC Roadmap¹ and the GEAR-uP programme².

SECURITIES COMMISSION MALAYSIA

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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 the SC is available on its website at www.sc.com.my. Follow the SC on twitter at @SecComMy for more updates.

¹ The key outcome of the Roadmap is to increase fundraising in the MSME and MTC capital market to RM40 billion in 2028.

² GEAR-uP is a 5-year RM120 billion programme by government-linked investment companies (GLICs) to invest in “high growth, high value” industries such as energy transition and advanced manufacturing.

About Khazanah:

Khazanah Nasional Berhad (“Khazanah”) is the sovereign wealth fund of Malaysia entrusted to deliver sustainable value for Malaysians. In line with its long-term strategy of Advancing Malaysia, Khazanah aims to deliver its purpose by investing in catalytic sectors, creating value through active stewardship, increasing its global presence, as well as building capacity and vibrant communities for the benefit of Malaysians. For more information on Khazanah, visit www.khazanah.com.my.