

# SC REVISES VENTURE CAPITAL AND PRIVATE EQUITY FRAMEWORK

*Move aims at enhancing funding access for start-ups and MSMEs*

*Kuala Lumpur, 29 November 2022*

The Securities Commission Malaysia (SC) has enhanced its Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporations (VC/PE Guidelines). The revisions took effect yesterday (28 November 2022).

The enhanced VC/PE Guidelines aimed to foster a more conducive environment and increase the vibrancy of private markets, notably in venture capital (VC) and private equity (PE) asset classes.

The SC Chairman Dato' Seri Dr. Awang Adek Hussin said the enhancement is the latest measure taken by the SC to help provide a diverse range of funding options for micro, small and medium-sized enterprises (MSMEs), especially start-ups and high-growth enterprises.

This, he added, is essential to foster innovation among the MSMEs and further strengthen Malaysia's economic growth.

Among others, the revisions focused on widening the investor base and enabling more capital to be made available particularly for early-stage start-ups encompassing the following:-

1. Expand the pool of eligible investors that can invest in VC and PE funds, with the introduction of a new minimum investment test of RM250,000.  
This will enable more investors, particularly angel investors, to pool their money into VC and PE funds.
2. Streamline and simplify the registration requirements for both VC and PE firms. This is to encourage the establishment of new firms in Malaysia, both local and foreign, and deepen the professional VC and PE talent pool.
3. Make registration necessary only for firms that perform fund management activities with respect to VC and PE funds. As a result, entities which are strictly fund vehicles will no longer need to be registered under the VC/PE Guidelines.
4. Remove the 50-investor limit on VC and PE funds. This is to accommodate the evolving needs of the industry and the increasing use of other structures such as limited partnerships.

More information on the revised VC/PE Guidelines, including the registration framework and application forms, is available on the SC's website.

The enhanced framework complements the various incentives for VC investments that are currently available. These include tax exemptions for qualified VC funds as well as for VC or PE managers and deductions for qualified investments into start-ups made either directly or indirectly through funds.

To qualify for these incentives, VC or PE managers must, amongst others, be registered with and seek certification by the SC.

The certification process is outlined in the VC Tax Incentive Guidelines and the Application Kit, which are also available on the SC's website.

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### ABOUT THE SC

The Securities Commission Malaysia (SC) was established on 1 March 1993 under the Securities Commission Act 1993 (SCA). We are a self-funded statutory body entrusted with the responsibility to regulate and develop the Malaysian capital market.

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