LEAP MARKET 2.0: WIDENING FUNDRAISING ACCESS FOR MSMES, MID-TIER COMPANIES AND RETAIL INVESTORS

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On 18 May 2026, the Securities Commission Malaysia (the SC) and Bursa Malaysia Securities Berhad (Bursa Malaysia) jointly announced a suite of proposed enhancements to the Leading Entrepreneur Accelerator Platform (LEAP Market), a platform dedicated to early-stage and emerging companies on Bursa Malaysia.

The proposals are set out in detail in Bursa Malaysia's Consultation Paper No. 2/2026 on Proposed Amendments to the LEAP Market Listing Requirements, ACE Market Listing Requirements and the Rules and Directives of Bursa Malaysia to reinvigorate the LEAP Market (the Consultation Paper).

These proposed enhancements follow the LEAP Market 2.0 announcement made by Finance Minister II Datuk Seri Amir Hamzah Azizan in March 2026, and form part of a wider policy effort to improve access to financing for micro, small and medium enterprises (MSMEs) and mid-tier companies (MTCs).

The reforms are said to support the objectives of the SC's Capital Market Masterplan 2026-2030 and align with the SC's Catalysing MSME and MTC Access to the Capital Market: 5-Year Roadmap (2024-2028) (the Roadmap), complementing the national MSME and MTC development agenda.

The Roadmap itself recorded that Malaysia's business landscape consists of approximately 8,500 MTCs, contributing around 36% of Malaysia's GDP and employing over 16% of the workforce, and set a key outcome of increasing MSME and MTC capital market fundraising from RM6.3 billion in 2023 to RM40 billion by 2028.

SC Chairman Dato' Mohammad Faiz Azmi described the move as a major step in building a more inclusive capital market for MSMEs and MTCs, noting that it reinforces the "funding escalator" from private to public markets by lowering costs and improving access to growth capital through a more facilitative regulatory environment.

The Consultation Paper records that, since the LEAP Market's launch on 25 July 2017, a total of 54 companies had successfully raised funds from their initial listings, amounting to RM275,834,773.00 in total funds raised, with a further 12 companies listed by way of introduction. As at 30 April 2026, 50 companies remained listed on the LEAP Market and 8 had been delisted.

Of these, 9 LEAP-listed corporations had transferred to the ACE Market as at the date of the Consultation Paper, with a further 2 transfer applications underway. Dato' Mohammad Faiz Azmi highlighted that Malaysia has an addressable pool of approximately 8,500 MTCs that could benefit from a clearer and smoother listing pathway.

This insight sets out:
(a) the background and rationale for LEAP Market 2.0;
(b) the current regulatory position of the LEAP Market;
(c) the 5 key proposed enhancements;
(d) the legal and practical implications for MSMEs, MTCs, advisers and investors; and
(e) points for stakeholders to consider during the consultation period.

Background: The LEAP Market As It Currently Stands

The LEAP Market was launched on 25 July 2017 as an alternative capital-raising platform for SMEs that do not qualify for listing on the ACE Market, giving them access to fundraising and visibility through the capital market.

Admission is governed by the LEAP Market Listing Requirements issued by Bursa Malaysia, which acts as the approving authority. SC approval is not required for listing on the LEAP Market, although a copy of the information memorandum must be deposited with the SC.

It has been observed that the LEAP Market has suffered from persistent illiquidity since its 2017 launch. This has been attributed to trading having been strictly confined to sophisticated investors, a limited pool of market participants that has led to thin trading volumes, which in turn has discouraged new listings and hindered accurate price discovery on company valuations.

The Consultation Paper itself confirms that the LEAP Market operates as a qualified market accessible only to sophisticated investors under an adviser-driven, disclosure-based regime. It acknowledges that while this framework was consciously adopted to promote investor protection and market integrity, the targeted investor base has naturally resulted in more modest trading activity, noting that there were only 4 or 5 new listings on the LEAP Market in 2024 and 2025 respectively.

Under the existing framework, trading on the LEAP Market (other than by promoters or owners of the listed company) is restricted to "Sophisticated Investors" as defined by the Guidelines on Categories of Sophisticated Investors issued by SC on 5 February 2024. This category captures:

(a) **Accredited Investors**, including licensed and registered persons, exchange holding companies, closed-end funds approved by the SC, and their chief executives and directors;

b) **High-Net-Worth Entities**, including trust companies, approved corporate trustees, and corporations or partnerships with net assets exceeding RM10 million; and

(c) **High-Net-Worth Individuals**, being individuals whose net personal (or joint) assets exceed RM3 million (with primary residence contributing no more than RM1 million of that total), or whose gross annual income exceeds RM300,000.00 (or RM400,000.00 jointly with a spouse or child), or whose net investment portfolio in capital market products exceeds RM1 million, or who meet certain qualification, professional membership or capital-market work-experience criteria.

Retail investors, by contrast, have not been permitted to trade on the LEAP Market.

Companies seeking admission to the LEAP Market are also currently required to appoint an approved adviser to assist with both the listing process and post-listing compliance. The listing process itself is comparatively light-touch: there is no requirement for a prospectus, and the operative disclosure document is an information memorandum rather than a fully vetted prospectus of the kind required for Main Market or ACE Market listings.

The 5 Proposed Enhancements under LEAP Market 2.0

(a) Alternative fundraising pathway for Equity Crowdfunding (ECF) Company and Venture Capital (VC)/Private Equity (PE) backed companies

Under the current regime, admission to the LEAP Market requires the appointment of an approved adviser. LEAP Market 2.0 proposes an alternative admission route for eligible ECF companies with a proven fundraising track record.

Under the Consultation Paper's proposed Rule 3.14 of the LEAP Market Listing Requirements (LEAP LR), an eligible ECF company may apply for admission directly without an approved adviser if, within the 7 years before the date of submission of its initial listing application, it has:

(i) successfully completed at least 1 equity fundraising exercise on the ECF platform on which it was hosted; and

(ii) raised an aggregate sum of at least RM5 million (which may include amounts raised through VC/PE firms registered with the SC, or an equivalent foreign regulator).

The company must also:

(i) be assessed as suitable for listing having regard to its business and operations, corporate governance record, public interest and adequacy of disclosures;

(ii) have secured a continuing adviser for at least one full financial year upon admission; and

(iii) submit its initial listing application only after the expiry of at least 6 months from the completion date of its most recent ECF or VC/PE equity fundraising exercise.

The Consultation Paper further proposes that such a company must appoint a "listing agent", either the ECF operator that hosted it or the relevant VC/PE firm, to act as liaison with Bursa Malaysia during the admission process, although the listing agent's role does not extend to corporate finance advisory services such as advising on suitability or compliance with the LEAP LR. Following admission, such companies will still be required to appoint a continuing adviser to ensure ongoing compliance with post-listing obligations.

(b) Simplified disclosure document

An alternative disclosure document, termed the "Listing Document" under the Consultation Paper, will be introduced, adopting a simplified and structured format while retaining the essential information needed to support informed investment decisions.

The Consultation Paper proposes to re-designate the current information memorandum as the Listing Document, with prescribed disclosures presented in a standard template covering, among other matters, risk factors, related-party transactions and conflicts of interest, and financial information.

It further proposes to remove the current requirement to deposit the disclosure document with the SC, so that the document would only need to be registered with Bursa Malaysia concurrently with the initial listing application. The document would, however, remain subject to CMSA liability for any false or misleading statement or material omission.

Notably, the Consultation Paper proposes that the standard template exclude 2 categories of information that are currently expected in a comprehensive disclosure document:

(i) details of the present directorships and controlling shareholdings held by specified shareholders and directors in businesses or corporations outside of the applicant's group; and

(ii) details of any past material related party transaction entered into by the applicant or its subsidiaries in the last financial year, where such transactions have since ceased and will not continue after listing.

The items proposed to be reduced or reformatted are not, in substance, material to an investor's ability to make an informed decision, noting that core categories such as the business overview and risk factors are retained under the new format. What changes is the presentation and depth of certain fact-specific or compliance-orientated disclosures, rather than the availability of the categories of information most relevant to investment decision-making.

The stated aim of the simplified format is to enhance clarity, improve consistency and facilitate greater standardisation across submissions, thereby easing market access while preserving the quality and integrity of disclosure available to investors, and is expected to significantly lower overall listing costs for smaller businesses.

(c) Broader investor participation: retail investors permitted for the first time.

This is the most significant proposed change. Retail investors, defined as any person who does not fulfil any of the criteria specified in the SC's Guidelines on Categories of Sophisticated Investors, will, for the first time, be permitted to participate in the LEAP Market, which has to date been reserved exclusively for sophisticated investors.

The Consultation Paper proposes that a retail investor may invest subject to the following caps (together, the Prescribed Investment Limits):

(i) a maximum of RM100,000.00 in the subscription of securities offered or issued in an initial listing or a secondary fundraising by a listed corporation; and

(ii) a maximum of RM100,000.00 held with each participating organisation for secondary market trading, subject to a total investment not exceeding RM250,000.00 at any time.

The Consultation Paper proposes that the Prescribed Investment Limits exclude:

(i) all investments by a "specified shareholder" (broadly, a controlling shareholder, a person connected to a controlling shareholder, or an executive director who is a substantial shareholder) in their own corporation; and

(ii) pre-listing investments of other existing securities holders.

The Consultation Paper also proposes a corresponding enhanced risk disclosure framework, requiring notification of the Prescribed Investment Limits in the listing document and other public documents, a risk disclosure statement to be signed by all investors before trading, and a declaratory approach under which a retail investor must declare compliance with the Prescribed Investment Limits before trading.

Industry commentary has framed this expansion as intended to create a more vibrant and liquid marketplace, providing promoters with better exit opportunities to realise their investments and enabling improved price discovery on company valuations.

This layered cap structure appears designed to balance the policy objective of democratising access to LEAP-listed companies against the higher risk profile inherent in early-stage and emerging-company investments, and mirrors the tiered investment-limit approach already used in the ECF regime, under which retail investors are subject to a maximum of RM10,000.00 per issuer and RM50,000.00 in total within a 12-month period.

(d) Share-based payment to advisers

A share-based payment option will be introduced, allowing advisers to receive up to 50% of their advisory fees in the form of ordinary shares of the applicant. This is subject to safeguards:

(i) a maximum shareholding limit of 2% per adviser;

(ii) an aggregate cap of 5% across all advisers; and

(iii) a 6-month moratorium on disposal of such shares.

This proposal is intended to reduce the cash cost of listing for MSMEs and MTCs while managing conflicts of interest and market-integrity concerns that can arise where advisers hold equity in the companies they advise.

(e) Seamless transfer from the LEAP Market to the ACE Market

The transfer framework from the LEAP Market to the ACE Market will be enhanced by removing the existing requirement, under Chapter 3A and Guidance Note 15A of the ACE LR and Rules 8.06 and 8.08 of the LEAP LR, for a transferring company to request a withdrawal of listing from the LEAP Market and offer its shareholders an exit offer or other equitable exit mechanism.

The Consultation Paper explains that this requirement was originally intended to give sophisticated investors a fair opportunity to exit if they did not wish to continue participating following the transfer to the ACE Market, but that in practice it had affected time-to-market and added cost and administrative complexity. In most past transfer applications, shareholders had undertaken not to accept the exit offer (with such undertakings given in 7 of the 9 completed transfers, or approximately 78%), and Bursa Malaysia had granted waivers accordingly.

As a complementary measure, the Consultation Paper proposes a new time-based delisting criterion under which a LEAP-listed corporation would be delisted if it fails to apply for a transfer of listing to the ACE Market by the expiry of 7 full financial years after its admission to the LEAP Market, or if its transfer application is rejected, together with a corresponding requirement for progressive disclosure of transfer plans from the 5th financial year onwards.

Based on the 9 completed transfers as at 6 May 2026, the listing period prior to transfer had ranged from approximately 2 years 10 months to 7 years 4 months, with most transfers occurring within approximately 5 to 6 years of listing.

This is intended to formalise and streamline the "funding escalator" concept referenced by the SC Chairman, positioning the LEAP Market as a transitional feeder market rather than a long-term listing venue, building on the fact that 9 LEAP-listed companies have successfully transferred to the ACE Market under the existing framework, with 2 further transfer applications underway.

Rationale And Policy Context

Bursa Malaysia's Chief Executive Officer, Dato' Fad'l Mohamed, characterised the reforms as building on the LEAP Market's role as an established entry point into the public market for MSMEs and MTCs, introducing greater flexibility in admission pathways, more streamlined disclosures and broader investor participation. He emphasised that these measures are intended to support MSMEs and MTCs as they participate in and grow through the capital market, while strengthening capital formation, reinforcing market depth and transparency, and maintaining appropriate standards of investor protection befitting a qualified market.

Read together, the 5 proposed enhancements can be understood as addressing structural weaknesses in the LEAP Market that the SC's Roadmap had already identified:

(a) liquidity and exit concerns arising because access to the LEAP Market was limited to sophisticated investors;

(b) a relatively high cost of issuance and compliance for MSMEs and MTCs, with the Roadmap noting that estimated total listing costs on the LEAP Market were approximately RM1 million to RM2 million, or around 13% of total funds raised, compared with 9% on the ACE Market and 4% on the Main Market;

(c) a disclosure regime that, while lighter than a prospectus, may not have been optimally calibrated for the profile of issuers using the platform; and

(d) an unclear and administratively heavy pathway for graduating to the ACE Market, notwithstanding the LEAP Market Transfer Framework introduced in 2023, which limited the LEAP Market's function as a genuine stepping-stone within the wider capital market ecosystem.

Implications Of The Proposed Amendments Under LEAP Market 2.0

(a) For MSMEs and mid-tier companies

Eligible ECF companies gain a potentially faster and lower-cost route to the LEAP Market, bypassing the need for an approved adviser at the point of admission, although a continuing adviser will still be required post-listing.

Companies should assess, ahead of any ECF raise, whether structuring the fundraise through a registered ECF platform or VC/PE firm with a view to a future LEAP listing is commercially attractive, given the RM5 million aggregate fundraising threshold over a 7-year look-back period and the mandatory 6-month cooling-off period before submission.

Companies should also note that, under the Consultation Paper's proposals, a LEAP-listed corporation would face delisting if it fails to apply for a transfer of listing to the ACE Market within 7 full financial years of admission (or if its transfer application is rejected), which effectively imposes an outer limit on how long a company may remain on the LEAP Market without progressing. At the same time, the removal of the mandatory withdrawal of listing and exit offer requirement should make the transfer itself faster and less administratively burdensome once a company does seek to graduate.

(b) For retail investors

Retail investors will gain access to an asset class previously closed to them, subject to the RM250,000.00 aggregate cap, RM100,000.00 per-issuer primary market cap, and RM100,000.00 per-broker secondary market cap.

Advisers and brokers dealing with retail clients in this space should note the practical compliance burden of tracking cumulative exposure across issuers and brokers to ensure these caps are respected, particularly once secondary trading develops.

Investors and their advisers should also bear in mind that LEAP-listed companies remain subject to a lighter disclosure regime than Main Market or ACE Market issuers (even after the proposed simplified disclosure document is introduced), and that prospectus liability concepts under the CMSA continue to have relevance to the standard of disclosure required.

(c) For approved advisers, ECF-Registered Market Operators (RMO) and VC/PE firms

ECF-RMOs and VC/PE firms stand to gain a new commercial role as listing agents for eligible ECF issuers, alongside a capacity-building obligation to support issuers progressing to the public market.

Approved advisers should consider the implications of the proposed share-based payment mechanism, including the governance and disclosure obligations that may attach to receiving up to 50% of advisory fees in shares, the 2% individual and 5% aggregate shareholding caps, and the 6-month disposal moratorium.

These features raise conflict-of-interest considerations that advisers will need to manage carefully, including in relation to independence and objectivity in advising on valuation and pricing where the adviser itself holds or will hold equity in the applicant.

(d) For the broader capital market ecosystem

If implemented as proposed, LEAP Market 2.0 would create a more continuous fundraising pathway spanning equity crowdfunding, the LEAP Market and the ACE Market, consistent with the SC's stated "funding escalator" objective.

This has implications for market intermediaries structuring fundraising strategies for MSME and MTC clients, who may increasingly plan multi-stage capital-raising journeys across these 3 tiers from the outset, rather than treating each platform as a discrete and separate fundraising decision.

Conclusion

LEAP Market 2.0 represents a material recalibration of the LEAP Market's position within Malaysia's capital market architecture. By opening the market to retail investors for the first time (subject to layered investment caps), simplifying disclosure through the new Listing Document, creating an alternative admission route for eligible ECF companies, permitting share-based adviser remuneration, liberalising the adviser and suitability assessment frameworks, and easing the transfer pathway to the ACE Market (while introducing a 7-year mandatory transfer deadline), the proposals set out in the Consultation Paper aim to strengthen the LEAP Market's role as a genuine stepping-stone between private and public capital markets for MSMEs and MTCs. Given Malaysia's addressable pool of approximately 8,500 MTCs, and against a backdrop in which 9 LEAP-listed companies have already migrated to the ACE Market (with 2 further applications pending), the reforms could, if adopted substantially as proposed, meaningfully expand the pipeline of companies progressing through the capital market escalator. However, the ultimate shape and effectiveness of the reforms will depend on the outcome of the public consultation closing 15 June 2026 and the final form of the amended LEAP LR, ACE Market Listing Requirements and Bursa Malaysia Rules and Directives, as well as the SC's concurrent review of the CMSA. Businesses, advisers and investors considering activity on the LEAP Market should monitor these developments closely and consider engaging with the consultation process where relevant to their interests.

This insight is for general information purposes only, is based on the proposals announced by the SC and Bursa Malaysia on 18 May 2026 and set out in the Consultation Paper dated 18 May 2026, and does not constitute legal advice. The proposals remain subject to public consultation and may change before finalisation.

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