

FREQUENTLY-ASKED QUESTIONS

EQUITY CROWDFUNDING (ECF) FRAMEWORK

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GENERAL

1. How does the SC regulate ECF activities in Malaysia?

The SC regulates ECF activities in Malaysia by registering the ECF operators (ECF operators) as recognised market operators pursuant to the *Guidelines of Recognized Markets* (RMO Guidelines).

The RMO Guidelines, among others, sets out registration requirements and imposes a set of obligations applicable to an ECF operator. Ongoing obligations imposed on an ECF operator include ensuring compliance with disclosure requirements and governance arrangements, carrying out due diligence exercise on prospective issuers planning to use its platform and ensuring investors' monies are properly safeguarded.

2. How does ECF work?

ECF is an online fundraising platform for start-ups or micro, small and medium enterprises (MSMEs) to raise early-stage financing from a group of investors.

Investors who provide financing to the start-up or MSME via ECF will receive equity or shares from the company and will become one of the shareholders of the company. Over time, if the company's business does well, the investor who is now a shareholder will benefit from either the potential dividend paid out by the company; sale of the shares to new investors or if the company becomes eligible to list on the stock exchange.

3. Who can invest through an ECF platform?

ECF investment opportunities are open to all investors.

There are three types of investor categories:

Investor Type	Criteria
Retail Investor	Refers to an individual who is not an angel investor or a sophisticated investor.
Angel Investor	Refers to an individual— (a) who is a tax resident in Malaysia; and

	<p>(b) whose total net personal assets exceed RM3 million or its equivalent in foreign currencies; or</p> <p>(c) whose gross total annual income is not less than RM180,000 or its equivalent in foreign currencies in the preceding 12 months; or</p> <p>(d) who, jointly with his or her spouse, has a gross total annual income exceeding RM250,000 or its equivalent in foreign currencies in the preceding 12 months.</p>
Sophisticated Investor	<p>Refers to any person who—</p> <p>(a) falls within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the CMSA; or</p> <p>(b) acquires any of the capital market product or Islamic capital market product offered or traded on a recognized market where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise.</p>

ECF represents an additional investment asset class where investors can have the option to diversify their investments beyond the traditional asset classes to suit their goals and risk profile. Remember to ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

4. Who can raise capital through an ECF platform?

Only locally incorporated companies and limited liability partnerships (excluding exempt private companies) will be allowed to be hosted on an ECF platform as an issuer.

5. Where can I find more information on ECF?

To learn more about the SC's regulatory framework for ECF, please refer to the RMO Guidelines. These Guidelines set out the registration requirements and obligations for the ECF operators.

To know more about the list of registered ECF operators in Malaysia, please refer [HERE](#).