

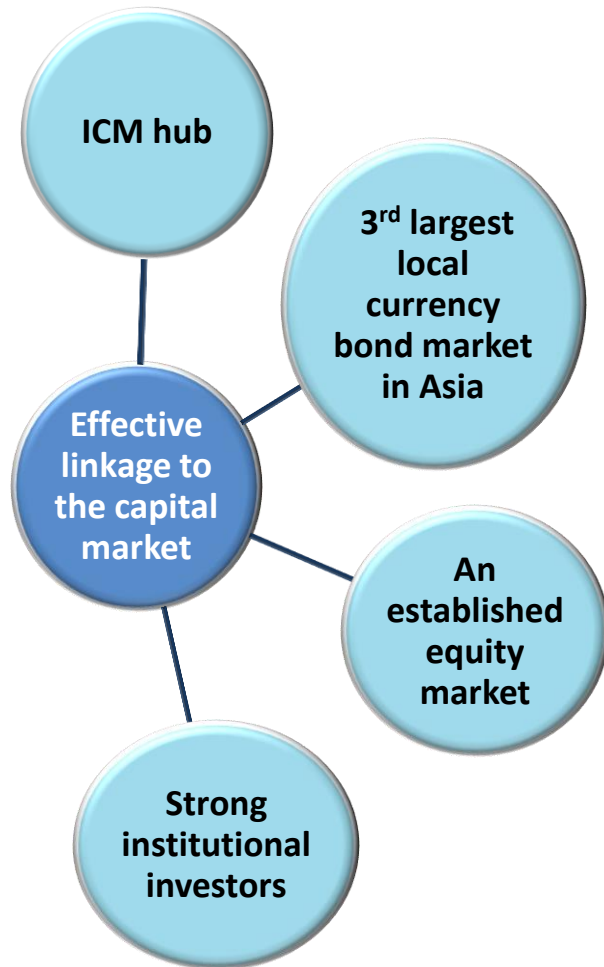


# Harnessing the Synergy between Islamic Capital Market (ICM) and Sustainable and Responsible Investment (SRI)



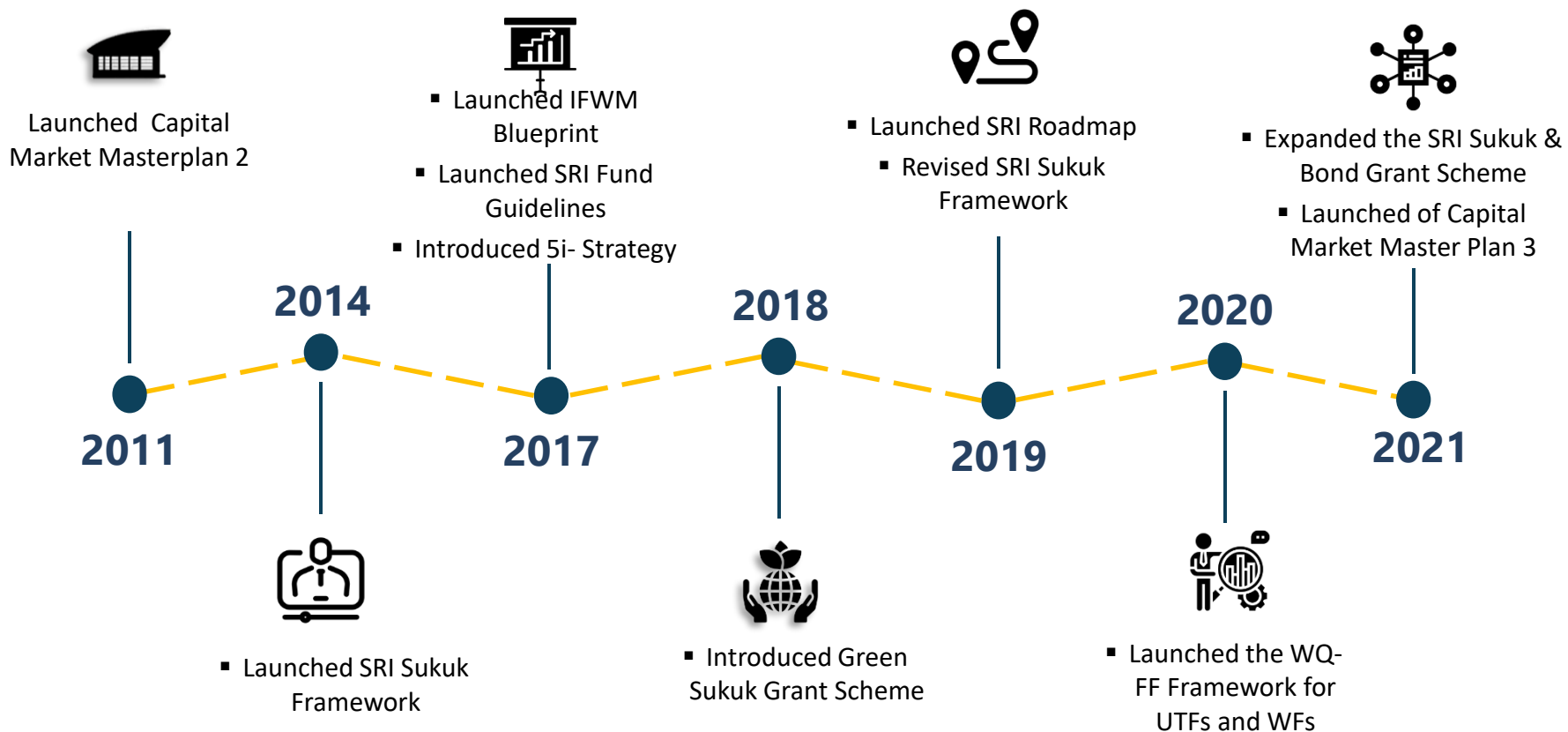
**Noraizat Shik Ahmad**  
**Securities Commission Malaysia**  
**2 November 2021**

# Malaysia's capital market is well-positioned to leverage on the growing interest in SRI



- Malaysia's leading position in ICM gives an **edge in attracting SRI funds** and **to be a regional centre for SRI**, as ICM principles are aligned to the principles of sustainable investing.
- As the 3<sup>rd</sup> largest local currency bond market as a percentage of GDP in Asia, being a regional SRI hub will increase the attractiveness of Malaysian bond and sukuk market to **new category of value investors and issuers**.
- Malaysia has an established equity market and SRI products will **widen the range of listed products** available in the Malaysian capital market.
- More institutional investors will **align financing goals with sustainable economic growth** by integrating social and environmental considerations into the investment and business decision-making process.

# SRI continues to be the key priority for the SC's developmental agenda



# ICM has been a strong catalyst for SRI



## SRI Sukuk

- First issuance in 2015 – Sukuk Ihsan
  - First Green SRI Sukuk issued in 2017
  - To-date, total issuances RM7.3 billion covering various eligible SRI projects
- 



## Waqf Shares

- First of its kind globally
  - Dividends from the waqf shares were utilised to subsidise rental rates for selected tenants as well as for small shop lots for single mothers and lower income groups
- 



## SRI Funds

- Widen the range of SRI products and attract more investors in the SRI segment.
  - Unit trust funds, real estate investment trust funds, exchange-traded funds, and venture capital and private equity funds
  - 12 Islamic SRI funds (10 unit trust funds and 2 wholesale funds)
- 



## Waqf-Featured Funds

- Broaden the range of innovative ICM products
  - Facilitate the offering of Islamic funds with waqf features
  - 4 waqf featured funds have been registered so far
- 



## Shariah Screening Assessment Toolkit

- Guidance in screening the Shariah status of unlisted MSMEs for ECF and P2P financing platform operators and Shariah advisers
  - Enables more diversified Shariah-compliant investment portfolios across asset classes and economic sectors
-

### Shaping a stakeholder economy with SRI and ICM



Enable greater capital mobilisation to businesses that create value for *stakeholders* of the economy



Expand the reach of ICM to the broader *stakeholders* of the economy



Collaborate and innovate with broader *stakeholder* groups for a more sustainable growth

### ICM OFFERINGS CAN BE BROADENED TO BE MORE RELEVANT TO THE DIFFERENT STAKEHOLDERS OF THE ECONOMY



Relevant to broader *halal* MSMEs

Facilitate funding access for MSMEs in the *halal* economy



Relevant to environment

Empower investors and businesses that are responsible and sustainable



Relevant to society

Enable socio-economic development of the nation, leveraging Islamic social finance

---

**THANK YOU**

---