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CHIEF EXECUTIVE OFFICER'S Review of the Year

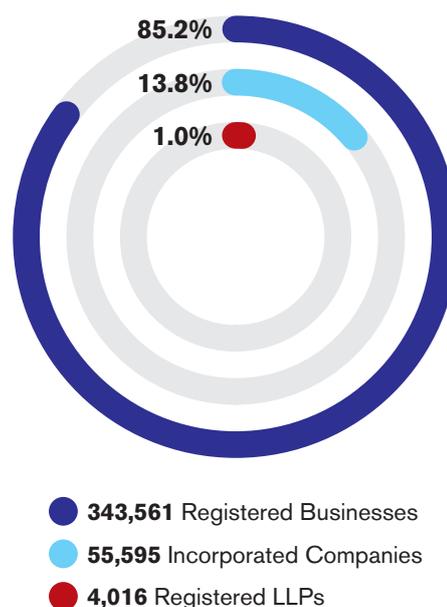
Assalamualaikum Warahmatullahi Wabarakatuh, Salam Malaysia MADANI.

Behind every policy and initiative lies the ongoing efforts driven by a team of management and the entire workforce who believe in delivering efficient public service with the highest integrity and accountability. The year 2024 has been a proving ground demanding readiness, courage and unity, not only to implement reform agendas but also to redefine how we govern, support and grow the national corporate ecosystem. This review is not merely a record of figures and initiatives but a reflection of the unwavering commitment of the entire SSM workforce in driving policy reforms, introducing digital innovations and strengthening the corporate governance framework of the country. It is also a tribute to all who have continued to place their trust in this organisation in upholding a fair, transparent and sustainable business ecosystem.

The theme of this year's annual report, "Revitalising Business, Redefining Transparency", encapsulates our aspirations to strengthen the resilience of corporate entities while expanding the horizons of transparency and accountability. It reflects two (2) main priorities for 2024, which are the implementation of amendments to the CA 2016 and the LLPA 2012, which serve as catalysts for national economic recovery effort.

As the backdrop to these efforts, key statistics throughout 2024 show positive developments in business entity registration. A total of 343,561 (2023: 321,816) businesses were registered, comprising 308,524 (2023: 291,362) sole proprietorships and 35,037 (2023: 30,454) business partnerships. Additionally, a total of 4,016 (2023: 3,547) limited liability partnerships and 55,595 (2023: 51,963) companies, including 36 foreign companies, were incorporated between 1 January and 31 December 2024. This increase reflects continued confidence in the local business climate and the effectiveness of SSM's policies in supporting the country's economic growth.

Total Number of Registered Entities from
1 January 2024 to 31 December 2024



These statistics contribute to the total number of registered business entities in SSM's registries as of 31 December 2024, as follows:



The year 2024 marked the implementation of two (2) major amendments in the national corporate legal landscape, namely the Companies (Amendment) Act 2024 [Act A1701] and the Limited Liability Partnerships (Amendment) Act 2024 [Act A1728]. Both of these amendments form the backbone of business recovery efforts and the modernization of Malaysia's corporate governance system, in line with the theme "Revitalising Business, Redefining Transparency".

The amendment to the CA 2016 via Act A1701 aims to enhance the existing legal framework by focusing on three (3) key areas, which are the introduction of corporate rescue mechanisms, expansion of beneficial ownership reporting obligations and the creation of a more robust and transparent corporate governance framework. The Bill was passed by Parliament in 2023 and received Royal Assent on 24 January 2024.

Implementation of these amendments is being done in phases to ensure the legal ecosystem and stakeholders can gradually adapt:

- (a) Phase One: Effective from 1 April 2024, involving all sections except sections 4, 14, 26 and 28 of the Act A1701;
- (b) Phase Two: Effective on 30 November 2024, includes sections 4, 26 and 28, such as the requirement for beneficial ownership reporting for foreign companies and the use of the SSM website as an alternative corporate advertising platform;
- (c) Phase Three: Scheduled for January 2025, involves enforcement of section 14, which expands the application of voluntary corporate arrangements to all companies including those with charges.

Further details on the key amendments are as follows:

- (a) Section 4: Beneficial ownership reporting in the Annual Return of local companies (amendment to section 68);
- (b) Section 14: Expansion of the voluntary corporate arrangement mechanism to all companies including those with charges (amendment to section 395);
- (c) Section 26: Beneficial ownership reporting for foreign companies in the Annual Return (amendment to section 576(2)); and
- (d) Section 28: Introduces section 612A for advertising corporate information through SSM's official website.

In tandem with amendments to the CA 2016, similar enhancements were introduced in the LLPA 2012 via Act A1728. The Bill was passed by Parliament on 31 July 2024, received Royal Assent on 9 October 2024 and was gazetted on 17 October 2024. The key objectives of the amendments include:

- (a) Supporting recovery and operational continuity of Limited Liability Partnerships (LLPs) facing financial stress, particularly in the post-pandemic context;
- (b) Strengthening corporate governance through beneficial ownership reporting and compliance with international standards as outlined by the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD); and
- (c) Contributing to unemployment reduction by ensuring business continuity and job creation opportunities.

The enforcement of Act A1728 was also implemented in stages, as follows:

- (a) Phase One: January 2025 – enforcement of beneficial ownership reporting;
- (b) Phase Two: First quarter of 2025 – publication of information on the SSM website; and
- (c) Phase Three: Fourth quarter of 2025 – corporate rescue mechanisms for LLPs including judicial management and corporate voluntary arrangement.

Overall, the implementation of these two (2) amendment Acts not only provides a strong foundation for business recovery, but also cultivates trust among investors and the public. It marks a significant step towards a more progressive, sustainable and integrity-driven governance within Malaysia's corporate ecosystem.



In addition, SSM has also carried out a review and republishing of the Beneficial Ownership (BO) Reporting Framework Guidelines for Companies, which were first introduced in 2020. This step is a direct response to FATF's recommendations to address the risk of abuse of legal entities in Malaysia as a medium for illicit activities such as money laundering and terrorism financing.

At the initial stage of its enforcement, compliance with these guidelines was voluntary. However, beginning 1 April 2024, in line with the enforcement of the Companies (Amendment) Act 2024, compliance with BO reporting requirements has become mandatory. SSM also republished the key documents, which now include not only the basic guidelines but also Case Studies and Illustrations as practical references for companies and company secretaries to understand and implement BO reporting more accurately and effectively.

To support this requirement, SSM introduced the Electronic Beneficial Ownership System (e-BOS), a

dedicated digital platform for systematic and secure submission of BO information. Compliance with this requirement is now mandatory and failure to adhere may result in a fine of up to RM20,000, with an additional penalty of RM500 for each day the offence continues after conviction. This measure is seen as a significant leap towards greater transparency in governance and in line with international standards.



This year also witnessed another key initiative, which was the review of the audit exemption eligibility criteria for private companies in Malaysia. On 16 December 2024, SSM issued Practice Directive 10/2024, replacing Practice Directive No. 3/2017 which had been in effect since 2017. This review was carried out carefully and prudently, taking into account the findings from two (2) public consultation sessions held in February 2023 and February 2024, respectively. Through these consultation documents, SSM received a wide range of feedback from the industry, including professional bodies such as the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

The main objective of this review is to ensure that the audit exemption policy remains relevant and inclusive, especially in helping micro and small companies reduce their financial burden. At the same time, SSM aims to strengthen audit quality by focusing attention on companies that genuinely require a full audit process. In the long term, this approach is hoped to open more room for Small and Medium Enterprises (SMEs) to grow without excessive compliance burdens, while maintaining appropriate levels of accountability.



Among the key moments in SSM's 2024 calendar was the 13th edition of the SSM National Conference or better known as the SSM National Conference 2024 (SSMNC 2024), which was held virtually on 27 and 28 August 2024. Themed "Enhancing Corporate Transparency. Building Resilience," the conference was officiated by the Minister of Domestic Trade and Cost of Living, YB Datuk Armizan bin Mohd Ali.

The conference received an overwhelming response with a total of 3,213 delegates comprising professionals across various levels, from company directors and company secretaries, to academics, legal practitioners and other key stakeholders. Over the course of the two-day event, a total of 11 plenary sessions were held featuring 38 speakers, panelists and moderators who discussed various critical issues such as business resilience amidst economic uncertainty, transparency in corporate reporting and innovation in governance.

The SSMNC 2024 was not merely an annual programme but a manifestation of our commitment in providing a cross-sectoral dialogue platform, enabling the sharing of knowledge and best practices in efforts to enhance corporate efficiency.

Subsequently, the SSM Symposium 2024 was successfully organised on 5 December 2024 in Kuala Lumpur, bringing together 208 participants from various industries to explore more deeply the implementation and implications of current corporate policies. Among the five (5) main topics discussed were beneficial ownership reporting, Phase 2 development of the Companies (Amendment) Act 2024, progress of the Malaysian Business Reporting System (MBRS) 2.0 and industry readiness in transitioning to the e-Invoice system which will become the new business standard.

The symposium was officiated by YBhg. Dato' Seri Mohd Sayuthi bin Bakar, Secretary General of the Ministry of Domestic Trade and Cost of Living, who emphasised

the importance of innovation in governance and compliance with regulatory standards as a foundation for enhancing Malaysia's corporate competitiveness. The discussions featured 14 panelists and moderators, with an interactive, practical and solution-oriented approach. It also demonstrated SSM's commitment to engaging the industry not only as a regulator, but also as a strategic partner in charting necessary changes.



The year 2024 also witnessed SSM's active involvement in various strategic platforms, both at the national and regional levels, in efforts to strengthen corporate governance as well as explore new policies that are more sustainable and responsive to current needs. Among them was SSM's participation in the National Climate Governance Summit (NCGS) 2024, an international-level conference held from 10 to 12 September 2024 in a hybrid format, combining physical sessions at Sasana Kijang, Kuala Lumpur with simultaneous online participation. SSM proudly served as co-organiser with Climate Governance Malaysia (CGM) on the first day of this summit.

This conference brought together 3,822 participants from diverse backgrounds including government leaders, academia, scientists, engineers, conservation activists and representatives from industry and corporate sectors. More than 85 prominent speakers shared the stage to discuss various aspects of climate governance and sustainable business practices, making NCGS 2024 one of the largest platforms in the region on issues of sustainability and corporate transition towards a green economy.

A total of 26 sessions were conducted, including six (6) special forums covering topics such as climate policy, emerging environmental risks and sustainable business

strategies. Notably, one of the special forums recorded participation of over 100 attendees, reflecting strong demand for knowledge and practical solutions in the area of climate governance. SSM's involvement in this forum underscores its ongoing commitment to advancing the integration of environmental considerations into legal frameworks and corporate practices in Malaysia, in line with the nation's aspiration for sustainable and ethical economic development.



In ensuring Malaysia remains aligned with the requirements of international standards as outlined by FATF, SSM conducted several engagement sessions throughout 2024 related closely to the effort of aligning policies and legislation. On 21 October 2024, SSM organised an engagement session regarding proposed amendments to the CA 2016 concerning Nominee Shareholders and Nominee Directors. This session was attended by key regulatory agencies such as Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia, in line with the importance of the proposed amendments which are expected to have direct implications on companies under their purview.

These proposed amendments, which are anchored in FATF Recommendation 24, are crucial given that existing legislation does not require companies to report or disclose information regarding nominee shareholders or nominee directors. Therefore, this initiative will help close loopholes in corporate structures that can harm the integrity of the country's business system.

Furthermore, on 22 and 30 October 2024 respectively, two (2) engagement sessions were held to discuss the draft Trust Companies Bill. The consultation paper had

earlier been circulated to the public and industry players from 2 April to 28 May 2024, as an inclusive step to gather comprehensive feedback. These sessions gathered key industry representatives and various regulatory agencies such as the Ministry of Finance, the Securities Commission Malaysia and the Accountant General's Department. Their presence underscored the need for a legal framework that reflects the operational realities of trust companies and remains relevant in today's financial landscape.



In line with technological advancement and the enforcement of section 612A of the CA 2016, which came into effect on 1 April 2024, SSM introduced a new service known as SSM e-Advertisement. This service allows companies to publish or advertise statutory information directly through SSM's official digital platform.

Previously, statutory advertisements were only allowed in widely circulated newspapers throughout Malaysia. Now, with this service, companies have a more efficient and cost-effective alternative to meet legal requirements. Since its launch on 30 November 2024, SSM e-Advertisement has been accessible via the SSM XCESS Portal at <https://www.ssm4u.com.my>. Within the first month of implementation, the service recorded a total of 20 transactions. Although still at an early stage, SSM remains optimistic that the platform's usage will continue to grow in tandem with rising industry awareness of the flexibility and convenience offered through this digital channel.



In line with the principle of user-centric service delivery, SSM organised three (3) series of the SSM Annual Dialogue 2024, held respectively on 19 November in Kota Kinabalu, 21 November in Kuching and 27 November in Kuantan. All three (3) sessions

were attended by 541 participants from various groups including company directors, company secretaries, government agencies, professional bodies, chambers of commerce and local authorities.

These dialogue sessions served as platforms to share the latest developments in policies and regulations, as well as opportunities to address a range of questions concerning operations, implementation and compliance. Key highlights included briefings on the New Audit Exemption Criteria, progress on MBRS 2.0 and interactive dialogue sessions with SSM's Top Management, attended by the Chief Executive Officer, the Deputy Chief Executive Officer (Regulatory and Enforcement), the Deputy Chief Executive Officer (Registration and Business Services), the Director of the Regulatory Development and Services Division, as well as the State Directors of Sabah, Sarawak and Pahang.

Various suggestions and feedback were gathered and are currently being reviewed to further improve the efficiency of SSM's service delivery. For SSM, the dialogue sessions are not merely one-way channels for disseminating information, but a continuous process of listening to the voices of industry players and building more responsive policies.

At the regional level, SSM was invited as a panel speaker at the Colloquium on the Legal Framework for Secured Transactions organised by the Centre for Banking & Finance Law (CBFL), Faculty of Law, National University of Singapore (NUS). The colloquium examined the status and legal challenges relating to secured transactions in Singapore, Malaysia and Brunei. Malaysia is currently actively developing this legal framework, which will be regulated by SSM and includes the development of an electronic data system to support the registration of secured transactions over movable assets.

This engagement enabled SSM to compare and evaluate the strengths and gaps in the models adopted by neighbouring countries. Brunei has taken the lead through the implementation of the Secured Transactions Order 2016, while Singapore is still in the

early stages. SSM's contribution to this colloquium not only brought Malaysia's perspective to the table but also strengthened the country's role within the regional legal cooperation network.



The year 2024 also witnessed SSM's active involvement in regional and international collaborations that transcend national borders, which represents an important step in aligning the country's corporate regulations with regional and global standards and requirements. Among these was our participation in the Regional Validation Workshop on the Implementation Plan for the Establishment of the Unique Business Identification Number (UBIN), held from 20 to 21 November 2024 in Bangkok, Thailand. The workshop, organised by the ASEAN Secretariat as part of the Priority Economic Deliverables (PED) under the chairmanship of Lao PDR, focused on the development of a harmonised and regionally recognised UBIN system across the ASEAN region.

SSM, as Malaysia's representative, was directly involved in discussions covering various technical and policy aspects including technology framework, governance, regulation, financing and capacity-building programmes. Also conducted were focused group discussions with each ASEAN Member State to identify their individual needs and action plans based on their respective levels of readiness.

The outcome of this workshop was a shared commitment to finalise the Full Implementation Plan Report for UBIN and present it to each member country for further action and it is an important step toward cross-border business

information harmonisation to enhance investment facilitation and regional economic integration.

In the international context, SSM representatives attended the 64th session of UNCITRAL Working Group V (Insolvency), which was held from 13 to 17 May 2024 at the United Nations Headquarters in New York. The meeting discussed various aspects of international law in the context of cross-border insolvency proceedings, including:

- (a) Asset tracing and recovery through the draft ATR (Asset Tracing and Recovery) toolkit;
- (b) Application of laws in cross-border insolvency proceedings; and
- (c) Civil remedies within the framework of international legal systems.

The working paper relating to ATR was finalised, while further discussions continued in a follow-up meeting held from 16 to 20 December 2024 in Vienna, Austria, which will also be attended by the SSM delegation. This underscores SSM's active role in shaping and aligning domestic policy with international legal developments.



SSM also maintained a people-centric approach through initiatives such as SSM BizDay 2024, which took place on 16 and 17 August 2024. This programme served as an interactive platform between SSM and its customers, aimed at:

- (a) Introducing SSM's services and digital platforms;
- (b) Gathering direct feedback from users; and
- (c) Raising compliance awareness and business literacy.

In addition to the two (2) existing service providers which are SSM e-Info and MyDATA SSM, two (2) new platforms, namely SSM Search and SAFEDATA-SSM, were also introduced, bringing the total to four (4) service providers ensuring fast and accurate access to business entity information for the public, investors and entrepreneurs.

More than 600 participants attended the programme, including young entrepreneurs, B40 representatives, ministries, government agencies and academic institutions. The launch ceremony was officiated by YBrs. Tuan Ahmad Sabki Yusof, Chairman of SSM. The success of the programme was also supported by the presence of six (6) strategic partners—namely MyIPO, SME Corp, FAMA, YIM, PERNAS and the Ministry of Higher Education who set up exhibition booths and offered various opportunities to the participants.



One of the significant initiatives implemented by SSM in 2024 was the establishment of the SSM Customer Care (SSMCC), an internal customer service centre that replaces the previous external call centre system. Officially launched on 2 January 2024, SSMCC reflects SSM's commitment to providing a more responsive, accurate and efficient service experience to customers. This initiative strengthens the organisation's ability to manage all forms of customer inquiries, complaints and feedback internally through an optimised operational system.

SSMCC is developed with the support of the latest technology, highly skilled personnel and an optimised system. It not only focuses on response efficiency but also on overall accessibility and customer experience. Therefore, the launch of SSMCC marks a service culture shift within the public sector towards a fully customer-oriented approach.

With cutting-edge technology, a skilled internal team and robust digital support systems, SSMCC now serves as a one-stop centre for handling inquiries, resolving complaints and delivering information more efficiently. Three (3) new channels were introduced: Live Chat, Webform and Knowledge Hub. The official launch ceremony of SSMCC was officiated by the

Minister of Domestic Trade and Cost of Living on 27 March 2024, symbolising SSM's enhanced capacity to meet customer expectations in a more holistic and inclusive manner.

Furthermore, as a manifestation of SSM's commitment to integrity and excellent governance, the launch of the SSM Corporate Code of Ethics on 2 August 2024 marked another significant achievement in institutionalising ethical work culture at all levels of the organisation. The launch event was held at the Tun Dr. Siti Hasmah Auditorium, Menara SSM@Sentral, Kuala Lumpur and officiated by myself as the Chief Executive Officer of SSM. This book was published as a key reference document in alignment with the National Anti-Corruption Strategy (NACS) 2024–2028 and outlines five (5) core policies that serve as behavioural guidelines and professional boundaries for employees:

- (a) Anti-Corruption Policy;
- (b) No Gift Policy;
- (c) Conflict of Interest Policy;
- (d) Prohibition of External Support and Influence Policy;
and
- (e) Whistleblower Policy.

This document is not only intended for internal reference but also serves as an open declaration that SSM places integrity at the core of all actions and decisions, both internally and externally. It can be downloaded from SSM's official portal at www.ssm.com.my under the Publications tab, as proof of our transparency and readiness to be evaluated based on clear accountability principles.

In an effort to expand physical reach and strengthen service delivery, SSM marked a significant milestone with the official opening of the SSM Tower in the state of Perak on 24 September 2024. The ceremony was graced by His Royal Highness Paduka Seri Sultan of Perak, Sultan Nazrin Muizzuddin Shah Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-Lah and witnessed by Her Royal Highness Raja Permaisuri, Tuanku Zara Salim, as well as the Crown Prince of Perak, Raja Jaafar Ibni Almarhum Raja Muda Musa.

This modern tower, spanning 175,853 square feet, is equipped with facilities such as parking, a café, prayer rooms (surau) and 24-hour security demonstrating our commitment to providing a comfortable, secure and business-friendly customer experience.

This year's performance report not only reflects SSM's achievements in terms of numbers and policies but also serves as a clear indicator of a strategic shift in shaping SSM into a more agile, inclusive and proactive organisation. SSM has evolved beyond the traditional role of a regulator to emerge as a strategic facilitator, corporate educator, digital pioneer and policy driver that is responsive to current needs.

As a conclusion to this year's performance record, I would like to express my sincere appreciation to the Honourable Minister of Domestic Trade and Cost of Living, the Chairman and the Members of the Commission for their strategic leadership, unwavering support and enduring confidence in SSM's direction throughout 2024. Their guidance and attentiveness have been key drivers behind the achievements we celebrate today.

I would also like to extend my heartfelt gratitude to the entire SSM workforce at all levels, from the management team to the frontline implementers, who have tirelessly contributed their energy, ideas and unwavering commitment in realising the organisation's agenda. Every achievement is a testament to strong teamwork and collective effort, while every challenge we faced has strengthened our resilience, maturity and readiness for the future.

With a competent and competitive team, strategic inter-agency collaboration and solid support from all stakeholders, I am confident that SSM will continue to progress further, creating meaningful impact, strengthening public trust and pioneering a more progressive and sustainable corporate governance framework. In sya Allah, SSM will remain at the forefront as a leading institution in driving the transformation of Malaysia's corporate governance system.

Thank you

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