

Press Release
For Immediate Release

New Possibilities in Sight for ASEAN's Small Enterprises through Equity Crowd Funding



KUALA LUMPUR, 11-12 May, 2017 – More than 60 participants, including officials representing the Association of Southeast Asian Nations (ASEAN) and stakeholders interested in equity crowd funding (ECF), benefitted from a two-day roundtable meeting in Kuala Lumpur that focused on ways and means to promote and facilitate ECF in ASEAN. Jointly organized by the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) and the SME Corporation Malaysia, the meeting also considered and discussed the findings and recommendations from an ECF Report on promoting and facilitating ECF for the benefit of micro, small and medium enterprises (MSMEs) in ASEAN.

MSMEs are the backbone of ASEAN economies but they have traditionally had very limited access to finance from formal banking institutions. Alternative funding sources, such as business venture and angel capital, private equity funds, SME Exchanges, etc., are not well developed to meet the growing and specific needs of MSMEs in most developing countries, those in ASEAN included. Meanwhile, the development and use of technology and innovation have provided new possibilities and opportunities for the development and commercialization of financial technology (fintech) innovations and business models to improve financial inclusion and access to capital. ECF is a fintech business model which allows a large number of individuals to invest in early-stage or incumbent enterprises in exchange for an equity stake plus a share of the distributed profit in the enterprises concerned.

"ECF can be a Game Changer for SME Finance. It will ease one major pain point dealing with their finances to ensure appropriate funding" (Quote from Mr. Rizal Nainy, SME Corp. Deputy CEO I on ECF).

ECF is a fintech innovation that goes beyond the boundary of the regulatory frameworks in most countries. As a result, securities and exchange regulations have to be amended or specifically introduced to make this fintech innovation a legally permissible business model as well as to ensure due protection, safety, support and encouragement to the three ECF players and stakeholders – namely the investors, the platform operators, and the enterprises issuing the equity.

SME Corporation Malaysia is the focal point for Malaysia at ACCMSME, the committee was formerly known as ASEAN SME Agencies Working Group (SMEWG). Stepping into the era of ASEAN Economic Community, at the regional level, programmes and initiatives on SME development will be guided by a plan developed by ACCMSME known as ASEAN Strategic Action Plan for SME Development 2016-2025 (SAPSMED 2025). In this plan, Malaysia and Lao PDR are the country champion for Strategic Goal B: Increase Access to Finance (SGB). Hence, are responsible to lead, coordinate, implement and monitor SGB initiatives at the regional level.

Under the SAPSMED 2025, one of the item in the work plan for this year is a Study on “Enabling Regulatory Framework for Equity Crowd-Funding in ASEAN”, which is now towards its final phase of completion. Therefore, this Roundtable Meeting is jointly organised by SME Corp. Malaysia supported by the U.S. Agency for International Development (USAID) through the ASEAN Connectivity through Trade and Investment (US-ACTI) along with ASEAN Secretariat.

The US-ACTI has therefore supported the preparation of the Study on Facilitating Equity Crowd Funding in the ASEAN Region by Professor. Ian Ramsay, Harold Ford Professor of Commercial Law, University of Melbourne and Director of the Melbourne University Law School's Centre for Corporate Law and Securities Regulation. This Study examines, among other things, the regulatory frameworks and provisions being designed or in-force in Malaysia, Thailand, Australia and the United Kingdom, among several other countries for the promotion and facilitation of ECF. It also considers the possibilities for achieving regulatory alignment as regards to ECF within ASEAN.

As such, the roundtable meeting provides a timely platform for public and private sector participants in ASEAN to exchange hands-on views and experiences as well as to chart the feasible ways and means to move forward in fostering the development and uptake of ECF in ASEAN.

For more information about the equity crowd funding study, please contact SME Corp. Malaysia, Ms. Azyani Abdul Hamid (03-2775 6255 or email at azyani@smecorp.gov.my).

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About SME Corp. Malaysia

SME Corp. Malaysia is a Central Coordinating Agency that formulates overall policies and strategies for SMEs and coordinates the implementation of SME Development Programmes across all related Ministries and Agencies. It acts as the central point of reference for research and data dissemination on SMEs, as well as, provides advisory services for SMEs in Malaysia. SME Corp. Malaysia also assumes the role of the Secretariat to the National SME Development Council (NSDC) which is chaired by YAB Prime Minister of Malaysia.

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