

Is Your Board "Future-Ready"? Key Takeaways From The Securities Commission's Capital Market Masterplan 2026-2030

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The Securities Commission Malaysia (SC) recently unveiled the Capital Market Masterplan 2026–2030 (CMP4), setting a target to grow the market size to between RM 5.8 trillion and RM 6.3 trillion by 2030. This strategic blueprint succeeds CMP3 and sets a transformative 20 year vision to reshape Malaysia's capital market into a high-growth, sustainable and inclusive ecosystem.

To be 'future-ready', boards must possess the agility, technical expertise and ethical judgment required to navigate through the evolving landscape of market structure, risks and opportunities. For legal practitioners, board directors, and compliance officers, CMP4 signals a shift from purely voluntary standards to measurable performance metrics and enforced accountability.

The CMP4's 4 Strategic Framework¹

The Masterplan positioned governance as the core of capital market development, i.e. the four interconnected themes: *Vibrancy, Inclusivity, Sustainability* and *Regional Opportunities*. Boards must align their long-term strategies with these pillars to ensure they remain attractive to institutional capital and compliant with evolving oversight.

1. Vibrancy

The CMP4 aims for a vibrant capital market that fuels long term economic prosperity, with the outcome of expanding the breadth and depth of the equity, bond and sukuk markets as well as

¹ Securities Commission Malaysia, *Capital Market Masterplan 2026–2030: Reshape and Recalibrate* (2026) <https://www.sc.com.my/api/documentms/download.ashx?id=5465cb2e-48de-40c7-b05f-9c3f5fc959c8>

unlocking new asset classes to fuel innovation and economic expansion. This evolution requires the Malaysian capital market to move into new territories, such as private credit and alternative assets, all while ensuring these ecosystems remain on a solid regulatory footing to protect investors.

To address this, the CMP4 laid down 4 implementation priorities:

- a. Optimising equity market valuation and value proposition of bonds and sukuk
- b. Accelerating growth of venture capital and private equity
- c. Facilitating development of a private credit ecosystem
- d. Developing regulatory frameworks for alternative assets

The CMP4 recognises that voluntary corporate governance programs have reached a plateau in terms of driving performance. Moving forward, the SC may adopt a more direct engagement approach, identifying boards and management as the primary stewards responsible for lifting corporate performance. Key governance shifts under this priority include:

- Upcoming review of the Malaysian Code on Corporate Governance (MCCG) to consider the move from 'apply or explain' approach into mandatory requirements to instil better conduct across Public Listed Companies.
- Introducing metrics such as total shareholder returns, return on invested capital and innovation. This will be reported via public disclosure and annual KPI scores to enhance capital efficiency.
- Introducing transparency as a new norm, whereby structured transformation plans and regular disclosures on value-creation targets become standard expectations for boards.
- Reinforcement of the 'trustee ecosystem' too in supporting effective monitoring, robust disclosures and ongoing issuer accountability throughout the lifecycle of bond and sukuk instruments.

2. Inclusive

Guided by the 13th Malaysia Plan and the MADANI Economy Framework, the CMP4 seeks to build a more inclusive and resilient economy by ensuring that all Malaysians benefit equitably from the nation's growth. The overarching vision is to democratise access to the Malaysian capital market, ensuring it serves all citizens and small businesses to the fullest extent possible.

To achieve inclusivity, the SC aims to:

- a. Improve financial literacy and expand access to data, to enable Malaysians to make well-informed investment decisions
- b. Improve access to innovative products and services
- c. Promote financial security for retirement
- d. Strengthen fundraising for MSME and MTC

The CMP4 noticed a quiet transformation as the new generation of younger investors are entering the market. Furthermore, with over 90% of EPF members under age 30 currently holding insufficient retirement savings, these implementation priorities serve as a positive approach to broaden access to the capital market products and services for long term wealth creation.

3. Sustainability

The CMP4 envisions our capital market to support and contribute to the national sustainability goals. To achieve this, the CMP4 introduces two implementation priorities:

- a. Mobilising capital for sustainability-related projects
- b. Building a robust sustainable finance ecosystem

Developments in environmental law broadens not only the scope of opportunities and incentives, but also the scope of corporate and director's liabilities. Under the Companies Act 2016, directors are bound by their fiduciary duty to act in the best interest of the company with reasonable care, skill, and diligence. As clarified by the Commonwealth Climate and Law Initiative (CCLI), this duty now encompasses the proactive interrogation of climate-related risks. A board that fails to account for and mitigate against climate-related risks in their daily operations, is potentially in breach of its legal obligations. Following this development, there is no longer a distinction between environmental risk and financial loss, hence, directors who ignore these realities face the risk of being exposed to personal liability.

4. Regional Opportunities

According to the CMP4, the next phase of growth for Malaysia is intrinsically tied to its ability to capture opportunities within Asia, the fastest-growing region in the world. As global trade and investment flows are increasingly redirected intra-regionally, ASEAN is projected to become the world's fourth-largest economy by 2040. Despite this economic weight, ASEAN capital markets currently represent only 4% of the MSCI Emerging Markets Index, signalling significant untapped upside potential.

To solidify Malaysia's position as a trusted regional gateway, the CMP4 seeks to:

- a. Facilitate funding expansion of homegrown regional champions
- b. Position Malaysia as a regional fundraising and investment destination
- c. Establish a niche in innovative and high-impact products

Differentiator And Critical Foundation

The abovementioned outcome themes are further reinforced by Malaysia's position as a global leader in Islamic finance. This includes embedding *Maqasid al-Shariah* principles into investable and globally competitive offerings. Furthermore, the CMP4 has also identified regulatory and governance excellence as a critical foundation in sustaining investor confidence and market integrity, as well as to ensure our capital market remains, adaptive, stable and future ready.

Conclusion

The release of the CMP4 signals a shift in regulatory and governance development in the near future. To be truly future-ready, boards and C-suite executives must embrace a paradigm where optimising for dividends and return on invested capital is viewed as inseparable from their expanding fiduciary duties regarding climate risk and ethical leadership.

As the CMP4 provides the necessary structural breakthroughs to elevate Malaysia's position as a regional gateway, the success of this vision depends on a whole-of-nation approach and the discipline of the board of directors to lead their organisations through this period of recalibration. Boards that proactively integrate these latest developments will not only ensure long-term resilience but will define the next chapter of Malaysia's economic prosperity.

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