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More takeover
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KAF Investment
Bank seeking
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NEWSBREAK

CORPORATE 14

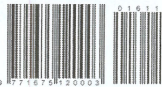
BMC Mall and its
seven-acre site
in Cheras up for
sale by tender

BY ROSALYNN POH

Reinvigorating Malaysia's capital market

The upcoming
Capital Market
Masterplan 4 will be
launched at a time
when the market
is seeing a steady
pipeline of IPOs
but sluggish retail
participation and
foreign outflows.
Can the five-year
action plan make a
real difference?

COVER STORY 62 to 65



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COVER STORY

REINVIGORATING MALAYSIA'S CAPITAL MARKET

BY LIEW JIA TENG, LEE WENG KHUEN
AND JOSE BARROCK

The upcoming Capital Market Masterplan 4 (CMP4) will arrive at a moment of sharp contrasts for the local stock market. The initial public offering (IPO) market is hot, with a steady pipeline of new listings, yet retail participation remains weak and foreign outflows have yet to decisively reverse, even though the bellwether FBM KLCI has just breached 1,700 points for the first time since March 2019.

Against this backdrop, a key question hangs over the Securities Commission Malaysia's (SC) next reform push: Will the CMP4 help address the capital market's long-standing structural challenges, or will it become another blueprint that will fade with time?

Over the past 25 years, Malaysia has implemented successive capital market master plans to guide market development.

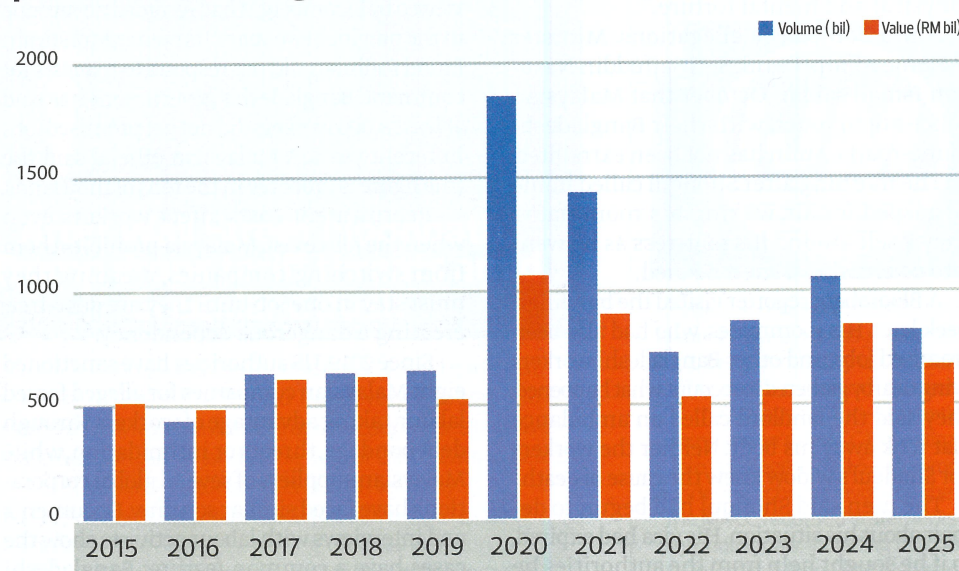
The CMP1 (2001-2010) and CMP2 (2011-2020) were credited with expanding the capital market while strengthening stability and integrity. The CMP3 (2021-2025), meanwhile, was positioned as a plan to broaden participation, with a focus on making investment products and distribution channels more inclusive and accessible to a wider segment of the population.

When the CMP1 was introduced, the challenge confronting regulators was a retail market that often treated equities like a casino. Following the equity boom that began in early 1990s, many individual investors measured performance in terms of "wins" and "losses", with little regard for fundamentals.

As long as share prices kept rising, concerns over transparency, corporate governance or financial soundness were secondary. Rumour-driven price movements were often welcomed, even self-fuelled. The Asian financial crisis in 1997 and the dotcom crash in 2000 exposed the risks of such a mindset.

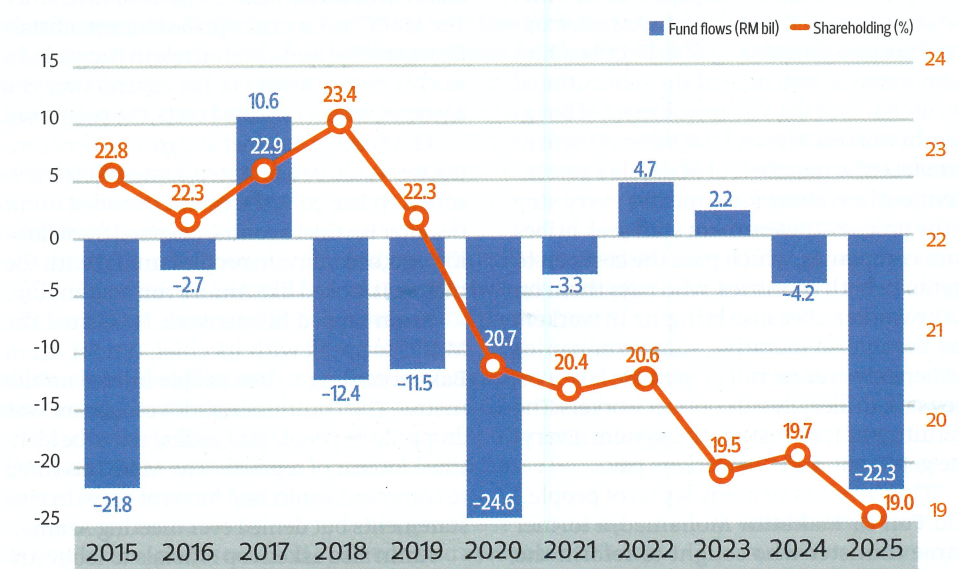
The CMP4 — expected to be unveiled in the first quarter of this year — is anticipated to lay out a 20-year strategic vision for Malaysia's capital market, with immediate focus on a five-year action plan covering 2026 to 2030.

Bursa trading volume and value have eased after pandemic-era highs



BURSA MALAYSIA

Foreign shareholding in Malaysian equities near record low amid persistent fund outflows



RESEARCH REPORTS

Making the CMP4 relevant to today's audience will not be easy. The market landscape today is a far cry from its heyday when hot-shot stockbrokers carried suitcases full of cash. It is not just noise from meme stocks, social media influencers, self-proclaimed advisers and distractions from multiple screens. Lifestyles and spending patterns have vastly changed from 30 years ago, with household budgets increasingly stretched by slower income growth, higher living costs, income tax and statutory contributions to the Employees Provident Fund (EPF). Indeed, competing financial priorities — from everyday consumption to long-term retirement planning — have reshaped how individuals engage with the stock market.

At the same time, large domestic institutional funds such as the EPF, Retirement Fund Inc (KWAP), Permodalan Nasional Bhd (PNB) and other government-linked investment companies (GLICs) have become dominant players in the market, collectively managing more than RM1.5 trillion in assets. Their scale provides stability and acts as a buffer during periods of volatility, a feature many markets would envy.

Yet their presence also raises questions about liquidity and price discovery. When markets do not correct as sharply as fundamentals might suggest, foreign investors may stay on the sidelines, deeming market multiples expensive.

Last year, Malaysia's stock market recorded a substantial foreign net outflow of RM22.32 billion — the largest since the RM24.6 billion in 2020. In contrast, local institutional funds were strong net buyers, mopping up RM22.16 billion, more than double the RM9.94 billion recorded in 2024.

Retail investors also turned net buyers in 2025, purchasing RM160 million worth of local equities after a net selling of RM5.73 billion a year earlier. Meanwhile, foreign shareholdings of Malaysian equities declined to around 19% in 2025, close to the 2003 trough of 18.1%.

In a note dated Dec 12, 2025, CIMB Securities noted that while foreign participation in trading activity rose meaningfully — reaching 41% in the first 11 months of 2025, up

COVER STORY

CMP3: Progress made, but key gaps remain

SECURITIES COMMISSION MALAYSIA, PUBLICINVEST RESEARCH

The Capital Market Masterplan 3 (CMP3), which spanned 2021 to 2025, was designed as a comprehensive blueprint to strengthen Malaysia's capital market by improving fundraising efficiency for companies at different stages of growth and supporting their long-term competitiveness. Its ambitions were broad — from widening financing access for small and medium-sized enterprises (SMEs) and mid-tier companies (MTCs) to empowering investors through more diverse products and enhanced retirement security, while embedding environmental, social and governance (ESG) principles and Islamic social finance into the market's foundations. Industry experts say, however, that more needs to be done to meaningfully deepen market vibrancy. Datin Wong Muh Rong, founder and managing director of Astramina Advisory Sdn Bhd, says the CMP3 achieved 65% to 70% of its key targets but she notes that significant gaps remain, particularly in extending financing options for SMEs and MTCs. While there has been encouraging progress in digital financing, especially via equity crowdfunding (ECF) and peer-to-peer (P2P) platforms, Wong observes that these innovations have generated minimal spillover into the LEAP Market, owing partly to structural constraints. "The LEAP framework should place greater accountability and responsibility on sponsors, given its role as a feeder market, while simultaneously allowing more liberal entry and licensing of qualified sponsors, including existing licensed corporate finance advisers and reputable regional players," she says. "Sponsor credentials and track records should also be transparently disclosed on a regional basis to strengthen governance and investor confidence." She adds that further liberalisation of the LEAP Market is warranted, including allowing retail investor participation after an initial "seasoning" period of one to two years.

Key development and regulatory thrusts under CMP3

DEVELOPMENT		REGULATORY	
1	Facilitate fundraising for competitive businesses through a diverse market and intermediation ecosystem	1	Strive to embed greater shared accountability within the capital market, particularly corporate responsibility to stakeholders beyond short-term profitability
2	Empower all Malaysians to invest for their future; promote digital inclusion and protection for vulnerable investors	2	Achieve a more efficient regulatory outcome and greater efficiency in investor protection through swift, effective and targeted enforcement and supervision approaches
3	Mobilise more capital towards sustainable businesses via the Sustainable and Responsible Investment and Islamic Capital Market pillars	3	Greater use of technology — both regulatory and supervisory — for greater efficiency and deeper insights

Currently, the LEAP Market is accessible only to sophisticated investors, who are deemed to have a better understanding of the potential risks and returns associated with this segment. These investors are required to meet specific eligibility criteria, including holding total assets of more than RM3 million. Similarly, Tradeview Capital Sdn Bhd CEO Ng Zhu Hann notes that financing options for SMEs and MTCs have fallen short, particularly on the equity investment front. While there has been significant disbursement through P2P platforms, most ECF platforms are either dormant or inactive, with only three to four playing a meaningful role. Ng also points out that low trading activity and the lack of retail participation have rendered the LEAP Market inefficient for fundraising and price discovery, despite the enlarged pool of advisers dedicated to this market. Currently, Malaysia's capital market is supported by 19 recognised principal advisers (RPAs), comprising mainly 11 licensed investment banks. Astramina's Wong notes that although boutique corporate finance advisory firms operate under the Capital

Markets Services Licence (CMSL), their ability to act as RPAs or sponsors remains limited. She argues that faster and deeper liberalisation — particularly in expanding the pool of RPAs and LEAP Market sponsors — is critical to strengthen engagement and accountability among capital market practitioners. For perspective, Wong highlights that Bursa Malaysia has at least 58 listed companies per RPA, compared with around 30 listed firms per RPA on the Singapore Exchange. Teoh Kok Lin, founder and chief investment officer of Singular Asset Management, says the CMP3 has succeeded in "democratising" access to listings, citing the vibrancy of the ACE Market as evidence that the SME "funding escalator" is finally moving. "We have established a healthy pipeline of companies transitioning from private to public markets, which is fundamental for ecosystem diversity," he says, but cautions that these companies have not remained sufficiently visible to investors as they continue to rely heavily on bank financing for working capital. Secondary market liquidity for small-cap stocks also remains shallow. "Effectively, we have built the launchpad

but have yet to foster the sustainable ecosystem of research coverage and trading volume needed to support these companies over the long term," Teoh adds. Baker Tilly Malaysia partner for corporate finance Ding Su Lynn believes there has been no fundamental improvement in market depth, particularly in deepening the public equity market. "Despite streamlined rules, there was no sustained pipeline of strong mid-tier listings or a meaningful improvement in liquidity. Institutional participation remained narrow and several structural reforms — such as dual-class shares — did not materialise," she observes. Nonetheless, Ding acknowledges that the CMP3 succeeded in expanding funding pathways, particularly outside traditional IPOs, while strengthening Malaysia's sustainability and Islamic capital market credentials through improvements in market infrastructure and regulatory frameworks. Minority Shareholders Watch Group (MSWG) CEO Dr Ismet Yusoff points to structural issues — such as weak market vibrancy, low free float, modest growth, declining profit margins and low returns on equity — that suppress liquidity and valuations. "Retail investors, especially younger and more tech-savvy participants, are increasingly pivoting to overseas markets, leaving Bursa Malaysia in a tricky position that perennially relies on local institutions to drive value and volume," he cautions. While he acknowledges that the CMP3 strengthened the foundations of the capital market ecosystem, he emphasises that behavioural and structural reforms are needed to translate improved frameworks into a more vibrant and dynamic market. Datametrics Research and Information Centre (DARE) managing director Pankaj Kumar says regulators need to enhance their ability to detect market manipulation, noting that "some less obvious practices" are conducted through various share issuance schemes. **E**

from 36% in 2024 and above the historical 19%-29% range between 2013 and 2023 — the increase in trading activity did not translate into higher ownership. Meanwhile, retail participation fell to a record low of 18% in 2025, down from pandemic-era highs of 36% in 2020 and 37% in 2021. The previous record low was 20% in 2016. On a positive note, Bursa Malaysia hit its target of 60 IPOs in 2025, expanding funding options for small and medium enterprises (SMEs) and adding more variety to the market. But the milestone raises another question — is the bourse building a sustainable pipeline, or merely a volume-driven one? The contrast is clearer when a comparison is made with larger exchanges overseas. A market such as Nasdaq can attract a wider range of companies, including those that may not fit the conventional mould, because it has the scale and regulatory framework to manage higher volatility and weaker listings. On Nasdaq, if a company's stock price is below the nominal US\$1 after a prolonged period, the counter will be delisted. Notably, Malaysian chicken claypot restaurant chain operator CCH Holdings Ltd, which recently listed on Nasdaq and saw its share price surge and tumble within a short period, is a reminder that a deeper market can accommodate more listings — for better or worse. In terms of numbers, Bursa Malaysia did fairly well. Yet some market watchers argue

that quantity alone is not enough and urge reforms to the local bourse to attract better-quality listings that can pique and sustain investor interest, thus contributing to long-term market growth and depth. After all, a stock market is like a supermarket — it needs not only shoppers but also a wide range of good products on the shelves. Without enough quality listings, investors are likely to look elsewhere. Put another way, Bursa Malaysia currently has large "anchor buyers" in domestic institutional funds but arguably fewer sizeable "anchor tenants" to keep the market stocked and demand consistent. **No silver bullet** Billionaire investor Tan Sri Chua Ma Yu opines that Malaysia needs more mergers and acquisitions (M&A) activity, and a higher number of local corporates that can scale up into major companies. "Our largest company is Malayan Banking Bhd (KL:MAYBANK), which has a market capitalisation of over RM135 billion, whereas Singapore's DBS Group Holdings Ltd has over S\$164 billion (RM513.2 billion). We have to attract global investors and we have to create larger companies," he tells *The Edge*. A seasoned local investor, regarded by many as an investment guru, highlights that the problems at the root of the poor performance of Malaysia's capital markets are deeply in-

tertwined with the overall racial, cultural, political and economic nature of the country. "Unless there are massive changes in these, Malaysia will remain a poor-performing market. Whatever the SC or Bursa may try to do will be mired in all the prejudices and dogmas of the ruling parties," he tells *The Edge* bluntly. He argues that encouraging SMEs to list may not necessarily improve the overall performance of Bursa Malaysia. "Most companies are listed at the pinnacle of their achievement, so their listing is merely to monetise the to-date good performance. In my experience, about 70% of new IPO companies go on to perform poorly. "No Malaysian companies have been able to achieve the global scale or success of companies like Thailand's Charoen Pokphand Group Co Ltd or Taiwan Semiconductor Manufacturing Co Ltd. Even the much-vaunted empire of Robert Kuok has performed poorly in recent years," he remarks. Astramina Advisory Sdn Bhd founder Datin Wong Muh Rong recommends a two-pronged growth strategy on IPOs and M&A for the CMP4. "A vibrant and resilient capital market cannot rely on IPOs alone. Sustainable growth requires a balanced ecosystem in which IPOs facilitate new capital formation, while M&A enables capital recycling, consolidation and strategic corporate transformation," she says.

Wong, who is also chairman of the Association of Corporate Finance Advisers, notes that there is a growing risk that overemphasis on IPO-led growth, coupled with relatively stringent rules governing reverse takeovers (RTOs) and backdoor listings (BDLs), may unintentionally suppress legitimate M&A activity. "Regulatory frameworks must be purpose-driven and calibrated to avoid discouraging transactions that deepen market liquidity, promote capital recycling, and facilitate corporate renewal." As RTOs and BDLs are globally recognised mechanisms for M&A-led growth, Wong says as long as minority shareholders are given a fair and transparent exit through a mandatory general offer, they should be encouraged as an alternative pathway for capital market expansion. "In developed markets such as the US, high-profile and competitive M&A transactions often progress swiftly, with approvals largely confined to boards and shareholders. Speed and decisiveness are critical in such environments," she stresses. **Should role of GLICs be enhanced or reduced?** At a time when Bursa Malaysia is grappling with weak retail participation and persistent foreign outflows, the growing influence of **CONTINUES NEXT PAGE**

COVER STORY

'Focus should be on higher-quality listings, not volume'

FROM PREVIOUS PAGE

GLICs has become more apparent. Their increasing concentration of capital has, in turn, put the spotlight on how the equity market functions, with market participants questioning whether valuation adjustments and price discovery remain effective.

Pheim Asset Management Sdn Bhd founder Tan Chong Koay says the commercial independence of government-linked companies (GLCs) and institutional investors should be respected.

"Ultimately, GLCs and institutional investors will invest or divest based on their own views on the market outlook. Rather than artificially enhancing or reducing their role, we should trust them to make allocation decisions that align with the prevailing economic conditions.

"If the market outlook is positive, they will naturally be there to support it. Even during market downturns, their decision to hold cash is constructive. That liquidity acts as a buffer, preserving their capacity to step in and stabilise the market effectively once valuations become attractive again," he explains.

EPF chief investment officer Mohamad Hafiz Kassim is of the view that the CMP4 will be an important road map that will help shape Malaysia's capital market over the long term.

"Ultimately, the effectiveness of any capital market framework is reflected in the outcomes it delivers, including strong governance, transparent disclosures, sound capital discipline and a sufficient depth of investable companies capable of generating sustainable earnings across cycles," he says.

While market activity goes through cyclical phases, long-term investors such as EPF place greater emphasis on fundamentals such as industry attractiveness, a firm's strategy and earnings quality, rather than short-term liquidity or sentiment.

"EPF supports efforts that broaden investable opportunities and strengthen market integrity, as these are essential to sustaining confidence, long-term value creation and retirement financial security," Mohamad Hafiz says.

Looking ahead, EPF expects Malaysia's capital market to continue evolving amid global shifts, supported by domestic political stability, clear policy direction, such as the 13th Malaysia Plan and National Energy Transition Roadmap, and growing investment activity.

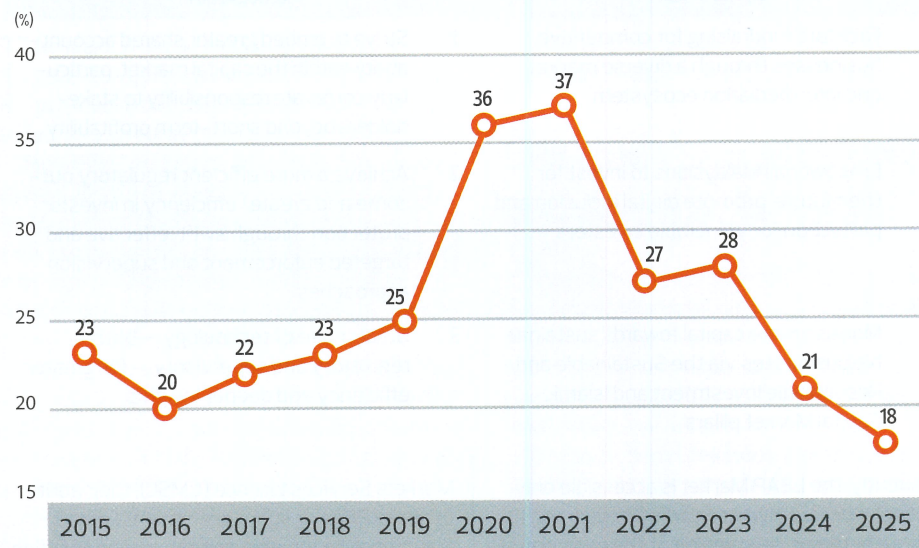
"A resilient, well-governed and forward-looking capital market will remain key to keeping Malaysia attractive and competitive for both domestic and international investors," he adds.

Another institutional investor, PNB, believes the CMP4 must prioritise strengthening and materially expanding the size of the Malaysian capital market in terms of both the equity and debt markets.

For the equity market, focus should be on how returns can be enhanced in order to improve its vibrancy and attractiveness, particularly to global investors. This requires total market returns to be enhanced through better domestic corporate performance and greater focus on the listing of larger-scale enterprises involved in growth sectors.

"This also requires a 'whole of nation' approach, mobilising regulators, the bourse, institutional investors and the corporate sector to drive improvement of total shareholder returns, hold companies accountable for performance and aggressively marketing the benefits of Malaysian equity listing to players involved in the export-based growth sectors," says PNB.

Retail participation on Bursa hit record low of 18% in 2025



Moreover, the role of GLICs should continue evolving and be repositioned as part of the solution.

"GLICs have an important responsibility to act as catalytic stewards, driving stronger performance by holding boards accountable, supporting the development of quality IPOs and helping promising private companies transition into the public market.

"GLICs can also leverage their size to act as lead investors for new innovative debt and global sukuk products. When done well, this approach not only strengthens Malaysian corporates and benefits minority shareholders, but also enhances the overall attractiveness of Malaysian companies to foreign and global investors over time," it adds.

Boosting retail participation

The cooling of trading activity has revived concerns over weak retail participation. There is irony in this — the CMP1 sought to move the market away from its casino-like image, yet over the past 25 years, retail investors have never really returned in a big way, save for the brief trading boom during the Covid-19 pandemic when movement was restricted.

With overseas markets now easily accessible via stockbroking firms as well as trading applications, the CMP4 faces the challenge of boosting retail participation on Bursa Malaysia.

Minority Shareholders Watch Group (MSWG) CEO Ismet Yusoff observes that the post-pandemic cooling was impacted by both cyclical and structural issues. He says the slowdown reflects a cyclical normalisation from exceptionally high retail trading and extraordinary liquidity.

Retail trading rose sharply in 2020-2021 due to various stimuli, including the movement lockdowns and low global interest rates. This was boosted by the convenience of online broking.

There was a spike in total Central Depository System accounts to 2.8 million in 2020 and three million in 2021, from around 2.5 million between 2015 and 2019.

Total average daily trading volume increased from three billion in 2022 to 4.3 billion in 2024, compared with 7.48 billion in 2020 and 5.85 billion in 2021. Total trading volume increased from 729 billion shares in 2022 to 1.06 trillion in 2024, compared with 1.86 trillion in 2020 and 1.43 trillion in 2021.

Retail participation is, however, muted, with its share declining to 21% in 2024 from 27.5% in 2023, despite an increase in average daily trading value to RM660 million in 2024,

compared with RM565.8 million in 2023.

"The local equity market is competing with other asset classes for young retail investors, who are spoilt for choice. With ease of accessibility, many prefer overseas markets that offer greater liquidity and growth narratives that fit the technology-driven future, while having the perennial perception that Bursa Malaysia is slow-moving, boring, traditional and dividend-centric," Ismet analyses.

He points out, however, that 44 of the record 60 IPOs on Bursa Malaysia last year were ACE Market listings.

"The popularity of the ACE Market has drawn massive retail interest vis-à-vis larger-market-cap, Main Market new listings. We concur with the Ministry of Finance's call to prioritise larger-capitalised IPOs in 2026 and beyond to deepen the Main Market's depth and international appeal, as large funds are bound by their investing criteria such as investing in companies above a certain market cap and segment."

Unfortunately, Ismet says, Bursa Malaysia is held back by market perception that IPOs are "cash-out" exercises for promoters and major shareholders, while retail investors bet on the IPOs' price performance to make quick gains.

"We should do away with the mentality of prioritising short-term trading gains over long-term fundamentals," he urges.

CGS International Securities Malaysia CEO Khairi Shahrin Arief Baki says the opening up of trading platforms to allow Malaysians to access foreign markets has provided retail investors with a greater choice of investments, resulting to some extent in weak retail participation on Bursa Malaysia.

"We should strive to bring more interesting and diversified companies to the local bourse to spur market participants to invest locally. The muted retail participation is likely a cyclical trend returning to pre-pandemic levels, influenced by economic factors and risk aversion, rather than a permanent structural shift in investor behaviour," he reasons.

To make the domestic market more compelling to younger and retail investors, Khairi suggests that key strategies involve continuous efforts to increase financial literacy and introduce appealing products and incentives.

"In fact, in April last year, we launched our UP app, Malaysia's first Bursa fractional share trading platform, in conjunction with the Asean Investment Conference 2025. UP also offers a regular saving plan that encourages regular investing to build wealth and mitigate timing risk.

"With consistent investment, they are not affected by market fluctuations and will have decent returns in the long run," he says.

CIMB Securities head of research Ivy Ng Lee Fang thinks the weak retail participation is a cyclical correction. "If we have programmes similar to Value Up in Japan to enhance shareholder value, as well as larger IPOs with strong earnings growth, we believe this could help deepen the pool of liquidity and trading depth."

She says the muted retail participation is partly due to the availability of alternative asset classes and the ability to access other equity markets that have greater liquidity and deliver stronger returns.

"[GLICs should] enhance [their roles] in the form of taking a more active investor's role to raise shareholders' returns."

Ng adds that most local investors prefer to invest in domestic names.

"For exposure to foreign markets, there are more options by going direct to the destination markets. As such, priority would be to get large-cap Malaysian companies to list on Bursa Malaysia. The current global theme is artificial intelligence, but Malaysia does not have many listed companies with exposure to AI."

Revisiting foreign IPOs?

MSWG's Ismet believes Bursa Malaysia should continue to pursue high-quality IPOs, including foreign listings, but at the same time position itself as a specialised regional market rather than a global mega hub, competing with Hong Kong, Singapore or China.

"We recorded strong IPO volume regionally with 55 IPOs in 2024 and 60 in 2025, raising RM7.42 billion in 2024 and RM5.96 billion in 2025. We are considered a top IPO destination within Asean by the number of IPOs and funds raised. Bursa Malaysia remains a domestic-focused IPO hub with a high listing volume and broad base of small- and mid-cap issuers," he says.

In the 2010s, attempts to attract foreign listings, such as mainland Chinese "red chips", delivered poor results. Opinions are divided on whether Malaysia should try to pursue foreign IPOs again.

Ding Su Lynn, partner for corporate finance at Baker Tilly Malaysia, highlights that the success of the country's capital market should not be measured by IPO numbers alone. Instead, it should aim to be a more investable and more liquid market, with broader participation beyond the largest stocks and a healthier balance between public and private capital.

"Under the CMP4, Bursa should attract regionally scaled Asean companies, transition-related businesses such as energy and industrial efficiency players, and selected high-growth founder-led firms with strong governance. The focus should be quality and scale, not listing volume."

Ding believes Bursa Malaysia should selectively pursue foreign IPOs, and not go head to head with the stock exchanges of Hong Kong or China.

"Bursa should target companies where it has an edge — Asean businesses, sustainability-linked issuers and firms aligned with Islamic finance. Competing on credibility and governance is more realistic than chasing volume," she says.

"The CMP4 should respond by making the domestic market more attractive — higher-quality listings, stronger exchange-traded funds (ETFs) and thematic products, and firmer action against manipulation. Retail

COVER STORY

Battle to keep young investors at home

investors stay when markets feel fair and transparent.”

Datametrics Research and Information Centre managing director Pankaj Kumar agrees that Bursa Malaysia does not seek to compete with developed markets such as Singapore, Hong Kong or China.

“What Malaysia could do is attract large Asean-based companies to have a dual-listing on the local bourse and have our top 30 companies be able to list on their markets, for a start. We should also market the local bourse [as a listing destination], especially to those from the Middle East which could tap Malaysian institutional investment funds that are shariah-based,” he says.

Pankaj adds that the quality of companies should be prioritised as earnings durability and growth seem to be lacking in many smaller listings.

“The CMP4 should enhance the listing requirements to attract start-ups with a potential market capitalisation of below RM500 million and those with no earnings track record. We have seen markets like Singapore and Indonesia host such companies, but Malaysia seems to have fallen behind when it comes to start-ups.”

Retail investors looking abroad

Tradeview Capital Sdn Bhd CEO Ng Zhu Hann points out that the underperformance of the local bourse has drained the confidence of retail participants. Additionally, the issuance of digital brokerage licences to platforms such as Moomoo and Webull has effectively made trading in overseas stocks easy and cheap, resulting in many retail investors looking abroad.

“This measure, while good for bringing down the cost of trading, also disrupted the local brokerage industry and provided a different market opportunity to our local retail investors.”

Nevertheless, he believes there is a wide diversity of stocks on the local bourse, especially in the past two to three years. The biggest challenge, however, is the quality of the companies and the valuation of those seeking a Main Market listing.

“Many good companies that choose to list on the Main Market ask for a ridiculous valuation, regardless of their sector.

“This affects the sustained performance, even to the point where investors feel they are being taken for a ride as it appears more like a cashing out endeavour than fundraising for future growth. The assessment criteria ought to be more stringent,” he opines.

Maybank’s community financial services head of strategy Chris Eng Poh Yoon says the CMP3 broadened the sources and pool of financing available to SMEs and mid-tier companies, as the number of IPOs on Bursa Malaysia surged.

The CMP4 should continue to prioritise the retention of funds in the country by crafting regulations that enable the offering of new and innovative products — such as investment assets denominated in foreign currencies — as well as the development of advisory services, including single family offices, which are currently being established in the Johor-Singapore Special Economic Zone.

While overall trading volume may have moderated, he observes a noticeable shift towards small-cap stocks, where retail investor interest has been significantly stronger.

“In a way, the breadth of available small caps that attracts investor interest has widened significantly, given the 60 IPOs in 2025 — the highest in two decades. This has helped

attract local attention back to the bourse, even though the lack of big-cap IPOs has led to lacklustre foreign interest,” Eng elaborates.

He reiterates that the Malaysian bourse has shifted from a focus on large IPOs that typically attract foreign investors, to a greater number of smaller IPOs that generate stronger local interest.

“Given the limited pipeline of large companies capable of delivering sustained post-listing growth, this pivot towards listing smaller players with multiple value propositions is a welcome development. The CMP4 can be tailored to further support and encourage this shift.”

Singular Asset Management founder and chief investment officer Teoh Kok Lin stresses that by 2030, the success of the CMP4 must be defined by Malaysia becoming a “wealth retention hub”, and not just a wealth creation hub.

“We currently face a genuine risk of capital flight. As an active fund manager, I observe a growing trend of family offices and high-net-worth individuals relocating their bases to Singapore and Hong Kong.

“When I engage with global fund managers, the feedback is consistent — Malaysia is still largely pigeonholed as a ‘defensive low beta play’. They look to Vietnam for manufacturing growth or Indonesia for consumption stories,” he says.

This view frustrates him because it ignores a critical reality — Bursa Malaysia hosts one of the region’s largest clusters of listed semiconductor and outsourced semiconductor assembly and test firms.

“We possess genuine ‘tech beta’, but this narrative is currently being drowned out by legacy ‘old economy’ perceptions.”

AHAM Asset Management Bhd founder and managing director Datuk Teng Chee Wai says the muted retail participation may reflect investors’ greater access to global markets, broader product choices and more competitive digital platforms.

As a result, domestic equities now compete directly with global markets and alternative asset classes for retail capital. To reverse this trend, the CMP4 could focus on improving the quality of new listings, especially from new economy sectors, enhancing corporate access and disclosure to retail investors, as well as encouraging the development of new-gen products such as ETFs and thematic indices.

“GLCs and institutional investors play an important role in providing long-term stability to the market, but their role can be made more effective. This can be achieved by taking a more active ownership role, including deeper engagement with portfolio companies on best ESG (environmental, social and governance) practices and value unlocking through long-term business thinking.

“Beyond investment returns, GLCs also play a nation-building role by nurturing promising local companies into global champions tomorrow. Continued focus on professional and independent board appointments would also help strengthen governance, protecting minority interest and thus making the market more attractive to investors,” he concludes. **E**

An increasing number of young investors are shifting their capital to overseas markets, a trend accelerated by easier access to global trading platforms and the growing appeal of digital and alternative assets.

But to be clear, the shift also reflects long-standing structural issues in the local stock market, which many younger investors perceive to be stagnant and lacking in excitement. The launch of electronic trading platforms such as Moomoo and Webull in Malaysia has further intensified this pivot, given their low-commission-fee business model.

Among the key attractions of investing abroad are greater portfolio diversification, enhanced trading flexibility and deeper market liquidity. The US market, for instance, offers exposure to companies with stronger earnings potential, underpinned by global operations and scaleable business models.

Singular Asset Management founder and chief investment officer Teoh Kok Lin says the shift towards global market access has structurally altered the investing behaviour of young investors, who now have international markets at their fingertips.

“Why buy a stagnant local stock when you can purchase fractional shares in US tech giants?” he asks.

To address this challenge, Teoh suggests introducing more ringgit-denominated thematic exchange-traded funds, particularly those offering exposure to Asean technology and the global artificial intelligence (AI) segment.

“If we don’t offer the products investors want, they will trade elsewhere. Additionally, we must create a safer trading environment through rigorous enforcement against manipulation, ensuring retail investors are not the primary victims of speculative schemes.

“We need surgical regulation, not blunt force. Heavy-handed measures, such as frequent UMA (unusual market activity) queries or limit freezes, kill liquidity across the market. We need better surveillance technology, including AI-driven monitoring that distinguishes healthy speculation from predatory manipulation. As active managers, we want a market that moves, not one that is constantly halted,” he emphasises.

Develop a niche in digital assets

In pursuing growth in digital assets, industry players say success will depend less on speed and hype, and more on credibility, regulation and institutional readiness.

Ding Su Lynn, partner for corporate finance at Baker Tilly Malaysia, thinks Malaysia should position itself as a credible and well-regulated digital market hub, starting with institutional and qualified-investor products such as tokenised funds, bonds and sukuk.

“Innovation should be phased and well supervised. The aim is not speed, but innovation that improves transparency and efficiency without creating systemic risks,” she points out.

Minority Shareholders Watch Group (MSWG) CEO Dr Ismet Yusoff concurs, adding that the focus should be on practical tokenisation use cases, such as fund units, sukuk and private market instruments, where there is clear economic value and regulatory visibility.

“Regulators should enable innovation through phased adoption and sandboxes, while managing systemic risks through strong governance, custody, disclosure and prudential

safeguards. The priority should be financial stability, investor protection and market integrity,” he stresses.

CGS International Securities Malaysia CEO Khairi Shahrin Arief Baki says the Capital Market Masterplan 4 (CMP4) presents the country a real opportunity to define its niche in digital assets, without the need to compete head-on with markets that are already far ahead in retail crypto trading or token speculation.

Instead, he says Malaysia should position itself around areas where it has natural comparative advantages, such as institutional-grade tokenisation, shariah-aligned digital assets and regulated digital market infrastructure.

“The real value is not in chasing hype, but in modernising capital-raising, settlement and product innovation through tokenised bonds, sukuk, fund units and real-world asset platforms. These are areas where Malaysia can lead regionally because we already have strong foundations in Islamic finance, a sophisticated bond and sukuk market, and a regulatory culture that prioritises investor protection,” he says.

Datin Wong Muh Rong, founder and managing director of Astramina Advisory Sdn Bhd, views tokenisation — when backed by real-world assets — as a constructive and lower-risk pathway for innovation. She notes that it can enhance transparency, facilitate fractional ownership and improve market access, while anchoring valuations to tangible or verifiable underlying assets.

However, she cautions that greater risks could arise when digital assets operate outside established regulatory oversight, particularly in areas involving fiat on-ramps, custody and settlement.

“When tokenisation, stablecoins or digital securities bypass oversight by authorities such as Bank Negara Malaysia, the ecosystem can become highly speculative and vulnerable to misuse, including money laundering, terrorist financing and other illicit activities. These risks underscore the need for close coordination between regulators and a robust regulatory perimeter that ensures all key touch points — issuance, trading, custody and fiat conversion — remain subject to appropriate supervision,” she observes.

Nonetheless, Wong is of the view that the CMP4 should allow for “controlled experimentation” within clearly defined regulatory frameworks such as regulatory sandboxes and phased licensing regimes, as the development of alternative digital assets, including tokenised instruments and stablecoins, represents an important evolution of the capital market.

Tradeview Capital Sdn Bhd CEO Ng Zhu Hann proposes that Malaysia proceed, albeit with caution. He stresses that tokenisation, stablecoins and digital securities should only be explored when the local bourse’s fundamentals are solid and pertinent issues have been addressed.

“If our fundamentals are not sound and the market’s full potential is not yet realised, why venture into something beyond our current capacity and aptitude? These should not be the focus, at least not at this juncture,” he opines.

The central bank has said that a discussion paper will be issued to provide guidance on developing tokenisation use cases and safeguards to support responsible exploration and adoption. **E**

