

**ANNUAL
REPORT
2018**
CONNECTING
PEOPLE
STARTING
CONVERSATIONS





Our Vision

What we aspire to be

To be the preferred one-stop independent dispute resolution avenue for disputes involving monetary claims relating to capital market products and services.

Our Mission

Who we are, what we do

To provide the investing public and our Members, with a quality, specialised capital market dispute resolution service, through a trusted, independent and impartial platform that contributes to enhancing investor confidence in participating in the capital market.

“ We work with retail investors and capital market intermediaries who may have disputes related to investments.

We provide mediation and adjudication services to both parties to achieve a resolution in a fair, efficient and timely manner.”

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Chairman's Message



Connecting People, Starting Conversations

The advent of 2019 marks the completion of the Securities Industry Dispute Resolution Center (SIDREC)'s eighth year in the capital market — playing a critical role under the Securities Commission Malaysia (SC)'s investor protection framework — of ensuring that small retail investors have access to an independent body for redress outside the courts.

The key to SIDREC's role in investor protection is its firm, non-partisan stance in handling any financial claim against capital market intermediaries. SIDREC's preferred approach is inclusive and balanced, aimed at establishing a process where confidentiality, openness and trust are observed at all times.

The SIDREC process also encourages fact finding without blame or rancour and assists in identifying and clarifying legal and procedural issues. This is done with the singular goal of achieving resolution of disputes based on facts, appreciation of issues and cooperation between both parties.

The theme of our Annual Report this year was chosen as it speaks to this process and the ethos that runs through all our efforts — “Connecting People, Starting Conversations.” At the very core of the work we do, connecting disputing parties and starting conversations with them to resolve the dispute is our priority, and we have definitely made progress from the hope embodied in our establishment, to the reality of the full-service alternative dispute resolution (ADR) avenue that we are.

The Big Data Ecosystem: Bridging and Leveraging

While we celebrate the successes, we must also be cognisant of the fact that we can always do better. There were lessons to be learnt from our experiences in 2018.

Among them: we are inundated with big data, a phenomenon that can be perplexing for many people. This points to the fact that the world is now confronted with the onslaught of huge volumes of data about anything and everything in this world. These are data that may be computationally scrutinised through predictive or user behaviour analytics to uncover patterns, trends and associations, especially those relating to consumer behaviour and interactions.

I am interested in how we are making sense of these data to do the work that we do at SIDREC — to analyse data for insights that will enable us to have a better understanding of the investing public as well as our Members and their issues and making better and more strategic decisions when it comes to how we connect with the marketplace in our attempt to create a higher level of public awareness and better use of our role and services.

Our basic priority is to ensure that all investors are well informed of the remedial processes that come into play should they encounter problems relating to their investment transactions with capital market intermediaries — from internal complaints processes provided by the companies to mediation and adjudication services provided by SIDREC.

To this end, we have, in the last two years focused on what is most important in our data, which technologies best suit our needs, who our stakeholders are and what they expect of us and why being more data-driven gives us an edge in the broader ecosystem that we exist in. It was a steep learning curve, but I believe we have learned well.

Our venture into social media and the Internet has revealed much in terms of user behaviour and user demographics. Our online efforts have reached people across the country which we would not have otherwise reached due to cost constraints. It is instructive in showing that regular advertising can accelerate this awareness process in the marketplace.

That said, we also acknowledge the need to significantly enhance the way information on the SIDREC website is presented to online visitors, with the aim of it being more user-friendly, responsive and efficient.

SIDREC's foray into data and analytics is, moreover, in line with the introduction of fintech (financial technology) on the Malaysian financial services landscape. Simply, fintech is technology being applied in financial services or employed to assist companies manage their finances and a myriad of other business processes. Notably, fintech, once treated as more of an obscure back-end, data processing centre, has, in the last decade or so, emerged as a must-have platform for end-to-end processing of transactions over the Internet via cloud technology and electronic commerce.

Financial services customers today expect seamless online trading and investment — digital transactions, rapid loan approvals — in addition to money transfers and payments, which are all innovations that fintech has fashioned to be the financial services industry's new service standard, thus broadening the financial services value chain. In just a few short years, the companies that provide fintech have now clearly defined the direction, shape and pace of change in the financial services industry. This development is significant as what goes on in the fintech environment, as capital market intermediaries and investors embrace online transactions, has a direct bearing on what SIDREC does.

As for online transactions — it is essential to provide to the investor, timely and effective disclosures to ensure accurate information to facilitate informed investment decisions. In addition, the 'know your client' (KYC) and ethical sales practice requirements that include a product suitability assessment when investing in funds and unlisted securities is but one example of areas where the quality of the online process comes into play.

Along with the increased ease in speed of the process and accessibility by investors to innovative new products comes the inevitable possibility of disputes. Indeed, the use of technology has been a part of capital market and financial transactions for quite a while now and SIDREC has already seen disputes in the area of disclosures, KYCs, sales practice and even simple system glitches.

It is essential for SIDREC to keep abreast of the development of innovative products and services offered through digital platforms in order to better understand areas of conflict that appear in cases that come to SIDREC.

Awareness & Members Engagement

On the communication front, and in particular, in the era of personalised marketing and advertising, big data can be employed to design targeted and customised campaigns that are not only capable of saving money but also enhancing advertising efficiency by targeting the right people with the right message.

At SIDREC, we are moving up the learning curve on how to do just that. In the world of digital-based marketing and advertising — one that is currently dominated by Google and Facebook — it is imperative that SIDREC understands how to strategically deal with these platforms in a responsible manner for effective market penetration to ensure top-of-mind recall of its role and services, in particular by retail investors.

We have benefited a great deal from our use of Google analytics, search engine optimisation (SEO), search engine marketing (SEM) as well as social media marketing (SMM) this past year. We will continue in these efforts to broaden our awareness reach in the marketplace.

SIDREC has, to date, used a combination of both above-the-line advertising (in newspapers, magazines, radio and Facebook) as well as below-the-line advertising (exhibitions, industry fairs, talks and brochures) in its efforts to create awareness of SIDREC's service offerings to the public and these efforts have yielded significant results. But moving forward, we will have to look at other platforms as well and not just confine ourselves to what we are comfortable with.

That big data will continue to be the driving force behind everything we do in the years ahead is a given. In many markets, disruptive innovation — from mobile devices, market-changing apps, voice activation and the entry of new technology players — are transforming the way we live, and we already see the impact on the market and regulatory framework. The challenge for SIDREC, therefore, is to skillfully navigate and respond to the uneven terrain of a rapidly evolving technology and innovation landscape.

Be that as it may, we should not lose sight of the invaluable benefits of the personal approach. In light of the importance of maintaining a constant synergy between the personal approach and the use of technology, we reiterate the high value that we place on the role of SIDREC Members in highlighting the availability and function of SIDREC in their interactions with investors and in their investment, marketing and compliance operations. To this end, we hope to continue and start new conversations with our Members.

Plans are in the pipeline for SIDREC to commence its Members' engagement initiatives in a more coordinated way in 2019. A revamp of our newsletter called "**dr**" (dispute resolution) will be available for the public and investors in the first quarter of 2019. This newsletter has the sole aim to update them with the latest industry developments and areas of interest and concern.

Through the newsletter, we hope to kindle 'conversations' between SIDREC and its Members to see how we can create better awareness of SIDREC's dispute resolution services to the investing public — be it by way of bunting on their premises and branch network, their digital space (bearing in mind that for our fintech focused members, this is the more relevant point of contact), reminders on their monthly statements to their clients or joint advertisements in the media. We hope that this newsletter will serve as a useful arena for discussions and proposals aimed at building a better capital market environment for investors through a clear collective understanding of the dispute resolution process.

In addition to our annual Members' briefing sessions, SIDREC will also find more opportunities to engage its Members more directly next year for more direct feedback to and from the member. This will be done to further strengthen rapport with our Members.

SIDREC's management, aware of the need to augment its mass media approach with smarter and more personal approaches, is collaborating with a local private university college in a pilot project to promote public awareness of SIDREC's services differently. This pilot project was conceived in collaboration with Bursa Malaysia and Private Pension Administrator (PPA) and incorporated into the university college's corporate social responsibility course for its undergraduate programme.

Apart from educating students on the functions of the capital market, the importance of proper investing and saving as well as the need to consider retirement planning even when they are still in their early twenties, SIDREC will take this opportunity to also inform the students about the availability of a platform for redress should investors have claims against their market intermediaries. This is in keeping with SIDREC's overarching aim to ensure that investors, present and future, are confident to participate in the capital market.

We hope that through this pilot project, the knowledge imparted to the students will have a compounding effect in the long-term in that students will, in turn, promote their awareness of the capital market, investing, retirement planning and SIDREC's services to their family members and friends. The project is scheduled to begin in early 2019 and I certainly look forward to its outcome.

Capacity Building & Expertise

As mentioned in my address at the Annual General Meeting last year, SIDREC, in order to ensure it stays relevant to the needs of investors in a constantly evolving market environment, introduced in 2017, a Voluntary Scheme for claims above RM250,000. This opens up SIDREC's specialised mediation and adjudication services to parties disputing claims above the ceiling set under the Mandatory Scheme. SIDREC's Voluntary Scheme also provides an avenue for court-referred mediation.

Whilst there is no claim limit under the Voluntary Scheme, both the claimant and SIDREC's Member must agree to seek its help. Lawyers are permitted into the dispute resolution process, and both parties are charged a reasonable fee for the service. This move is a conscious attempt to bring SIDREC a step closer to becoming a one-stop centre for capital market related disputes.

As mentioned earlier, SIDREC has also positioned itself to provide mediation for cases referred to it by the courts within the Judiciary's court-referred mediation avenue. This is in response to Practice Direction No. 4 of 2016 issued by the Office of the Chief Registrar of the Federal Court of

Malaysia, directing courts to encourage parties to first try to mediate a resolution for their disputes before taking their disputes through the court system.

To date, SIDREC has not had any court-referred cases for mediation, but has started receiving cases through its Voluntary Scheme in late 2018.

With the introduction of the Voluntary Scheme, necessary changes had to be made to SIDREC's procedural rules. This, in turn, required some orientation of our personnel's skills in handling the changes.

Concurrent with market developments via digitised platforms, SIDREC is looking into the need to provide a structured online dispute resolution (ODR) service in line with emerging trends in developed markets. This initiative of integrating an online dispute resolution platform, is seen as a necessary eventuality in the interest of access and efficiency.

In the ODR scenario, information management will not only be handled by case managers, but also by an effective and secure information and communication technology (ICT) platform. The involvement of ICT has been regarded as the 'fourth party' by industry observers because ODR is perceived as an impartial input to the dispute management process. The fourth party, in this case, may be involved in many things. Among them, from simple tasks like managing information and sending out automatic responses to more sophisticated ones like monitoring updates and scheduling meetings in addition to clarifying interests and priorities. The emergence of the fourth party in the ODR picture is set to escalate more as technology advances.

As a consequence, ODR processes can only increase in efficiency, providing disputing parties with greater advantages in terms of time and cost savings. SIDREC's challenge therefore, is to build up its personnel's competency and expertise to manage and maximise the efficiency promised by the ODR platform.

Appreciation

On behalf of the Board, I would like to register my appreciation to the SC for its continuing support, both financially and in guiding SIDREC to be aligned with the changes in the regulatory framework and policies.

To my fellow Board Members, many thanks for your very active and enthusiastic participation and commitment to SIDREC. I would like to place on record our deepest appreciation to Dato' Mohamad Ariff Md Yusof who stepped down from the Board to take up the very important job of the Speaker of Parliament post-May 9, and to Dato' Idris Kechot who stepped down following his retirement from Permodalan Nasional Bhd.

Our thanks also go to Datuk Dr Khaw Lake Tee, who stepped down as chairman of the SIDREC Appeal Committee (SIAC) following her appointment to the Board of the SC.

Once again, I wish to express my appreciation to our Panel of Mediators and Adjudicators as well as members of SIAC for their dedication and hard work. To SIDREC's management and staff, a big thank you for your conscientious work this past year.

Last, but not least, I would like to thank all of you SIDREC Members for your kind support and commitment to the cause. I look forward to your continued support in the coming year.

DATO' RANITA MOHD HUSSEIN
Chairman

CEO's Report



SIDREC was established as one of the final limbs of the SC's first Capital Market Masterplan, to provide investors an independent and impartial ADR avenue, to facilitate access to redress, in particular to the smaller investors for capital market related disputes.

It also became clear by 2014, that having started at ground zero in terms of investor awareness, there was a need to build the awareness among the investing public of the availability of the help SIDREC was able to provide. And for SIDREC to be able to provide consistent expert help that remains relevant to market and regulatory developments, there was also a clear need for a structured capacity building and training framework to ensure our team had the necessary level of expertise and skill sets for the specialist service we provide for capital market related disputes.

So, as we have striven to build a quality service, we have also, with the help of our stakeholders and funding provided by the Capital Market Development Fund (CMDf), put focused effort into building awareness (and understanding of the value the service brings, not just to investors but to our Members and the market as a whole) and building capacity. The first, ensuring our service reaches the target audience — the investing public, and the second, our being able to provide a quality and effective service.

At this juncture, perhaps it is pragmatic for us to look at how far we have come and what more we need to do going forward. As mentioned by the Chairman, the theme of our 2018 Annual Report is "Connecting People, Starting Conversations." At SIDREC, we are passionate about connecting people because people are the centre of everything we do. You can say they are our *raison d'être*. And this theme will be fleshed out throughout this report.

Dispute Resolution

Does this lead to happy customers?

The majority, I am happy to say, leave satisfied and appreciative of the help in resolving a matter, freeing them to move on. This is reflected in the fact that over 90 percent of eligible disputes that come to SIDREC are resolved through case management or mediation.

SIDREC operates on the principle of what is fair and reasonable in all circumstances of the case, providing both parties fair airtime and support through the process. Confidentiality of this process allows parties to ventilate constructively without needing to be concerned of the information being shared or misused.

This is further strengthened by the independence and impartiality that underlies our service and of which we are very protective. In the main, it results in satisfactory outcomes and closure, where both parties feel they have been provided space and time to be heard, a greater understanding of the other's position and some compromise to find a resolution both can live with, if resolved through mediation; or where adjudicated, a fair process, with a finding and decision that has taken everything into account with the benefit of an impartial and informed expert eye.

The reality is that there will always be someone who feels they did not get exactly what they wanted or the other got more than they should. Or some, who without properly understanding SIDREC's role, seek outcomes or pursue agendas beyond SIDREC's purview. There are other avenues for those who wish to pursue these agendas. SIDREC is here to help investors and our Members resolve disputes and the process cannot and must not be misused or it will undermine the integrity of SIDREC's process and confidence and trust in the service we provide.

It is important for disputing parties to understand what SIDREC provides and what we do not provide. We are a

dispute resolution centre with the benefit of a mandate that ensures we are effective in getting the parties to the table, getting the necessary information for a meaningful assessment and where a matter is adjudicated, ensuring our decisions are final. We are, however, not the regulator, and cannot play the role of one. So, while matters of conduct and policy are most certainly relevant, they are relevant in the context of the dispute. We have an obligation under the law to escalate matters of serious concern to the regulator and additionally will share with Members areas of concern that we may see coming up through the cases we receive. It is important, however, that both claimants and our Members understand the purview and the context of SIDREC's role, for the process to work at its optimum to benefit both.

Increased Scope of Service: Enhancing Relevance in Capital Market Disputes

Whilst the mandatory scheme for claims not exceeding RM250,000 remains SIDREC's core scheme in ensuring access to redress for the smaller investors, we felt it was important to also be relevant to the needs of the broader investor base, to provide all access to the informed service that comes with a specialist dispute resolution centre. To this end, SIDREC amended our Terms of Reference in 2017, to introduce our Voluntary Scheme for disputes involving claims exceeding RM250,000.

The Voluntary Scheme allows for investors and Members with disputes involving claims exceeding RM250,000, or are disputes that come to SIDREC through court-referred mediation to access our services subject to the payment of a reasonable fee by both. Under the Voluntary Scheme, both parties must agree to seek SIDREC's help and if the investor claimant wishes to have legal counsel, both parties may have their legal counsel to support them through the process. We have had a take up of this service in the latter part of 2018, with Members and claimants seeking our mediation service under the Voluntary Scheme.

Positive Impact of Increased Awareness of Investing Public and Market Stakeholders

Improved awareness impacting positively on the quality of complaints

While the number of enquires in 2018 were lower when compared to 2017, the number of eligible complaints registered an incremental hike. We have found the quality of complaints to be far better in that they were relevant to SIDREC's purview and demonstrated an understanding of issues they needed help in. Due to resource constraints, we had to be more conservative in our awareness expenditure and this has clearly impacted our public outreach. This demonstrated the need for us to ensure sustained efforts are made to promote awareness. Plans are in the pipeline to utilise multi-pronged strategies to achieve the maximum reach objective.

SIDREC's service is one that people will only look for when they need it. Hence, our awareness efforts are not geared towards brand building to make us a household name, though that would certainly be welcome! But cognisance must be taken of the fact that there are new investors every day and we have not even ensured adequate awareness among the current investing base. In the interest of the public, services such as those offered by SIDREC have to be promoted on a sustained and continuous basis, across modalities to ensure the investing public will always have reminders on the available avenue to help and redress at various trigger points, delivered through different modalities.

Leveraging on media, social media and digital platforms

SIDREC has, with the help of funding from the CMDP from 2016 to early 2018, been able to gain some traction in increasing the reach of our awareness initiatives by leveraging on a limited use of broadcasting, digital and print media. A number of our enquiries and complaints have been from investors who heard of us through one or more of these channels.

We have also received anecdotal, positive feedback from our Members and other stakeholders of having heard our messaging. In this regard, we have endeavoured to create

educational messaging through edumericals, advertorials and podcasts as well as animations that speak of our service and issues that would resonate with investors, through our Facebook page and website.

Recognising that it is important to collaborate with stakeholders who share the mutual objective of building a more informed investor base, we are happy to put up educational messages by other stakeholders to provide a more interesting and informative portal for the public. Social media and digital tools, used responsibly provides an invaluable impetus in our awareness reach and is an area that we will continue to work with.

Working with Stakeholders

SIDREC's fellow stakeholders in the financial markets are the proverbial oil that allows SIDREC to be more effective and relevant in our awareness efforts. The collaborative initiatives, big or small, are tremendously valuable in extending our reach and in helping to concretise the effect of the messaging from the different perspectives of each body.

The SC's support of SIDREC's awareness efforts both directly and through InvestSmart initiatives has played a big part in this regard. We have also benefited by Bank Negara Malaysia (BNM)'s inclusion of SIDREC in some of their consumer education events. The increased collaborative efforts with our peer — the Ombudsman for Financial Services (OFS) — have also been a very positive development. Together, we speak to the same objective of access to redress through the provision of an effective ADR avenue to the financial markets as a whole.

With this, our collaborations with Bursa Malaysia, the PPA, Federation of Investment Managers Malaysia (FIMM), Credit Counselling and Debt Management Agency (AKPK), Asian International Arbitration Centre (AIAC), the Bar Council Malaysia and the media, to name a few, have collectively helped SIDREC gain quality reach in our awareness efforts. We are very appreciative of the willingness and generosity of all our stakeholders who have helped SIDREC in our efforts and will continue to work with and add to the group of partners with whom we can work strategically to contribute to investor and broader consumer confidence and to raise the bar in this regard.

Capacity Building

With the evolving landscape and availability of diverse products and services in the market, through a cross section of providers and distributors in the broader financial markets, SIDREC has focused on developing a structured training programme to ensure our case managers, mediators and adjudicators have the requisite understanding of the market in terms of the regulatory and market framework (including the market's operations and processes, and products and services offered), to enable them to provide an informed service and effectively mediate and adjudicate a matter.

It was to this end that SIDREC sought and were granted funding from the CMDF for our developmental initiatives comprising capacity building and awareness efforts. This was put to good use in the first phase of our capacity building initiative. We have identified competencies that are necessary to a specialist dispute resolution service, and developed an approach to training that combines structured training programmes, comprising in-house and external training together with practical on-the-job training. The training encompasses products and services in different market segments as well as training in the different aspects of dispute resolution comprising, case management, mediation, and adjudication. Over a two-year period, we have developed tailor-made modules and training programmes that cover stockbroking and collective investment schemes, as well as SIDREC's Advanced Mediation Training, to cater to SIDREC's specialist ADR framework and approach. These efforts will continue to ensure SIDREC's staff and panel of mediators and adjudicators are provided the support they need to develop their knowledge and skill sets and are provided continued professional development training required.

Concurrently with this, SIDREC continues to ensure we are in step with developments and best practices internationally through our engagement with our peers, regulators, standard setters and other stakeholders internationally. In this regard, our membership of the International Network of Financial Services Ombudsman

Schemes (INFO Network), has been invaluable. We also very much appreciate the support of the members of our Advisory Group for their deeper insights and specific areas of expertise.

Going Forward: Relevancy of Scope and Purview

As access to investors by the market players and by investors to the capital market and increasingly complex products grow exponentially with the boost of fintech delivery across platforms, it becomes increasingly an imperative that the investing public are aware that there is somewhere they can go to for help should they need it.

Where they see that they have access to such help, it builds confidence in participating in the market. Where they actually use the service and see in practice, that it is indeed an impartial and independent avenue, providing a fair environment that facilitates resolution, this confidence becomes concretised. Where they are denied such access because they did not know of the avenue, it eats into investor confidence.

Readiness for the Fintech and Cyber Generation

In this context, SIDREC will ourselves, as highlighted by the Chairman, be looking to ways in which we may enhance our own processes and infrastructure to ensure our platform stays relevant with market developments and are able to provide access to our services across modalities – not just through conventional modes but to enable an online dispute resolution (ODR) avenue. We will also enhance our data management to enable more effective and secure management of data to contribute to effective quality control, knowledge management as well as a more efficient process and communication between parties.

With the increased digitisation of all aspects of life, this is no longer a 'nice to have' option, but a necessary part of any business, including those serving the public interest. But any enhancements must be just that, and we must ensure that we do not detract from the services

already available. Keeping to the principle that *no one should be left behind*, our platform must also continue to facilitate investors who need the more traditional access. And with the varying degrees of cyber security issues that are prevalent, SIDREC will ensure developments are supported by the necessary considerations of security and confidentiality.

The regulatory and market environment is ever changing with the introduction of equity crowd funding, peer-to-peer platforms and other developments involving new areas of regulation, alongside increased retail access and participation in listed, unlisted and over-the-counter (OTC) markets, and exposure to more opaque areas such as crypto-currencies. There is much work being undertaken by regulators and the market to find ways to provide a facilitative environment with the necessary safeguards. The SC's introduction of regulation in the area of digital assets and their recently published paper on their *Project Castor*, to develop a *'Capital Market Architecture Blueprint in a Decentralised World'*, dealing with necessary considerations in an evolving and innovative marketplace, give much food for thought. SIDREC will, on our part, undertake a review of our overall scope and purview to ensure we remain relevant to the investor protection imperative of access to redress in all regulated activities that allow for retail investor participation. It may or may not be appropriate for the newer areas to come within SIDREC's purview, but it is an assessment that must be made and this is an area in which we hope to engage closely with the regulator and the market

More to be Done

Awareness

Building awareness will continue to be an integral part of our ongoing initiatives. The reason: no matter how good or effective our service is, it will come to nought without adequate and sustained commitment to ensuring awareness of SIDREC and the service it provides; as well as ensuring the ability to sustain the quality of the service provided.

As regulators open up the market to a broader cross section of the population, democratising access and

opportunities to invest, it is incumbent on all to ensure that all the cogs in the investor protection ecosystem that were put in place, such as SIDREC, to provide the support and discipline necessary for the market, work effectively. This will not happen if the investing public, specifically the smaller investors, who the system seeks to protect, are not aware of the unique protection provided by bodies such as SIDREC.

The protection that SIDREC brings to the table reflects the maturing of the investing public in Malaysia; it provides protection through investor empowerment. Empowering them to take accountability for their investments and seek redress where they feel it is due. They are not absolved from their own accountability for their investment decisions, but are provided an independent and impartial expert avenue of help to resolve their dispute with the assurance of a definitive outcome. SIDREC, in this manner, plays an important role in the growth of the market and acts as an effective nudge factor towards better behaviour and habits on the part of both the market intermediary and the investor.

This is also relevant on a broader regional and global basis in relation to cross-border transactions, given that SIDREC is nationality neutral in our services and may be accessed by any investor, as long as their dispute involves capital market products and services offered by SIDREC Members. With the reality of increased access to capital market products and services across borders, there is also a need for increased cooperation between mandated ADR bodies across jurisdictions to support and facilitate effective access to the ADR avenues provided in our respective jurisdictions, for investors.

Role of Members — an imperative for effective awareness

This is an area where our Members, who as market intermediaries connect investors to the market and facilitate investments, must step up to playing a far more proactive role in awareness building. It is essential to investor confidence that market intermediaries take a frontline role in ensuring their clients are aware of the ADR avenue provided by SIDREC and themselves take on board the benefit of leveraging on SIDREC's platform to both help resolve disputes with their clients, as well as gain valuable intelligence that can feed into a better understanding of their clients and the concerns and

challenges they and investors generally may face when investing. In addition, the intelligence received would also be a valuable feed into their risk management, not just in enhancing internal controls and discipline, but also addressing areas where there are practical issues, whether it be related to services, products, processes or systems, that would benefit from further focus.

Where there are disputes, while there are favourable outcomes for one party or the other, there are also likely to be inconvenient outcomes. These however have always come with the benefit of greater insight and an opportunity to address gaps or issues before they become more endemic or serious.

Market intermediaries are perfectly placed to play the most effective role in ensuring the meaningful reach of awareness by the investing public of the assistance available to both the investor and the market intermediary from SIDREC. Conversely they can also be a strong factor in minimising the effectiveness of efforts, where clear policies and efforts are not put into place to ensure their processes embed the requirement and representatives are aware of their obligations in this regard.

There are a few of our Members who have been proactive in this regard and I take this opportunity to thank them. SIDREC would like to especially acknowledge the efforts of those who have gone the extra mile to help us on our awareness efforts. I would ask and strongly encourage all our Members to join us in our efforts to ensure a greater level of awareness in the marketplace so that the Malaysian capital market ecosystem is one where all stakeholders ensure that investors who may need help, know it is available and how to access it in a timely manner.

Appreciation

We have been fortunate to have had the support of a committed and highly experienced Board, who are incredibly generous in sharing their collective wisdom. I thank our Chairman and the Board for the strong support extended to Management and the SIDREC team through the robust challenge and guidance that we have come to appreciate and rely on.

A special note of appreciation to our regulator, the SC, for their continued support of SIDREC. Their support on all fronts in our endeavour has enabled and empowered SIDREC to pursue its objectives. SIDREC's Panel of Mediators and Adjudicators have also been an important and integral part of our ability to deliver on our objectives, I thank the external mediators and adjudicators on our panel who have been so committed and effective in supporting SIDREC's ADR avenue.

I would like to take this opportunity to thank my wonderful team at SIDREC for their continued commitment and passion for what we do. Not many realise the level of diligent work that goes into every case and the effort taken to understand the perspectives and challenges of both the claimant and the Member. In the area of dispute resolution, the satisfaction comes in knowing the work done is to help parties (whether they appreciate it or not) and to hopefully bring them some resolution and closure. When there is a positive and constructive outcome, the smiles and relief or satisfaction on the faces of the parties, is the cherry on the cake, and is a win for the whole team. The dispute resolution team is strongly supported by the operational and corporate communication team; everyone willingly multi-tasking where necessary, towards the mission of providing a quality service and ensuring those who need SIDREC's help, get it.

And finally, I thank our Members, who have come on this journey with SIDREC, for your continued support and openness to connecting and having a conversation. I hope some of the areas of focus I have highlighted will trigger some consideration and open up more conversations and areas for us to move forward on together.

SUJATHA SEKHAR NAIK
Chief Executive Officer

About SIDREC



SIDREC is an expert, independent and impartial ADR body, established by the SC as part of its investor protection framework. It was established in 2010 under the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulations) as an ADR centre to help resolve disputes related to capital market products or services, involving monetary claims between individuals or sole proprietors and market intermediaries who are holders of a capital markets and services licence (CMSL) or are Registered Persons under the Capital Markets and Services Act 2007 (CMSA) authorised for regulated activities such as dealing in securities or PRS, trading in derivatives, or fund management. SIDREC's Members include, banks, brokers, unit trust management companies (UTMCs), Private Retirement Schemes (PRS) and fund managers (excluding Real Estate

Investment Trusts (REITs) managers who only manage listed REITs).

Key to the regulator's purpose in approving SIDREC as the mandated ADR body to provide a dispute resolution service for the capital markets is to ensure that investors have access to help in resolving their disputes with market intermediaries and are not disenfranchised from getting the help they need due to a lack of funds or sophistication.

Crucial to SIDREC's role in the investor protection framework is the independence and impartiality of the dispute resolution avenue it provides to help investors resolve their investment disputes involving financial loss, with capital market intermediaries.

SIDREC has come a long way since its inception in December 2010. We have

now cemented our footprint in the market ecosystem as an effective ADR avenue for investors in the capital market. We continue to undertake periodic reviews of our purview by working closely with the regulator to keep in step with regulatory changes and market developments and needs, where appropriate. Below are some of SIDREC's milestones with regard to the expansion of our purview:

- In September 2015, SIDREC expanded our scope to include the regulated activity of dealing in PRS, over and above dealing in capital market products such as shares, unit trusts, bonds, structured products, and derivatives and fund management services.
- A year later, in September 2016, the Regulations were further amended to allow commercial banks, Islamic banks and specified development financial institutions (DFIs), who are Registered Persons under the CMSA, to become SIDREC Members, thus allowing individual investors to make a claim against any of these entities, if a dispute arises from the procurement of capital market products and services.
- Between 2017 and 2018, as part of our efforts to provide the broader investor base access to SIDREC's services, we phased in the Voluntary Scheme, which is an expansion of our purview allowing SIDREC to offer its:
 - » mediation and adjudication services to investors and capital markets service providers with disputes relating to claims exceeding RM250,000; and
 - » mediation services for cases referred to it by the courts within the Judiciary's court referred mediation scheme.

These changes continue to reflect SIDREC's efforts to ensure relevancy and effectiveness of reach, focusing on the regulated activity rather than the entity, as far as possible. Investors are now able to access SIDREC's services regardless of who they transact with as long as the entity is a SIDREC Member. SIDREC's operations are currently being funded by the SC pending the finalisation of SIDREC's funding structure which will be based on contributions by its Members. SIDREC has 187 members as at 31 December 2018.

Accessibility

- SIDREC's ADR service is free for investors with disputes involving claims up to RM250,000 (Mandatory Scheme).
- SIDREC accepts disputes involving claims above RM250,000, where both parties agree to use SIDREC's services (Voluntary Scheme).
- SIDREC also accepts court-referred mediation (Voluntary Scheme).
- A fee is chargeable under the Voluntary Scheme.
- SIDREC's service to investors is nationality neutral, and as such, is available to both Malaysian and foreign clients of SIDREC Members.

Logistical accessibility is also an important factor which is reflected in our location and the different modes through which an investor may access SIDREC to submit a dispute or enquiry.

Location

SIDREC's office is at Menara UOA Bangsar, Kuala Lumpur, conveniently located next to the Bangsar Light Rail Transit (LRT) station,

which is a stop away from KL Sentral, a major transportation hub for the country.

Modes of submitting an enquiry or a dispute

SIDREC accepts enquiries and disputes at its office (walk-ins), as well as through the telephone, post, email, fax and our website.

Additionally, our web content is in English and Bahasa Malaysia, while our brochures are available in four languages i.e. English, Bahasa Malaysia, Mandarin and Tamil.

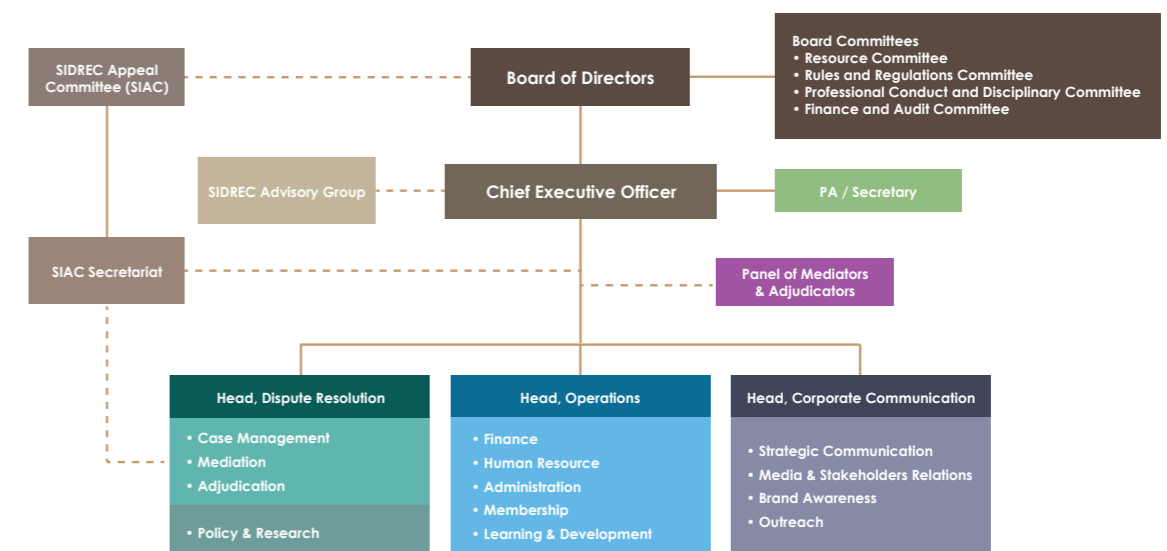
SIDREC also launched our Facebook page in July 2017, to enhance awareness of our services as well as for greater public engagement. In 2018, SIDREC launched several online platforms such as LinkedIn, Twitter and Instagram in a bid to reach and engage a wider demographic of online users in Malaysia.

The Mandatory Scheme: Claims not exceeding RM250,000

A SIDREC Member is obliged to participate in SIDREC's dispute resolution service under the SIDREC Mandatory Scheme, if the dispute meets the following four criteria:

- the dispute is against a SIDREC Member
- the claimant is an individual investor or a sole proprietor
- it involves a capital market product or service purchased from or offered by a SIDREC Member or its representative
- the claimant's monetary claim does not exceed RM250,000

Organisation Structure



SIDREC is supported by a team of full-time staff and our Panel of Mediators and Adjudicators (comprising both in-house and external members). We also benefit from the ability to reach out to the expertise and experience of the members of our Advisory Group.

Under the Mandatory Scheme:

- the dispute resolution service is free to the investor
- If parties agree to a settlement through SIDREC’s mediation process, a settlement agreement will be entered into and both parties will be bound by the agreement.
- If mediation fails, the matter will proceed to adjudication unless the investor withdraws his claim.
- If the matter proceeds to adjudication, the Member has to participate.
- The Member is bound by the decision of the adjudicator should the claimant accept it.

» Court-referred mediation for any claim amount

- If parties agree to a settlement through SIDREC’s mediation process, a settlement agreement will be entered into and both parties will be bound by the agreement.
- If mediation fails, parties may choose to proceed to adjudication, if they both agree to do so.
- If a claim is adjudicated under the Voluntary Scheme, both the Member and the claimant will be bound by the decision, as both parties have contracted to resolve their dispute via this avenue.
- Both parties will be required to pay a reasonable fee for SIDREC’s service.

The claimant is free to reject the adjudicator’s decision and pursue other legal recourse. However, once the claimant accepts the decision and enters into a settlement agreement to reflect the same, the claimant would be bound by the decision.

Limited Appeal

While an award by the adjudicator is final, a limited avenue for appeal was introduced in November 2015.

Through this avenue, an appeal may be made if the appellant can meet any one of the following grounds of appeal:

- a serious error of law or fact in the award; or
- production of new evidence that would not, with reasonable diligence, have been produced during adjudication

that may materially affect the award.

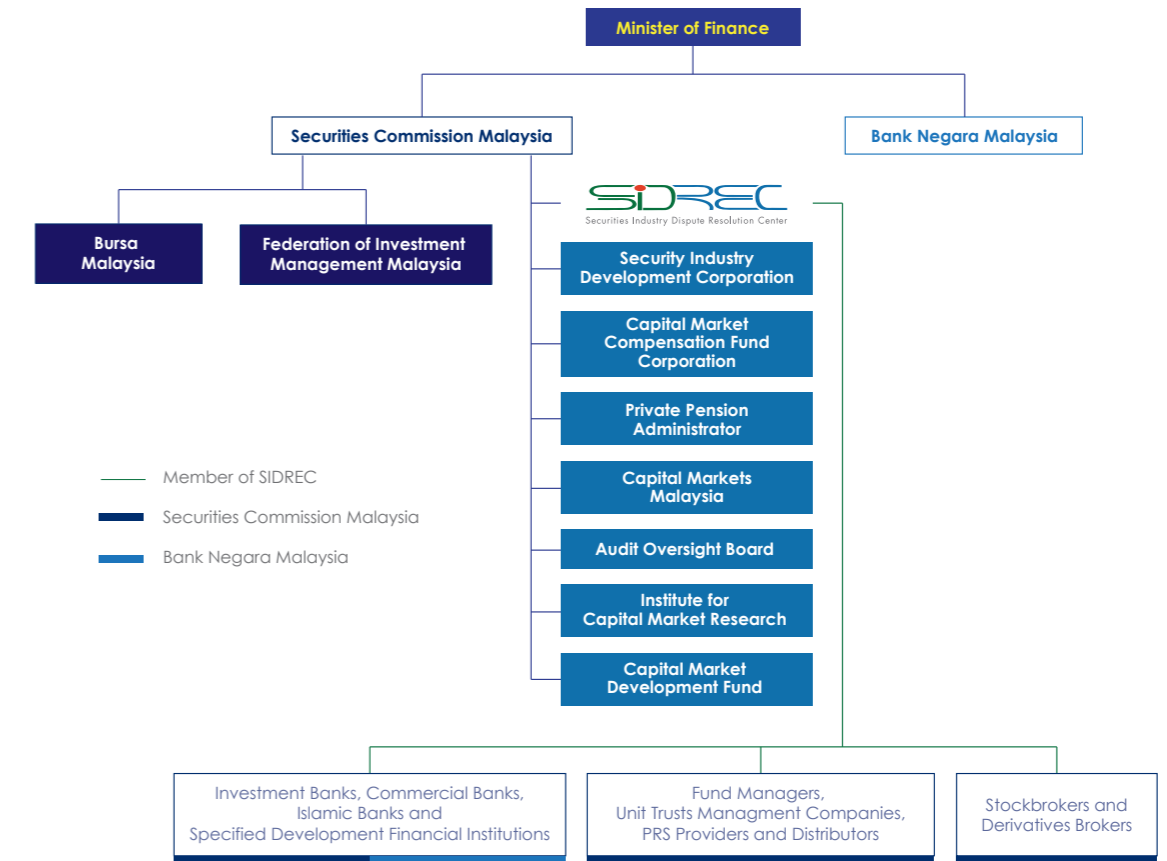
Subject to meeting these grounds, the Member or claimant may submit an appeal to SIAC. This avenue is only available under the Mandatory Scheme.

The Voluntary Scheme

SIDREC may also mediate and adjudicate disputes involving claims under its Voluntary Scheme. Unlike the Mandatory Scheme, the Member is not required to participate unless they wish to. SIDREC will only accept a case under the Voluntary Scheme if both the claimant and Member agree to seek SIDREC’s help.

- There are two components to the Voluntary Scheme:
 - » Disputes involving claims exceeding RM250,000

SIDREC in the Capital Market Institutional Framework



Advisory Group

SIDREC’s Advisory Group (see page 51) is an informal group which comprise domestic and international experts, who are able to provide SIDREC with general advice as well as specific input covering strategy, policy, rules reform, operational and structural issues.

international, to bring about greater awareness of SIDREC and the benefits of ADR.

SIDREC seeks to learn from dialogue with industry players as well as other ADR bodies, both local and international, in our efforts to enhance our processes and services as an ADR outfit.

Relationship Building

SIDREC believes in working together with its Members and other capital market stakeholders for the benefit of the capital market as a whole. We work with the SC, BNM, Bursa Malaysia, self-regulatory bodies, industry associations, the Malaysian Bar Council and other stakeholders including the mass media and other ADR bodies, domestic and

International Engagement

Recognising the global environment in which the Malaysian capital market sits, SIDREC strives to stay informed of market and regulatory developments, both on the domestic and global space. With the increase in cross-border transactions and diverse products that are accessible by the investing public online, SIDREC is fully aware of the need to keep our service and

expertise relevant and in step with these developments. To accomplish this, SIDREC continuously engage with its peers in Malaysia and the region, as well as the broader stakeholders of regulators and standard-setting bodies.

In this context, SIDREC contributes and participates in regional and international events, where it also contributes:

- through sharing of experience with peers and regulators in the region
- as the SC's InvestSmart partner in investor education and strategic work in investor empowerment and education
- by way of participation in other capital market or ADR events locally.

International Participation

SIDREC has been a member of the International Network of Financial Services Ombudsman Schemes (INFO Network) since 2013. SIDREC's CEO sat as a member of the INFO Network Committee for a two-year term ending in December 2018. INFO Network was set up for relevant ADR schemes for financial services around the world to work together to develop their expertise in dispute resolution, by exchanging experiences and information in a wide array of areas, including, among others, functions and governance models, handling of systemic issues, cross border referral of complaints and training.

We also participate from time to time in international meetings and conferences organised by the SC and BNM and bodies such as the International Organisation of Securities Commissions (IOSCO), Organisation for Economic Co-operation and Development (OECD), the

International Forum for Investor Education (IFIE) and the AIAC, among others.

SIDREC has supported IOSCO's annual World Investor Week (WIW), since it first launched in 2017 through participating in the SC's investor education campaign for WIW. In addition SIDREC undertakes its own educational initiatives, including posting daily educational messages under the WIW banner, on SIDREC's online platform such as its website and various social media networking sites such as Facebook, Instagram, LinkedIn and Twitter.

The Malaysian Capital Market in 2018

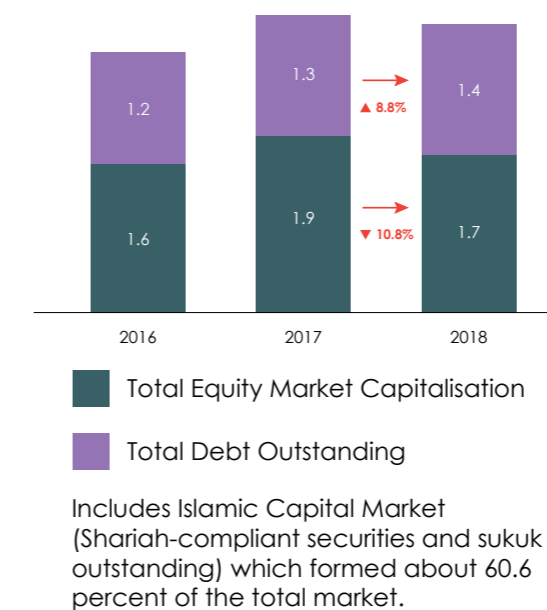
The Malaysian capital market continued to contribute to the growth of the Malaysian economy in 2018. The total size of the capital market for 2018 was RM3.1 trillion where RM1.4 trillion was contributed by debt securities outstanding while the remaining RM1.7 trillion was contributed by the equity market capitalisation. The Islamic Capital Market (ICM) contributed to about 60.6 percent or RM1.9 trillion of the total size of the Malaysian capital market. About RM1 trillion of the ICM total market size was contributed by Shariah-compliant equities whilst the remaining RM0.8 trillion was contributed by sukuk outstanding.

When compared to 2017, the Malaysian equity market capitalisation in 2018 dropped from RM1.9 trillion to RM1.7 trillion representing a year-on-year reduction of about 10.8 percent. On the other hand, the Malaysian bond market increased by 8.8 percent, from RM1.3 trillion in 2017 to RM1.4 trillion in 2018.

Total funds raised in 2018 amounted to RM114.6 billion of which RM105.4 billion was raised in the corporate bond and

sukuk market. The remaining RM9.2 billion was raised in the equity market of which RM8.5 billion was raised via secondary fundraising while the remaining sum of RM0.7 billion was raised via Initial Public Offerings. When compared to 2017, the Malaysian corporate bonds and sukuk market in 2018 recorded a 15.6 percent decrease in total issuance from RM124.9 billion to RM105.5 billion.

Malaysian Capital Market Size (in RM trillion) as at 31 December 2018

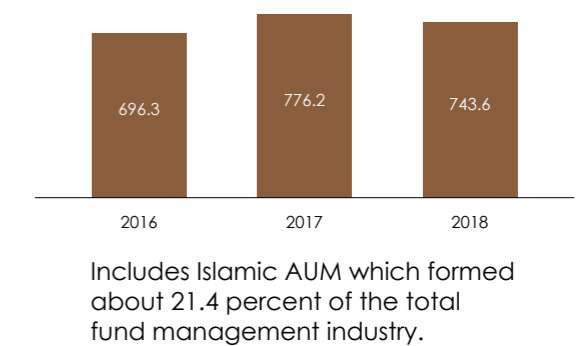


As at 31 December 2018, the market capitalisation of Shariah-compliant securities represents about 61 percent or RM1 billion of the total market capitalisation compared to 59 percent as at 31 December 2017. Shariah-compliant securities made up 689 (75.3 percent) of the 915 listed securities on Bursa Malaysia. Corporate sukuk issuance represented 69 percent (2017: 70.2 percent) of total corporate bonds and sukuk issuance in 2018. Sukuk outstanding accounted for 76 percent (2017: 75.1 percent) of total corporate bonds and sukuk outstanding as at 31 December 2018.

The fund management industry in 2018

recorded total assets under management (AUM) of RM743.6 billion compared to RM776.2 billion in 2017. The Islamic AUM amounted to about RM158.8 billion (21.4 percent) of the total fund management industry AUM in 2018.

Total Asset Under Management (in RM billion) as at 31 December 2018



The largest source of funds under management came from the unit trust industry with a net asset value (NAV) of RM426.2 billion (2017: RM427 billion) which represents about 25.1 percent (2017: 22.4 percent) of Bursa Malaysia's market capitalisation. This is followed by Employees Provident Fund (15.1 percent; RM112.1 billion), corporate bodies (9.8 percent; RM73.1 billion), and wholesale funds (8.7 percent; RM65 billion).

Funds were invested in various asset classes locally and outside Malaysia. As at end of 2018, about 47.2 percent (51 percent) of total investment was allocated in equities followed by investment in money market placement 22.7 percent (2017: 21.2 percent) and fixed income 21.4 percent (2017: 19.9 percent). A similar trend was observed on assets allocation inside and outside Malaysia.

Total gross sales value of the unit trust funds industry in 2018 was about RM205 billion. Unit trust fund management companies (UTMCs) continued to be the major

distributors, recording RM87.6 billion (42.9 percent) sales, followed by institutional unit trust advisers RM66.53 billion (32.6 percent) and unit trust consultants (UTCs) RM47.75 billion (23.4 percent).

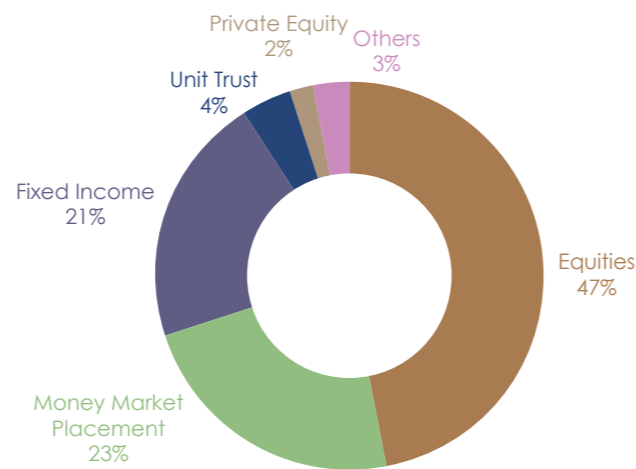
For wholesale funds, a total of 307 wholesale funds was in operation in 2018 and the NAV of wholesale funds as at 31 December 2018 was about RM65 billion (2017: RM84.7 billion). In the REITs segment, 18 REITs were listed on the Main Market of Bursa Malaysia as at 31 December 2018 which represented a total market capitalisation of RM41.4 billion (RM46.5 billion) and recorded total asset size of RM52.8 billion (2017: RM51.2 billion). Only one unlisted REIT was offered to sophisticated investors during 2018.

On the PRS front, the total NAV for PRS funds as at 31 December 2018 was RM2.7 billion (2017: RM2.2 billion). For investment products, six structured warrants issuers offered a total of 53.2 billion structured warrants amounting to 1,037 term sheets as per registered by the SC in 2018. In the same year, 21 new structured product programmes with a variety of underlying references that had an aggregate size of RM100.1 billion with each programme having a size limit up to RM5 billion were lodged by 16 issuers.

SIDREC's Role in the Capital Market

The Malaysian capital market is expected to continue being influenced by key global developments in 2019. However, the domestic capital market is envisaged to remain strong and orderly and will continue to play a significant role in supporting economic growth through financing of business expansion and infrastructure investment towards achieving Malaysia's objective of becoming a high-income country in the coming decade.

Funds Allocation (by asset class) as at 31 December 2018



SIDREC Members

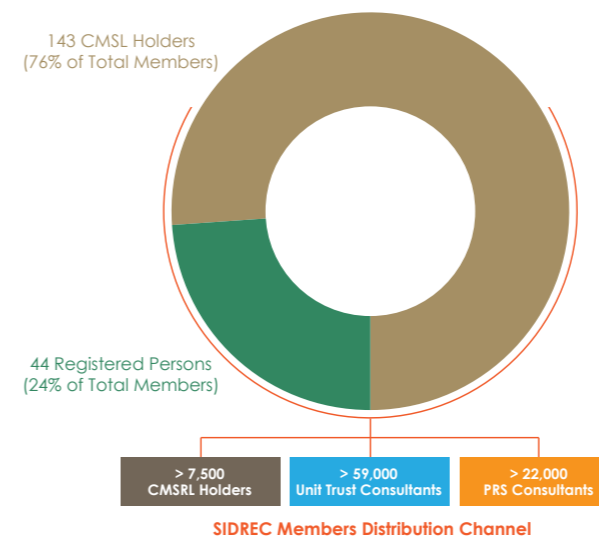
Against this backdrop, market intermediaries providing access to a diverse range of products and services comprised 242 Capital Market Services License (CMSL) holders and 44 Registered Persons. As at 31 December 2018, SIDREC's membership stood at 187, comprising 143 CMSL holders and 44 Registered Persons. Our Members carry out regulated activities that fall under SIDREC's purview of dealing in securities, dealing in derivatives, dealing in PRS and fund management.

Our Members currently include securities and derivatives brokers, fund managers, UTMCs, PRS providers and distributors, corporate unit trust advisers, corporate PRS advisers, investment banks, commercial banks, Islamic banks specified DFIs and issuing houses.

Members Distribution Channel

In reaching out to the investing public, our Members are supported by their distribution channel. As at 31 December 2018, there were 9,587 Capital Markets Services Representative's Licence (CMSRL) holders, of whom more than 80 percent

SIDREC Members as at 31 December 2018



was involved in dealing in securities, dealing in derivatives and fund management. In addition to these CMSRL holders, our Members' distribution channels were also supported by 59,565 UTCs and 22,946 PRS consultants who are registered with FIMM.

Keeping in Step with Changes in the Regulatory and Market Framework

To date, SIDREC's Members include those involved in dealing in securities, dealing in derivatives, dealing in PRS and fund management. As greater choice and access to the market is facilitated by the regulatory and market framework, investors' access to practical and affordable help and redress must also grow apace.

In this regard, SIDREC undertakes periodic reviews of our purview to ensure we remain relevant to market and regulatory developments, as well as to ensure we are meeting our part in the capital market investor protection framework when it comes to providing access to redress and contributing to investor empowerment. Discussions are currently underway to revisit SIDREC's current purview in our

effort to ensure SIDREC's role and function as a body that provides ADR avenue for investors remain relevant and effective, in line with the ever-changing and evolving market that we serve.

Alternative platforms and avenues of financing such as Equity Crowdfunding (ECF) and Peer-to-Peer (P2P) Financing are making encouraging headway in the Malaysian capital market alongside the introduction of new areas of regulated activity such as in the sphere of digital assets, to complement traditional sources of funding such as public equity and debt.

Based on the SC's Annual Report for 2018, since 2015, 693 businesses have been financed via ECF and P2P financing. A total of RM212.7 million has been raised through P2P financing since early 2017 of which RM180.1 million was raised in 2018. As for ECF, RM46.3 million has been raised since its inception. At the same time, SC's ongoing efforts to encourage financial inclusion using technology has also materialised as ECF and P2P financing have so far attracted strong participation from retail investors at 54 percent and 87 percent of total investors respectively.

These alternative financing options are clearly increasingly becoming popular, as they provide cheaper, faster as well as more convenient delivery channels and access to investors, exposing them to a broader choice of investments. With greater choice and access for the investing public, SIDREC will undertake a review of its purview in close consultation with the SC to ascertain the areas that may require investors to have access to SIDREC's help through our dispute resolution service.

The source for all capital market information and statistics in this Annual Report – Securities Commission Malaysia.

Board of Directors and Management

Standing (L-R):

Dato' Halipah Esa

Dato' Saiful Bahri Zainuddin

Dato' Idris Kechot

Raymond Tang Chee Kin

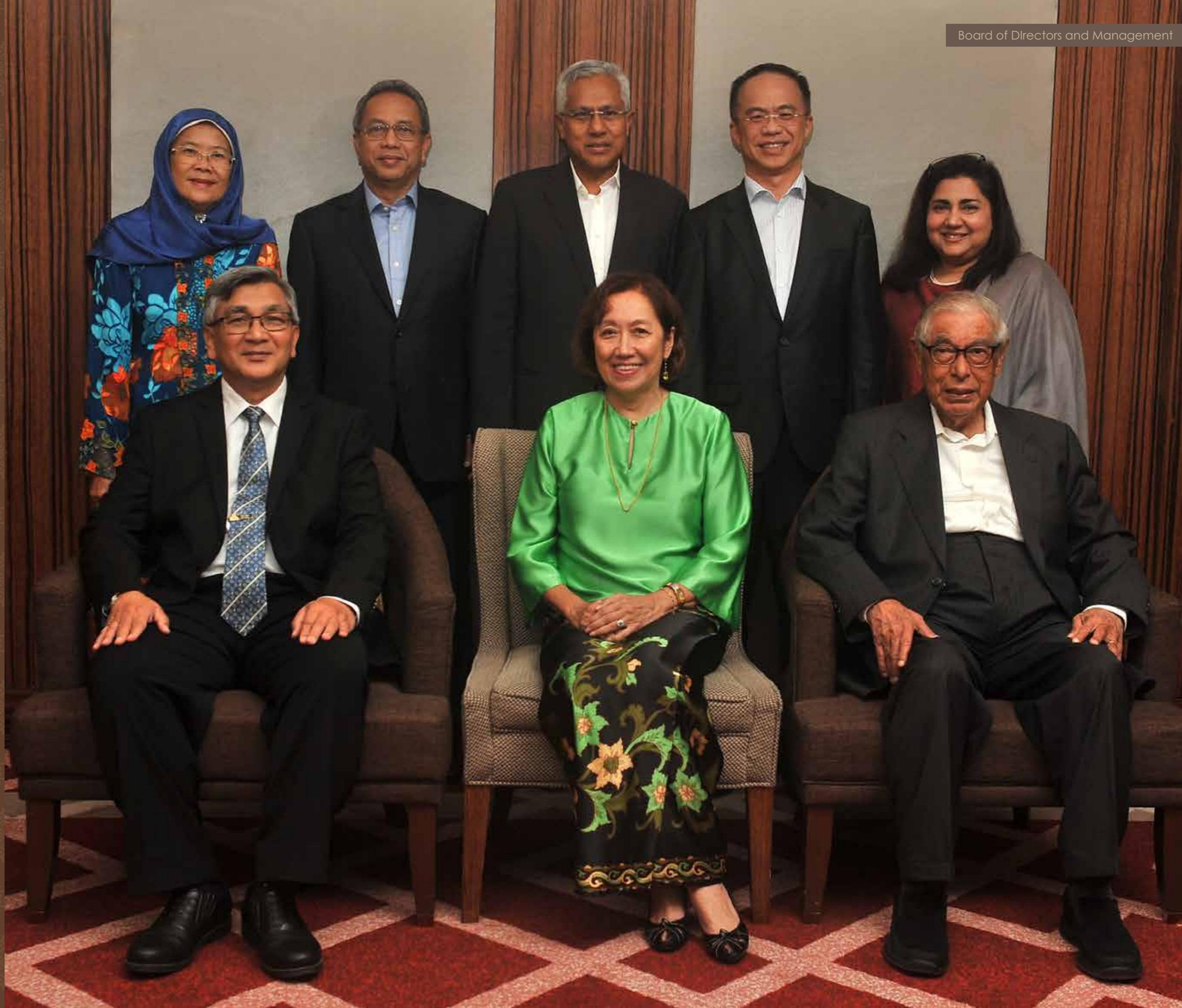
Sujatha Sekhar Naik

Seated (L-R):

Dato' Mohamad Ariff Md Yusof

Dato' Ranita Mohd Hussein

Dato' Karam Chand Vohrah



Board of Directors and Management



DATO' RANITA MOHD HUSSEIN
Chairman & Independent Director

Dato' Ranita Mohd Hussein has been the Chairman of SIDREC since its inception in 2010. She is a legal consultant and has served as a member of the Advisory Council of Jurists of the Asia Pacific Forum for National Human Rights Institutions. She also served as a member of the Permanent Court of Arbitration in The Hague, Netherlands.

Dato' Ranita's other previous posts include that of a Commissioner in the Human Rights Commission Malaysia (Suhakam), a partner of Skrine, a Judicial Commissioner in the High Court, Malaysia and an Adviser (now re-designated as Assistant Governor) to BNM.

She began her career in the Judicial and Legal Services, serving in various positions ranging from Magistrate and Senior Federal Counsel at the Economic Planning Unit (EPU) and Foreign Investment Committee to Head of Advisory and International Division, Attorney-General's Chambers to Chief Parliamentary Draftsman from 1969 to 1991.

Where the capital market is concerned, Dato' Ranita served as a member of the Governing Committee of the Kuala Lumpur Stock Exchange (now Bursa Malaysia) from 1997 to 2000 and as a director on the board of the Kuala Lumpur Options and Financial Futures Exchange from 1999 to 2000.

Dato' Ranita obtained her LLB (Hons) degree from the University of Singapore.



DATO' HALIPAH ESA
Independent Director

Dato' Halipah Esa is a founding director of SIDREC. She currently serves as Independent Non-Executive Director of several public-listed companies, including Malaysia Marine and Heavy Engineering Holdings Bhd, KLCC Property Holdings Bhd and SP Setia Bhd. She also serves on the Boards of Cagamas Bhd, Putrajaya Holdings and Malaysian Maritime Academy Sdn Bhd. She was Chairman of Pengurusan Aset Air Bhd and has also served on the Boards of MISC Bhd, Petronas, FELDA, Employees Provident Fund, Pensions Trust Fund, Inland Revenue Board, Putrajaya Corporation, NCB Holdings Bhd, UDA Holdings Bhd and Malaysia-Thailand Joint Development Authority.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department and has held various senior positions, including the Director-General of EPU before she retired from the civil service in 2006. She has also served as Deputy Secretary-General at the Ministry of Finance.

She was previously a consultant to the World Bank and United Nations Development Programme (UNDP), advising the Royal Kingdom of Saudi Arabia on economic planning and providing technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

Dato' Halipah holds a BA (Hons) degree in Economics, as well as an MEcons degree from the University of Malaya.



DATO' KARAM CHAND VOHRAH
Independent Director

Dato' Karam Chand Vohrah is active in both domestic and international arbitration. He is member of the AIAC and the Singapore International Arbitration Centre, as well as former Fellow of the Singapore Institute of Arbitration (SI Arb) and former member of the Permanent Court of Arbitration in The Hague, Netherlands. He is also Adjunct Professor, College of Law, Government and International Studies of University Utara Malaysia, Adjunct Professor, Faculty of Law and Government, HELP University as well as the former External Examiner of the Faculty of Law of University of Malaya.

He was a consultant with Messrs Lee Hishammuddin Allen & Gledhill. Prior to that, he was a Judge of the Court of Appeal, served in the judicial and legal service of Malaya and became Head of the Advisory Division of the Attorney-General's Chambers. He participated in many negotiations as a legal adviser to international loan agreements (including those of the World Bank and the Asian Development Bank) and Swiss and Japanese bond issues and also various conferences in relation to the Tin and the Rubber Buffer Stock Agreements. He was involved in the Law of the Sea Conferences in New York and Geneva.

Dato' Vohrah also served as a commissioner of the Human Rights Commission of Malaysia from July 2002 up to April 2008 and was chairman of the Malaysian Corporate Law Reform Committee.



DATO' IDRIS KECHOT
Industry Director

Dato' Idris Kechot was appointed as a deputy president and group chief operating officer of Permodalan Nasional Bhd (PNB) on 1 December 2014. He is also the designated investment manager for its funds. Prior to this, he was the executive director of Amanah Saham Nasional Bhd.

He started his career in 1983 as an investment analyst at the Corporate Research Department of PNB, undertaking industry and sectoral research. In 1988, he joined the Investment Division of PNB as an equity dealer, responsible for equity investment activities. His vast experience in the capital market includes equity valuation, equity trading and portfolio management of proprietary and unit trust portfolios.

He had also undergone extensive training and attachment programmes both locally and abroad in the areas of equity valuation, portfolio management and general management development.

He has a BSc degree in Agribusiness from Universiti Putra Malaysia and an MBA degree specialising in Finance from UK's University of Stirling and is also a Certified Financial Planner (CFP). In 2006, he attended an Accelerated Development Programme at the London Business School.

Dato' Idris also sits on the Board of Directors of several other companies.



DATO' MOHAMAD ARIFF MD YUSOF
Independent Director (Retired on 22 November 2018)

Dato' Mohamad Ariff Md Yusof is a retired judge of the Court of Appeal Malaysia. He obtained both his LLB and LLM degrees from the University of London (London School of Economics and Political Science) and Lincoln's Inn. He started his career in 1974 as a law lecturer and subsequently as an Associate Professor of the Faculty of Law of University of Malaya before venturing into legal practice as an advocate and solicitor in 1985.

He was one of the founding partners of Messrs Cheang & Ariff (now Messrs Chooi & Company + Cheang & Ariff). He took leave from legal practice between 1993 and 1995 to join the newly-formed SC and became the first director of its Market Supervision Department. He became a Judicial Commissioner of the High Court of Malaya in 2008 and later a Judge of the High Court and thereafter a Judge of the Court of Appeal in 2012.

He retired from the Malaysian Judiciary in early 2015. His experience ranges from company and commercial law, banking, securities, constitutional and administrative law, intellectual property to arbitration. He is presently the Speaker of the House of Representatives of the Malaysian Parliament.



DATO' SAIFUL BAHRI ZAINUDDIN
Industry Director

Dato' Saiful Bahri Zainuddin is co-founder of SIDREC and was appointed to the Board on 28 April 2010. He is currently the Executive Director of OSK Holdings Bhd, an Investment Committee member of Eastspring Investments Bhd, Independent Non-Executive Director of KAF Investment Bank Bhd where he chairs the Nomination & Remuneration Committee and sits on the KAF Investment Board, Audit Committee and Risk Committee respectively. He is also the Financial Adviser to the State Government of Negeri Sembilan and a member of the Negeri Sembilan State Government Think Tank.

Dato' Saiful was appointed by the Minister of Finance as Independent Non-Executive Director of Bursa Malaysia Bhd in 2008 and a Board Member of Bursa Malaysia Securities Bhd and Bursa Malaysia Securities Clearing Sdn Bhd from April 2015. He was then appointed as Senior Independent Director for his active role as a director and in addition to his board member role, he also sits on committees for market participation, risk management and nomination and remuneration.

He has a BSc degree in Economics and Finance from Western Michigan University and has attended the Global Leadership Development Programme at Stanford University.



RAYMOND TANG CHEE KIN
Industry Director

Raymond Tang Chee Kin is a founding director of SIDREC. He is currently the CEO and a member of the Board of Directors of Eastspring Investments Bhd (EIB). He has over 30 years of experience in the asset management business, managing both institutional and unit trust funds. Prior to EIB, he was the Head of International and Institutional Business of CIMB-Principal Asset Management Bhd.

He is currently also the Chairman of Malaysian Association of Asset Managers (MAAM) and chairman of FTSE Bursa Malaysia Index Advisory Committee. He is also an invitee on the Executive Committee of Malaysia International Islamic Financial Centre (MIFC) as well as a committee member in the Market Participants Committee of Bursa Malaysia and Financial Markets Committee of BNM.

Raymond is also a Fellow of the UK's Chartered Institute of Management Accountants and a Chartered Global Management Accountant. He holds a Capital Markets Services Representative's License (CMSRL) for fund management under the CMSA.



SUJATHA SEKHAR NAIK
Chief Executive Officer

Sujatha was seconded by the SC in March 2013 to head SIDREC as CEO. Under her stewardship, Sujatha has helped the Board steer SIDREC's strategic direction, building its capacity and broadening its scope to ensure that SIDREC's dispute resolution service continues to be relevant and in step with the needs of a developing capital market. With over 17 years of experience in capital market related work, Sujatha has, in addition to experience in dispute resolution, an in-depth and practical understanding of the capital market and the regulatory framework, as well an insight into investor concerns and challenges.

Prior to joining SIDREC in 2013, she was responsible for the development and implementation of the SC's investor education strategy and management of complaints relating to market misconduct. Her work in the SC included advisory and reform work in both the General Counsel's Office and the Corporate Finance and Investments Business Group. At the international level, Sujatha has served on the Committee of the International Network of Financial Services Ombudsman Schemes (INFO Network). Sujatha has represented SIDREC and the SC on inter-agency committees and as a presenter and panelist at international and domestic forums on dispute resolution, investor education and other capital market issues.

She obtained her LLB (Hons) degree from the University of London and was called to the Bar of England and Wales in 1989 and re-qualified with the Law Society of England and Wales as a Solicitor in 1990. Sujatha was called to the Malaysian Bar in 1998. She is also an Accredited Mediator on the panel of Malaysian Mediation Centre (MMC).

SIDREC Management Team



SUJATHA SEKHAR NAIK
Chief Executive Officer

HONG SIEW LAI
Head of Dispute Resolution

AISHARA ABDUL RAHIM
Head of Operations

STEVEN K C POH
Head of Corporate Communication

SIDREC Appeal Committee

All eligible appeals are heard by SIAC. The committee comprises a mix of independent and industry members, as well as senior representatives of the SC and SIDREC.



DATUK DR KHAW LAKE TEE
Chairman (Retired on 1 November 2018)
Independent Member



FOO LEE MEI
Representative from the
Senior Management of the SC



DATO' KARAM CHAND VOHRAH
Representative from SIDREC's Board of Directors



DATUK NORIPAH KAMSO *
Independent Member



HASNAH OMAR
Industry Member

* Was appointed Chairman of Bank Kerjasama Rakyat Malaysia Bhd in December 2018

SIDREC Advisory Group

The SIDREC Advisory Group is an informal group which comprise domestic and international experts, who are able to provide SIDREC with general advice as well as specific input covering strategy, policy, rules reform, operational and structural issues.

DOUGLAS MELVILLE

Douglas Melville is an experienced financial ombudsman, arbitrator and mediator with over 25 years of financial sector experience. He is currently the Principle Ombudsman and CEO of Chanel Islands Financial Ombudsman (CIFO). Prior to this, he was the Ombudsman and CEO of the Canadian Ombudsman for Banking Services and Investments and the Chair of the International Network for Financial Ombudsman Schemes from 2015 to 2017.

Douglas has advised internationally on financial consumer protection and has held senior roles in the banking, investment and insurance industries. He has also been a board member of various not-for-profit organisations covering healthcare, the environment, anti-poverty policy, financial literacy, international development and performing arts.

DR JAMIE ORCHARD

Dr Jamie Orchard is an Australian lawyer of over 30 years standing who has spent most of his career in financial services regulation and dispute resolution. He is currently the National Director, Legal Services at the Australian Health Practitioner Regulation Agency (AHPRA). He was previously Director of Enforcement (South West) for the Australian Securities Investments Commission (ASIC) and then Managing Director of both the Dubai Financial Services Authority and the Qatar Financial Centre regulatory Authority.

More recently, Jamie was the Executive General Manager of the Financial Ombudsman Service, Australia's largest financial services dispute scheme resolving disputes in the banking, insurance, financial and capital markets and superannuation sectors.

ANGELINA KWAN

Angelina Kwan has over 27 years of experience in Asia and the United States in business development, restructuring, regulatory/compliance, as well as investor and stakeholder relations. She is currently the Chief Operating Officer of the Bitcoin Mercantile Exchange (BitMEX). Prior to her present role, Angelina was Head of Regulatory Compliance for the Listing and Regulatory Affairs Division at the Hong Kong Exchange and Clearings Ltd. She has held senior management, committee and/or board positions with the Securities and Futures Commission of Hong Kong, and other multinational companies and financial institutions.

Angelina's broader contributions are diverse, including as a Hong Kong Government appointed member of the Women's Commission, the Council for Sustainable Development, the Administrative Appeals Board, the Lord Wilson Heritage Trust, the Vice-Chairman and Director of The Women's Foundation, Director of the Hong Kong Securities Institute and Director of the Securities Industry Development Corporation (SIDC) of Malaysia.

CHUA KONG KHAI

Chua Kong Khai has over 30 years of experience in the capital market. He was part of the Senior Management team of Bursa Malaysia from 1993, holding the position of Adviser to the CEO, when he retired from Bursa Malaysia in Sept 2017. Prior to his appointment as Adviser to the CEO, he was the Chief Market Operations Officer of Bursa Malaysia until 2016.

As the Chief Market Operations Officer, his responsibility included charting overall business strategies and development plans on market operations for Bursa Malaysia Group of Companies, in meeting the changing needs of its customers both domestic and overseas. The core business functions under his purview included Trading, Clearing, Settlement, Depository and Bonds.

Panel of Mediators & Adjudicators

SUJATHA SEKHAR NAIK

Mediator & Adjudicator

HONG SIEW LAI

Mediator & Adjudicator

SHANTI ABRAHAM MATHEW

Mediator & Adjudicator

WONG LU PEEN

Mediator

DATO' LIM CHEE WEE

Mediator & Adjudicator

NAHENDRAN NAVARATNAM

Mediator & Adjudicator

AISHARA ABDUL RAHIM

Mediator

LYNETTE YEOW

Mediator

CHRISTOPHER LEONG

Mediator & Adjudicator

GANESAN NETHI

Mediator

JAS BIR KAUR

Mediator

SUJATHA SEKHAR NAIK

Sujatha is the CEO of SIDREC and has oversight over SIDREC's Panel of Mediators and Adjudicators. With 25 years of experience in corporate and capital market related work, she has, in addition to experience in dispute resolution, an in-depth and practical understanding of the capital market and the regulatory framework, as well as an insight into investor concerns and challenges.

She obtained her LLB (Hons) degree from the University of London and was called to the Bar of England and Wales in 1989 and re-qualified with the Law Society of England and Wales as a Solicitor in 1990. Sujatha was called to the Malaysian Bar in 1998. She is also an Accredited Mediator on the panel of Malaysian Mediation Centre (MMC).

HONG SIEW LAI

Hong Siew Lai is responsible for the management of SIDREC's dispute resolution process. As a founding staff member of SIDREC, she has played a significant role in SIDREC's growth. She has several years of experience in the capital market and prior to joining SIDREC, was an Assistant Vice-President, Corporate Affairs, Legal & Compliance and a Registered Compliance Officer at an investment bank.

From 1998 to 2004, Siew Lai practised as an advocate and solicitor, where her scope of work included civil litigation, corporate, commercial and conveyancing matters. Her legal and capital market experience places her in good stead when mediating and adjudicating matters relating to capital market issues and to provide sound guidance to both investors and Members through the dispute resolution process.

Siew Lai is a Fellow of the Chartered Institute of Arbitrators (FCIArb) and holds a Diploma in International Commercial Arbitration from the said Institute. She is also an Accredited Mediator on the panel of MMC. She graduated with an LLB (Hons) degree from the University of East London and was admitted as an advocate and solicitor of the High Court of Malaya in 1998.

SHANTI ABRAHAM MATHEW

Shanti Abraham Mathew is a Senior Partner of Messrs Shanti Abraham & Associates. She has handled trial and appellate work in major corporate, commercial and banking law disputes for private and public-listed companies as well as handled a full range of corporate finance matters ranging from listing, restructurings and takeovers as well as resolving issues between investors and securities trading companies, including claims on the compensation fund.

Shanti is an accredited Mediator on the panel of MMC and an Associate Mediator with the Singapore Mediation Centre. She is both an Arbitrator and Mediator with the AIAC. She is a Fellow of the Chartered Institute of Arbitrators (FCIArb) and a Fellow of the Asian Institute of Arbitrators (FAIADR).

Shanti graduated with an LLB (Hons) degree from the National University of Singapore in 1994. She has been called to both the Singapore and Malaysian Bar. Shanti completed the Programme on Negotiation and Mediation at Harvard Negotiation Institute (Harvard Law School) in 2014 as well as Advanced Mediation training – Mediating Complex Disputes in 2017.

WONG LU PEEN

Wong Lu Peen is the Senior Partner of Wong Lu Peen & Tunku Alina which is a commercial and corporate practice. Her portfolio includes mergers, acquisitions, and investments by foreign parties into and out of Malaysia. She is currently a chairperson of the disciplinary committee for disciplinary proceedings brought by the Bar Council Disciplinary Board.

Lu Peen sits on the Arbitration & Alternative Dispute Resolution Committee of the Bar Council and the MMC. She is an Accredited Mediator on the panel of MMC and she also trains and assesses candidates for accreditation with the MMC. She is an associate accredited mediator with the Singapore Mediation Centre and a member of the advisory panel of the Australian Dispute Resolution Centre in Sydney.

She obtained her LLB (Hons) degree from the University of Reading in 1978, was called to the English Bar in 1979 and admitted to the Malaysian Bar in 1983. She has an MBA degree from University of Malaya in 2014.

DATO' LIM CHEE WEE

Dato' Lim Chee Wee has been a partner of Skrine since 2001 and was the President of the Malaysian Bar from 2011-2013. He is a member of the Chartered Institute of Arbitrators. He has a broad commercial practice having experience in a wide variety of commercial and corporate disputes and litigation including international arbitrations in Asia and Europe. He primarily acts as counsel appearing at all tiers of the Malaysian courts and his portfolio of litigation work has a particular focus towards corporate litigation.

Dato' Lim also has an established public and administrative law practice having regularly advised and acted as Counsel for the Malaysian stock exchange (Bursa Malaysia) in matters involving its rules and regulations and on the exercise of its enforcement powers. He graduated with LLB and BComm (Accounting) degrees from the University of New South Wales in Australia. He was called to the Malaysian Bar as an advocate and solicitor in 1993 and started practising in Skrine.

NAHENDRAN NAVARATNAM

Nahendran Navaratnam is the principal partner at Navaratnam Chambers. He has experience handling trial and appellate work in large corporate, commercial and administrative law disputes for private and public listed companies, major international and Malaysian financial institutions, multinational corporations and professional practices. He also acts in professional liability, tax, and securities cases and in commercial arbitration disputes.

Nahendran is a Chartered Arbitrator and a Fellow of the Chartered Institute of Arbitrators, a member of the Inter-Pacific Bar Association and Commonwealth Lawyers Association and the Australasian Forum for International Arbitration. He is also a member of the Arbitration Committee of the International Chamber of Commerce and a Fellow of the Malaysian Institute of Arbitrators. He is a trained mediator and adjudicator.

Nahendran graduated with a BSc (Materials Science) degree and an LLB degree from Australia's Monash University. He was called to the Malaysian Bar in 1998.

AISHARA ABDUL RAHIM

Aishara Abdul Rahim is an Accredited Mediator on the panel of MMC. She has over 16 years of experience in the capital market. Prior to her current appointment as SIDREC's Head of Operations, she was a Senior Case Manager at SIDREC who handled complaints involving a range of capital market products and services. Her exposure and experience in the capital market has enabled her to facilitate resolution of a number of disputes at case management level.

Aishara's previous role before joining SIDREC was as Head of Group Internal Audit of a local investment bank. Prior to that, she spent more than six years at the SC gaining valuable experience as an analyst in its financial and corporate surveillance department.

She started her career in 1994 with Arthur Andersen Malaysia. She is also a member of the Malaysian Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Aishara obtained her BSc in Economics degree with a concentration in Accounting from the University of Pennsylvania in 1994.

LYNETTE YEOW

Lynette Yeow is a consultant at Sanjay Mohan, Advocates & Solicitors. She has been in active practice in Malaysian law firms since 1995, including as a partner at Zaid Ibrahim & Co. and Kadir Andri & Partners. Lynette is well known for her expertise in corporate and commercial advisory work, with a focus on mergers and acquisitions, corporate finance and securities regulation. She also has experience in funds establishment including REITs and private equity funds.

Lynette graduated from the University of Cambridge with a BA (Hons) degree in 1992 and was called to the Malaysian Bar in December 1994. She was also conferred an MA degree by the University of Cambridge. She is an Accredited Mediator on the panel of MMC. She is also an Independent Non-Executive Director of Malaysia Building Society Bhd and MBSB Bank Bhd as well as a member of the Board of Directors of Themed Attractions Resorts & Hotels Sdn Bhd.

CHRISTOPHER LEONG

Christopher Leong has extensive experience in the fields of corporate, commercial, power and energy litigation and arbitration. He is well-versed with issues that customarily arise in litigation with cross-border elements. Additionally, he practices in the area of constitutional and administrative law, and public interest litigation. He also acts as counsel in domestic and international arbitrations, both in Malaysia and overseas. He is empaneled as an arbitrator with the AIAC. He was the 30th President of the Malaysian Bar and Chairman of the Bar Council of Malaysia from 2013 to 2015 and sits on Taylor's University's Law School's Legal Profession Advisory Panel. He is currently a member of the Board of Directors of the Institute for Democracy and Economic Affairs (IDEAS), a non-profit cross-partisan think tank foundation in Malaysia. He is also the current President of LawAsia, the law association for Asia and the Pacific.

Christopher graduated with a BA degree, majoring in economics and philosophy in 1984 from Australia's Monash University and completed reading law (LLB) at the University of Nottingham in 1988. He was called to the Degree of Utter Barrister of The Honourable Society of Lincoln's Inn in 1989 and was admitted as an advocate and solicitor of the High Court of Malaya in 1990.

GANESAN NETHI

Ganesan Nethi is a corporate commercial lawyer with a particular interest in matters related to market offences as well as market-related disputes.

Ganesan, who is a partner of Tommy Thomas Advocates & Solicitors, graduated with an LLB (Hons) degree from Cardiff University in 2006, and an LLM (Distinction) in Securities Regulation from America's Georgetown University in 2015. He is also qualified to practise in New York and England.

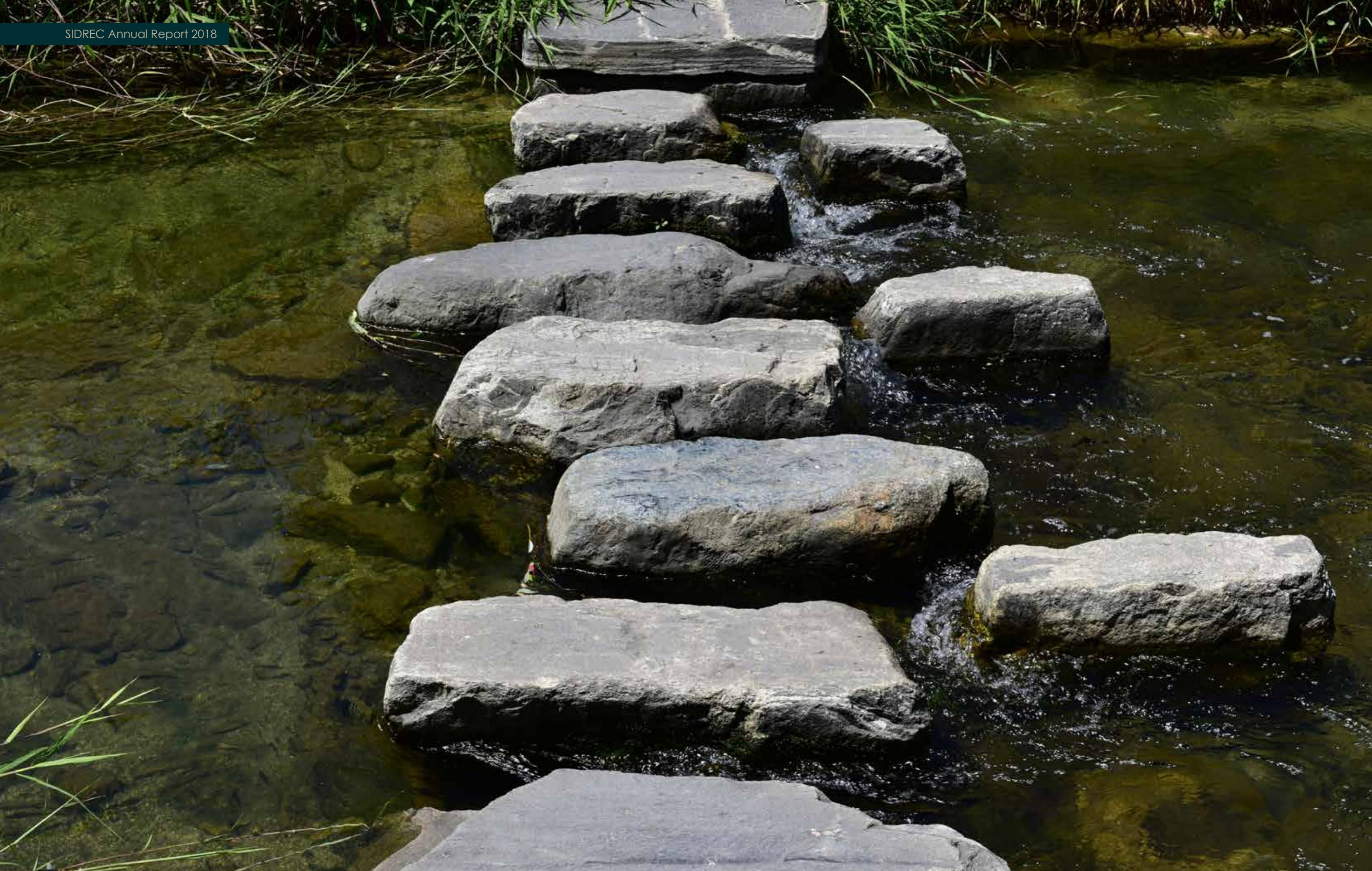
He is an Accredited Mediator on the panel of MMC and also acts as legal advisor to the disciplinary tribunals of the Financial Markets Association of Malaysia, which investigate and hear complaints of financial market misconduct against forex brokers and dealers.

JAS BIR KAUR

Jas Bir Kaur has over 30 years of experience in the financial services and the capital market through her work in the SC.

Whilst with the SC, Jas Bir was involved in many areas of oversight including supervision, authorisation and licensing, product development and the formulation of policies for the capital market, particularly in investment management and stockbroking. Her last post at the SC was as Deputy Director.

She holds a BEcons (Business Administration) degree from University of Malaya and an MSc in Finance degree from Strathclyde University, Glasgow, Scotland. In addition, she also has a Master's degree in Managerial Psychology from HELP University College. She is an Accredited Mediator on the panel of MMC.

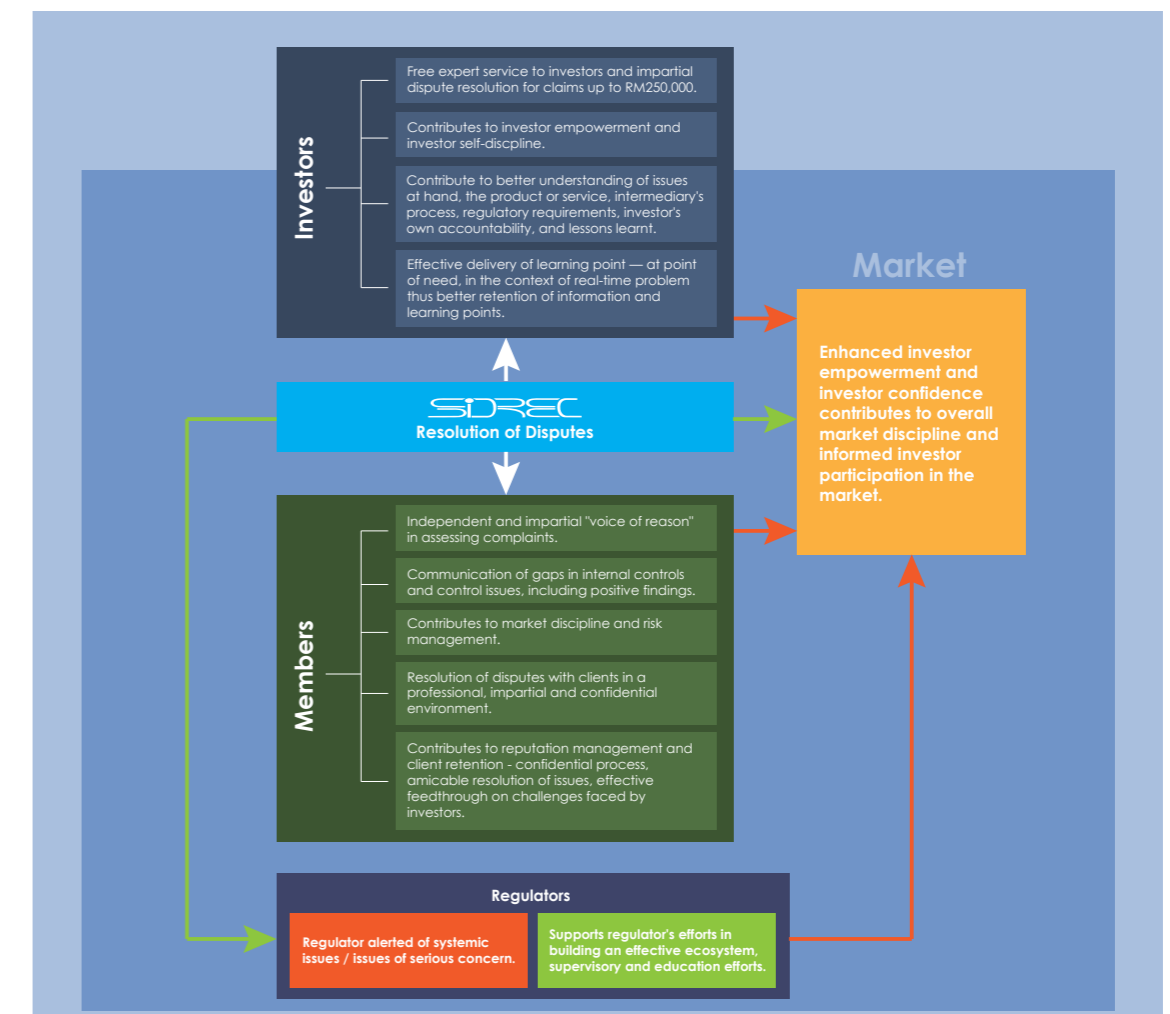


Leveraging on the Dispute Resolution Process

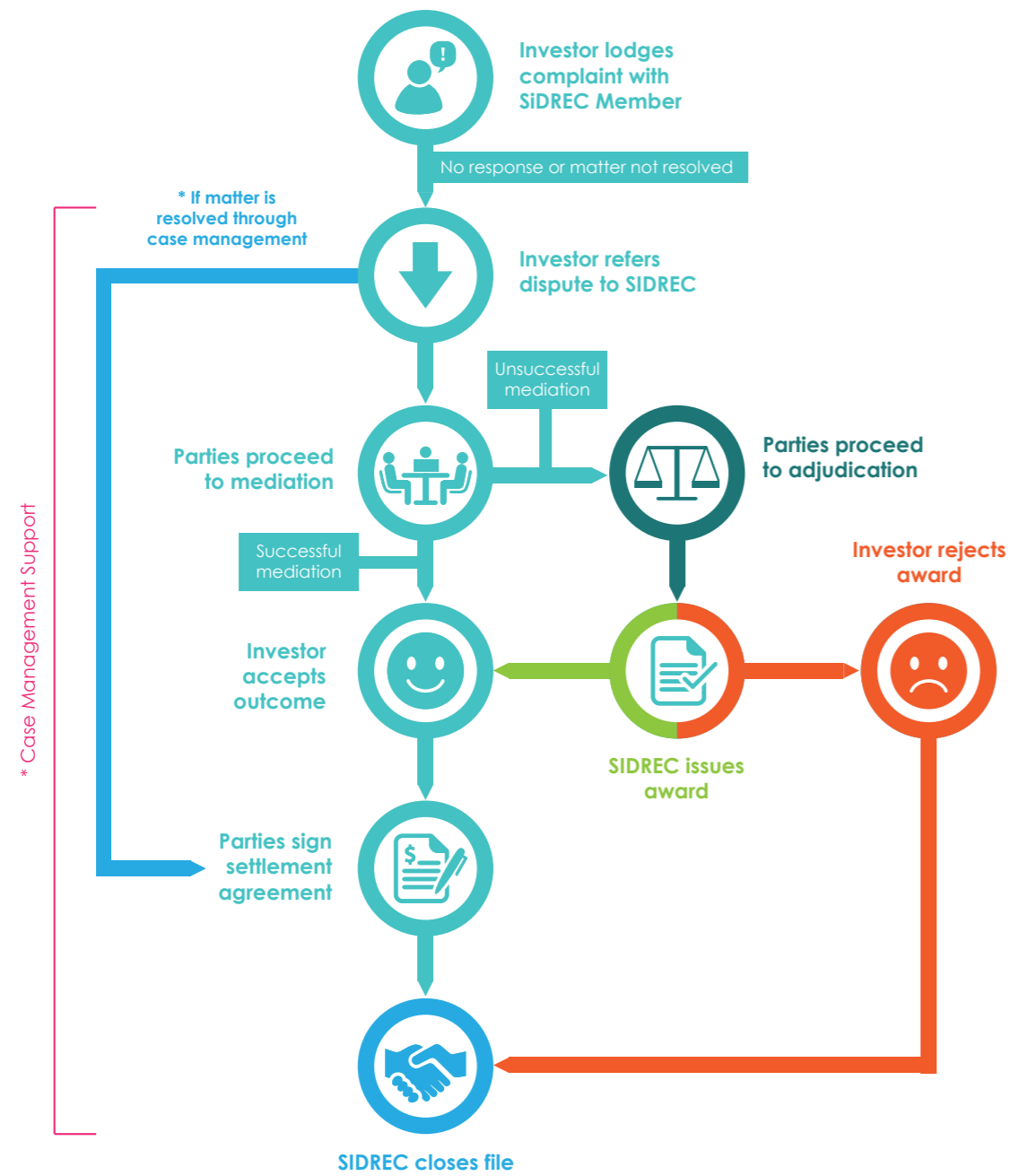
SIDREC's Value Proposition

Confidentiality of proceedings allow issues to be addressed constructively without distractions.	Contributes to reputation management and client retention, preserving harmony and building relationships.
An "independent and impartial voice of reason" with no attachment to outcome.	A good risk management tool for Members which allows identification of issues that may otherwise slip through the cracks.
An independent filter of complaints often resolving issues before they reach the Member.	Reduces legal costs of Members and investors.
Promotes good communications and conduct on the part of all parties.	Investors become better informed, acquiring an enhanced understanding and knowledge of the market and their own responsibilities.
Independent and impartial mediator / adjudicator with industry knowledge and access to specialist expertise as required.	Members are better informed of investors' practical concerns and challenges.

How SIDREC Benefits the Capital Markets

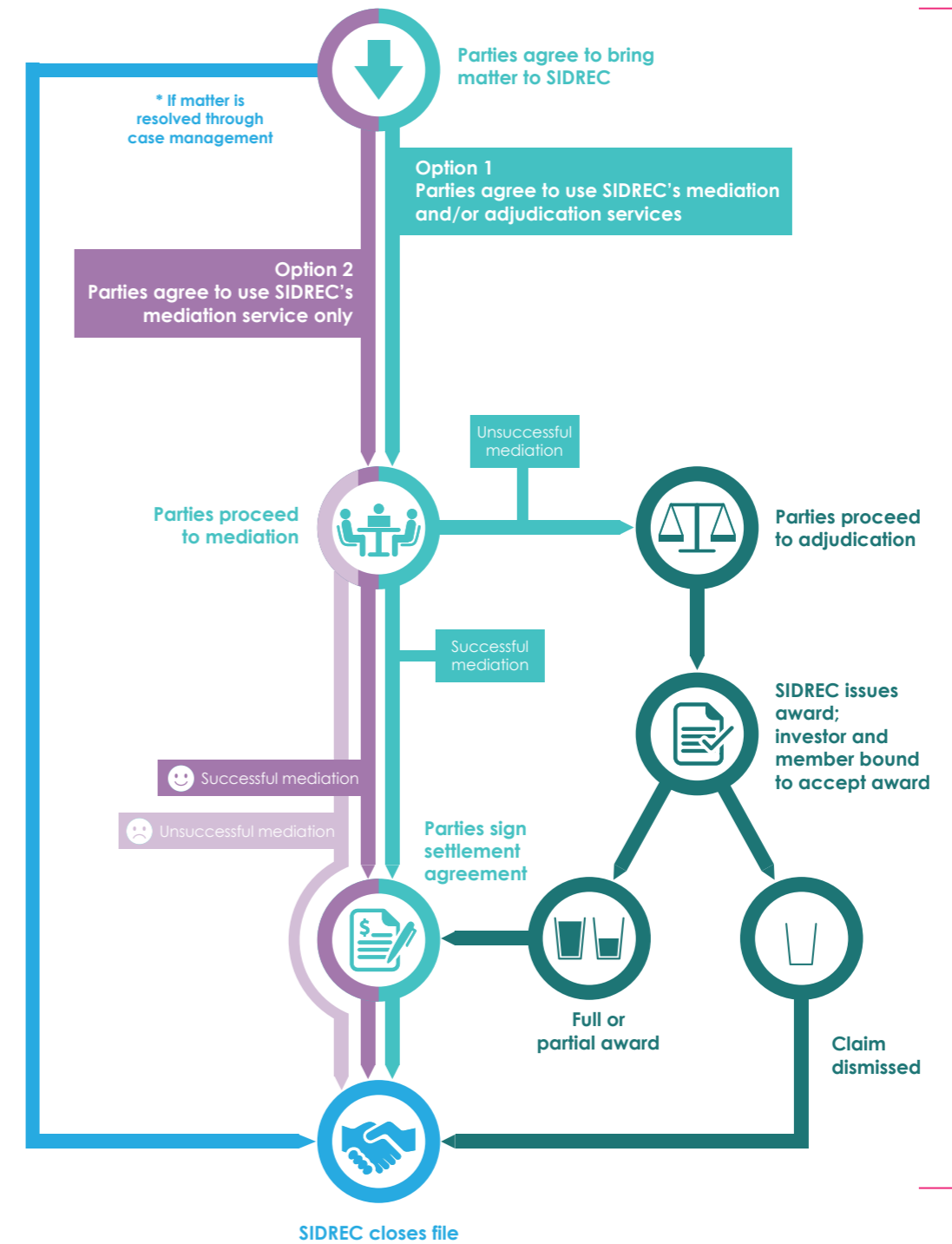


How SIDREC Works: Mandatory Scheme (for claims up to RM250,000)



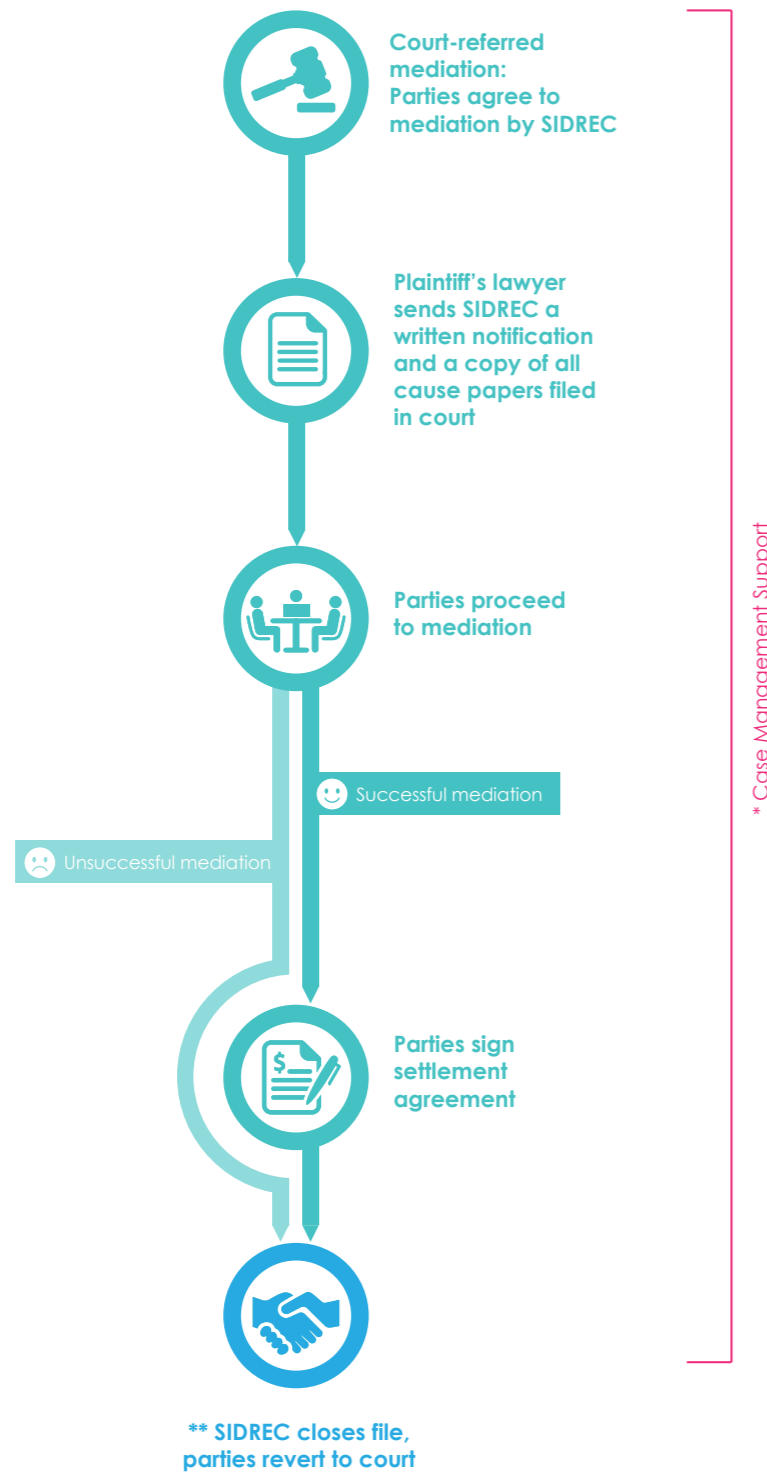
* Case Management Support
SIDREC's case managers assess the eligibility of disputes, review them, procure and verify the necessary information to facilitate a better understanding of the issues by both parties. The case manager also provides administrative support to all parties and is the point of contact and communication throughout the process. The mediative approach adopted by SIDREC makes it possible for parties to resolve their disputes and reach a settlement at any point before the issuance of an award.

How SIDREC Works: Voluntary Scheme (For Claims Above RM250,000)



* Case Management Support
SIDREC's case managers assess the eligibility of disputes, review them, procure and verify the necessary information to facilitate a better understanding of the issues by both parties. The case manager also provides administrative support to all parties and is the point of contact and communication throughout the process. The mediative approach adopted by SIDREC makes it possible for parties to resolve their disputes and reach a settlement at any point before the issuance of an award.

How SIDREC Works: Court-referred Mediation



*** Case Management Support**
 SIDREC's case managers assess the eligibility of disputes, review them, procure and verify the necessary information to facilitate a better understanding of the issues by both parties. The case manager also provides administrative support to all parties and is the point of contact and communication throughout the process. The mediative approach adopted by SIDREC makes it possible for parties to resolve their disputes and reach a settlement at any point before the issuance of an award.

** SIDREC will be guided by the requirements set out in the Practice Direction No. 4 of 2016 (Practice Direction of Mediation)

Dispute Resolution: Year in Review

Overview

In 2018, SIDREC received a total of 440 disputes and enquiries comprising 83 eligible disputes, 269 enquiries and 88 ineligible disputes. The overall total was a 30 percent decrease from 628 in 2017. Even so, the 83 eligible disputes managed this year was a 15 percent increase from 72 received in 2017.

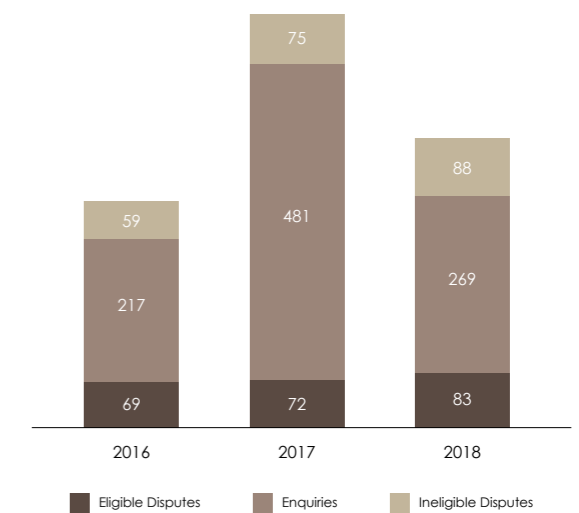
Overall, SIDREC managed a total of 95 eligible disputes which included 12 eligible disputes brought forward from the previous year.

A further breakdown of the status of the eligible disputes managed by SIDREC as at 31 December 2018 is as follows:

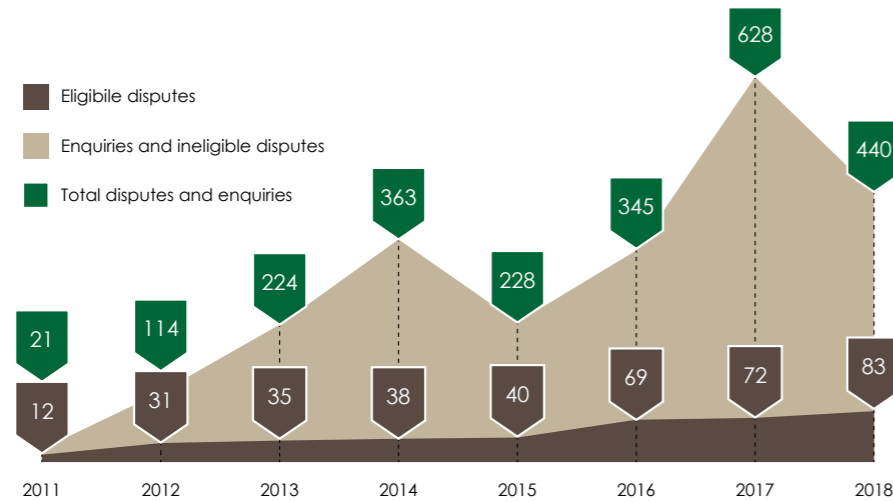
- Sixty eligible disputes were resolved at case management, mediation, or adjudication of which 47 were resolved at case management stage; 11 were resolved at mediation stage; and two resolved at adjudication
- There were three eligible disputes considered “excluded disputes” as per Rule 8 of SIDREC’s Terms of Reference (TOR), after receiving further information from the respective claimants

- One eligible dispute was terminated during the dispute resolution process due to non-compliance with the TOR
- Eleven eligible disputes were premature cases (they have not been referred to the Members for internal dispute resolution process prior to approaching SIDREC)
- Twenty eligible disputes were carried forward to the following year (2019)

Total Disputes and Enquiries



Disputes and Enquiries from 2011 to 2018



Defining Dispute Eligibility

Upon receipt of a complaint, SIDREC will first assess the eligibility of the case and will deem a complaint as eligible if it:

- i. is made against a Member of SIDREC
- ii. involves capital market products or services under SIDREC’s purview
- iii. is brought by an individual investor or sole proprietor
- iv. involves a claim of monetary loss and if under the Mandatory Scheme, falls within the maximum claim limit

A complaint will be classified as ineligible if it does not fulfill any of the above criteria or considered an “excluded dispute” under Rule 8 of SIDREC’s TOR.

Enquiries

SIDREC received enquiries from investors who wish to seek further clarification on the following matters:

- i. dispute resolution services provided by SIDREC
- ii. issues investors may experience in their investments in the capital market

- iii. other general enquiries which may be related to the capital markets or otherwise

In the event that the matter is not within SIDREC’s purview, we will assist by referring the inquirer to the relevant agencies or other points of help where possible. There were instances when the dispute or issue was clearly due to miscommunication, non-response from the Members or a minor misunderstanding which could be easily resolved. Under these circumstances, SIDREC would reach out to the relevant parties to help resolve the matter as soon as possible. They include providing the investors with preliminary clarifications or referring them to the relevant Members with a follow up where necessary.

Some enquiries that were initially assessed as ineligible disputes may eventually convert to eligible claims upon receiving further clarification or information from the inquirer. In such a case, the dispute would proceed through SIDREC’s usual dispute resolution process. As reported last year (in 2017), a significant increase in enquiries emanated from the alert generated by Bursa Malaysia Depository

Sdn Bhd in the Central Depository System (CDS) statements issued by them, with an increase of 165 percent in the number of enquiries related to CDS statements (from 126 in 2016 to 334 in 2017). In 2018, SIDREC received 169 enquiries related to CDS statements. Despite the decrease in CDS-related enquiries in 2018, the enquiries reflected an improvement in quality, in that the callers were generally more informed about the nature of SIDREC’s services. Based on the feedback from enquirers, this knowledge can be attributed to the multi-pronged awareness efforts undertaken by SIDREC.

The inquiries received may not always fall within SIDREC’s purview, but we seize every opportunity to inform the public about the redress platform available at SIDREC. SIDREC’s awareness efforts are not to drum up the number of claims, but rather to ensure that investors are aware of the services available to them.

Should there be issues encountered by the investors in relation to any dealing in capital market products and services provided by Members or their agents, SIDREC, as an independent and impartial third party, will review the issues raised and help the parties to amicably resolve their disputes. This takes away the hassle and anxiety of going to court, let alone the legal costs that may be incurred. In doing so, SIDREC seeks to contribute to investor empowerment and investor confidence when participating in the market.

Eligible Disputes Received Under the Voluntary Scheme

SIDREC continuously reviews its operational scope and service, in an effort to provide a holistic service to the investing public and capital market intermediaries. SIDREC’s primary service of mediation and

adjudication is the Mandatory Scheme for monetary claims up to RM250,000 where Members are bound to participate. This service is free to investors.

With the last round of amendments to its TOR, SIDREC now provides a Voluntary Scheme for monetary claims exceeding RM250,000 where both the Member and the claimant may voluntarily agree to use SIDREC’s services. Both parties are subject to a reasonable fee under the Voluntary Scheme.

It is encouraging to note that since its introduction, SIDREC has started to receive disputes for mediation under the Voluntary Scheme in 2018. The highest claim quantum of these claims is approximately RM1.5 million. We believe this is a reflection of the increasing trust and confidence in SIDREC’s service, and the independence and impartiality of our process — not only on the part of the claimants but also of our Members, particularly those who have experienced SIDREC’s dispute resolution service under the Mandatory Scheme.

Under SIDREC’s Voluntary Scheme, the claimant may choose whether he or she wishes to be legally represented. For claims submitted under this scheme, if a claimant has applied to SIDREC for their legal counsel to be present, both parties can be legally represented during the mediation session or adjudication hearing. It is interesting to note that some of the claimants were recommended by their respective lawyers to use SIDREC’s dispute resolution service. This indicates increased awareness and understanding by the legal fraternity of SIDREC’s services.

In mediations under the voluntary scheme where both parties have asked for their respective legal counsel to participate, the

legal counsel have positively contributed to the process, clearly demonstrating that where all parties are focused on a constructive resolution of a dispute, much can be achieved.

Efficiency and Effectiveness of SIDREC's Processes

SIDREC is committed to ensure its dispute resolution process is efficient and effective. Cognisant of the fact that parties are more often than not frustrated with the protracted claims process, SIDREC is committed to explore ways to enhance the efficiency of its processes without compromising on the quality of services provided.

Fairness and reasonableness are the overarching principles observed by SIDREC and it aims to complete all its dispute resolutions within 90 working days upon receipt of the complete documentation and information on an eligible dispute.

Of the 60 cases resolved in 2018, 88 percent (53 out of 60 eligible disputes) were resolved within the mandated timeline of 90 working days of receiving the complete documentation and information from the disputing parties.

In the remaining seven eligible disputes which were completed after the mandated timeline, the main challenges were the level of cooperation received from the claimant and Member during the dispute resolution process, as well as the availability of parties for the mediation sessions and adjudication hearing.

While we try our best to accommodate the schedule of the parties involved, the time factor, at times due to circumstances beyond anyone's control, has often impacted the timeline of SIDREC's dispute resolution process. Two eligible disputes

involved the same claimant who passed away.

One of the seven eligible disputes completed after the mandated timeline was delayed as a result of judicial review applications filed by a Member against SIDREC's adjudication award in 2013 relating to two other cases. The dispute concerned related to the same Member and subject matter as the cases that were subject to the judicial review applications. The dispute resolution process for this case had been previously stayed, pending the court's final decision on the judicial review applications.

The remaining cases were delayed due to the complexity of the matter, response time from parties, amendments to the claim and the need for further engagement with third parties such as the SC, industry experts and other related self-regulatory organisations.

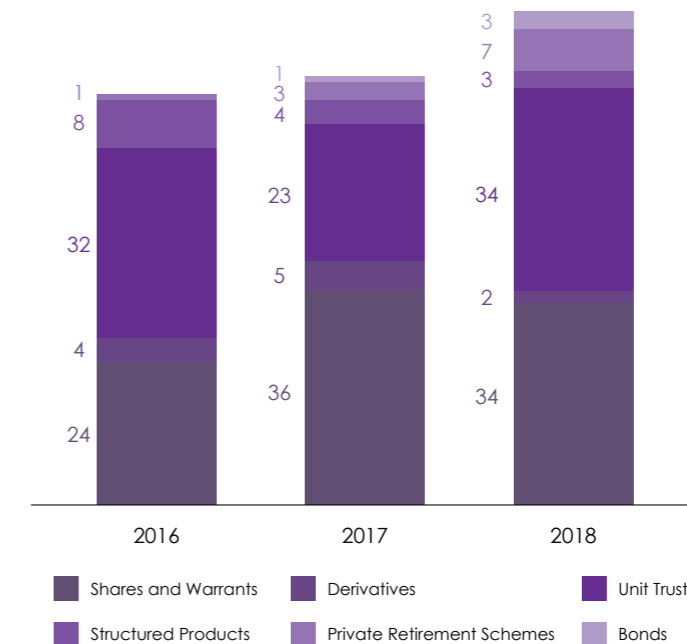
I. Disputes by Product Types or Services (2016 to 2018)

All licensed and registered persons under the CMSA undertaking regulated activities to deal in securities or derivatives, or PRS, or to carry out fund management activities are deemed to be Members of SIDREC and are bound to participate in SIDREC's dispute resolution process for claims up to RM250,000.

The categories for eligible disputes received by product types or services include the following:

- i. Shares and warrants
- ii. Structured products
- iii. Derivatives
- iv. Unit trusts
- v. Bonds
- vi. PRS
- vii. Fund management services

Disputes by Product Type or Services (2016 to 2018)



We did not receive any dispute relating to fund management services in 2018.

SIDREC received 83 cases in 2018, an increase of 15 percent from 72 eligible disputes in 2017. As in previous year, over 80 percent of the eligible disputes were related to dealing in shares, warrants and unit trusts.

II. Nature of Claims or Disputes

The types of dispute are classified according to the nature of their issues. The following are three main descriptions for nature of claims or disputes including examples of specific issues that fall under each category.

Market Conduct
(50.6 percent of total eligible disputes received in 2018)

- Fraud, defalcation or misappropriation
- Sales practices (includes mis-selling, bad advice, product unsuitability, inadequate disclosures)

- Unauthorised transactions or non-compliance with instructions

- Others

Service Standard
(44.6 percent of total eligible disputes received in 2018)

- Delays, errors or glitches of online systems
- Delays, errors or lapses in disclosure
- Other delays or errors in process

Member's Practices or Policies
(4.8 percent of total eligible dispute received in 2018)

- Fees and charges
- Disclosure policy
- Product development and sales policy
- Others

Nature of Disputes Received by Product Types in 2018

		Shares & Warrants	Structured Products	Unit Trusts	Derivatives	Bonds	Private Retirement Schemes	Total
Market Conduct	Fraud, defalcation or misappropriation	0	0	11	0	1	0	12
	Sales practice (includes mis-selling, bad advice, product unsuitability, inadequate disclosures)	3	3	13	0	1	0	20
	Unauthorised transactions or non-compliance with instructions	7	0	2	0	0	0	9
	Others	1	0	0	0	0	0	1
	Sub-total for Market Conduct	11	3	26	0	2	0	42
Service Standard	Delays, errors or glitches of online systems	13	0	0	1	0	3	17
	Delays, errors or lapses in disclosure	0	0	0	0	1	0	1
	Other delays or errors in process	8	0	7	0	0	4	19
	Sub-total for Service Standard	21	0	7	1	1	7	37
Members' Practices and Policies	Fees and charges	0	0	1	0	0	0	1
	Disclosure policy	0	0	0	1	0	0	1
	Product development and sales policy	0	0	0	0	0	0	0
	Others	2	0	0	0	0	0	2
	Sub-total for Members' Practices and Policies	2	0	1	1	0	0	4
Total		34	3	34	2	3	7	83

Market Conduct Remains as the Leading Issue

Market conduct continues to see the highest number of cases among the three main categories, while within its sub-category, sales practices have overtaken the number of fraud, defalcation or misappropriations.

Market conduct has been the leading issue since 2016 and made up approximately 51 percent (42 out of 83 eligible disputes) of the total eligible disputes received in the year.

For disputes concerning sales practices:

- i. Eligible disputes relating to market conduct issues, increase from 27 percent in 2017 (12 out of 44 eligible disputes) to approximately 48 percent in 2018 (20 out of 42 eligible disputes)
- ii. The total eligible disputes received by SIDREC increase from 17 percent in 2017 (12 out of 72 eligible disputes) to 24 percent in 2018 (20 out of 83 eligible disputes).

Sales practices have also been a continuing issue from the previous year. Although the numbers had dropped from 18 claims in 2016 to 12 claims in 2017, it has increased to 20 claims in 2018.

A breakdown of disputes received related to market conduct issues over the past three years set out in the chart below.

The following are some examples of disputes concerning sales practices:

- i. Non-disclosure of key features of the capital market products marketed or distributed by a sales representative, including fees and charges
- ii. Inappropriate recommendation and advice by a sales representative, including mismatch of customer risk profile and product risk profile
- iii. Making representation on the guaranteed rate of return of the investment

Based on the disputes received, there is often a lack of understanding by both the investors and sales representatives of the Members on key features of investment products marketed or distributed.

As capital market intermediaries play an integral part in building trust and confidence of investors to participate in the

market, increased efforts and resources must be allocated to train the sales representatives to exercise more caution before making product recommendations and providing investment advice in order to improve customer experience. Ethical sales and disclosure practices should include explanations on key features of products and risks of such investments to help investors arrived at an informed decision.

Increasing Eligible Disputes for Transactions via Online Trading Platforms

The number of claims relating to service standards has increased the most when compared to other nature of claims with 37 eligible disputes in 2018 from 23 eligible disputes in 2017. This hike was mainly attributed to an increase in claims received relating to delays, errors or glitches of online systems.

Approximately 17 out of 83 eligible disputes (or 21 percent) received during the year were related to delays, errors or glitches of the online systems, up from approximately 15 percent (11 out of 72 eligible disputes) in 2017. In view of the efforts to encourage investors of differing sophistication to trade through online platforms and mobile applications,

Claims Relating to Market Conduct Issues	Number of Cases			
	2016	2017	2018	Total
Fraud, defalcation of misappropriation	18	19	12	49
Sales practices (e.g. mis-selling, bad advice, product unsuitability)	18	12	20	50
Unauthorised transactions or non-compliance with instructions	10	12	9	31
Others	0	1	1	2
Total	46	44	42	132

it is increasingly important for market intermediaries to ensure that the online trading platforms and mobile applications offered have the relevant security safeguards, deliver timely disclosure and notification to the clients and that all salient features are properly explained to the clients, especially features which may restrict the clients' trading, to ensure that their systems are reliable, secure and robust.

Moreover, the clients should be made aware of the next course of action to be taken should they encounter any problems in using the online trading platforms or mobile applications.

Increasing Eligible Disputes on Service Standards Concerning Delays or Error in Process

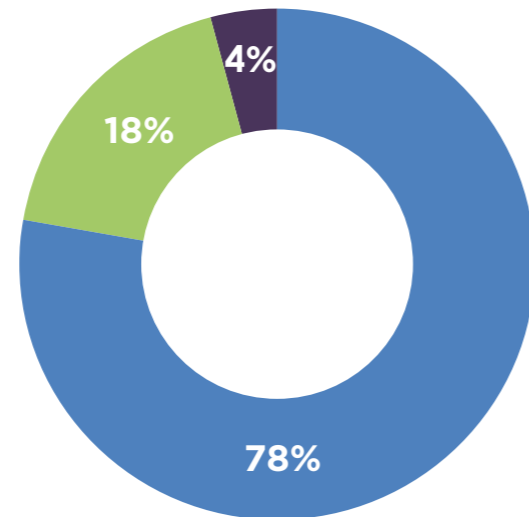
Nineteen eligible disputes received on service standards were concerning delays or errors in process. Most of the eligible disputes which involved alleged delay or failure by the Member to follow the relevant process, were related to trading of shares and investments in unit trust.

III. Outcome of Resolved Disputes

SIDREC adopts a mediative approach from the commencement to closure of every case. SIDREC's case management team seeks to understand the issues and engage with the parties involved to resolve the disputes, before they progress to mediation or adjudication.

This approach has been proven effective as 97 percent (58 out of 60) of the eligible disputes which went through SIDREC's resolution process in 2018 were settled at the case management stage (which involves claim investigation) or subsequently during mediation. Of the

Disputes Resolved in 2018



- Resolved through case management (No mediation or adjudication)
- Resolved at mediation (No adjudication)
- Resolved at adjudication

60 eligible disputes, 47 (78 percent) were resolved during case management, 11 (18 percent) were resolved during mediation and two (4 percent) proceeded to adjudication.

Case Management

Of the 47 disputes resolved through case management in 2018, one was dismissed after a review at the case management stage as the claim was found to be clearly unsustainable against the Member concerned. Where a case is dismissed at case management stage, the claimant is provided with a clear explanation of the reasons for the dismissal.

The remaining 46 eligible disputes were resolved (or withdrawn by the claimant) during case management due to differing factual circumstances, as illustrated in the chart on page 71.

Circumstances of Resolution During Case Management	Number of Cases
Resolved after SIDREC intervention or claimant accepted SIDREC's explanation	13
Pre-mature disputes where SIDREC referred claimants back to Members - Resolved without further intervention by SIDREC	15
Claimant decided to forgo claim	1
Claimant uncontactable or did not furnish further information; deemed not interested to pursue claim	17
Claimant decided to pursue another avenue	0
Total	46

A total of 13 disputes filed were withdrawn by the claimants (considered resolved) after SIDREC's intervention or satisfactory explanation to the parties concerned. SIDREC endeavours to understand a dispute from both the perspectives of the claimant and the Member by asking pertinent questions and reviewing relevant supporting documents.

Depending on the nature of the disputes, there are matters which can be easily resolved at the case management level without further escalation, thus saving both parties time and cost. There have been instances where claimants have withdrawn their claim after SIDREC has engaged them and helped provide some clarity (on their investment, the industry practices, the relevant processes involved and the issues they have raised) or Members decide to settle with the claimants after gaining a better understanding of the matter during case management. These examples clearly point to the efficacy of SIDREC's dispute resolution process.

Under SIDREC's TOR, one of the pre-conditions for filing a claim with us is that an investor must have filed a complaint against the relevant Member for the latter to first try to resolve the dispute via their internal dispute resolution (IDR) process.

SIDREC will refer the claimant to the relevant Member if a dispute is submitted "prematurely" in order to provide an opportunity for the parties to resolve their dispute without a third-party intervention.

In 2018, SIDREC received 15 cases deemed premature, which were settled to the claimants' satisfaction without the need to go through SIDREC's dispute resolution process when they were referred back to the relevant Members for the IDR process. Those cases were subsequently withdrawn by the claimants. Members are generally committed to resolve disputes with their clients directly to ensure a long-term positive relationship is maintained.

A point of concern is that during the year, we have received a number of cases where the Members had not provided their client the necessary alert that they may access SIDREC's assistance if they were not satisfied with the Member's response to their complaint. This is a serious concern, as it deprives the client of their right to assistance in a timely manner, and is a concern that SIDREC will take steps to address. We will also be embarking on further direct engagements with Members where appropriate, to ensure more one on one feedback on areas of concern.

Mediation

During the year, SIDREC successfully mediated 11 cases where parties agreed to enter into settlement agreements. Whilst mediation in the capital market is increasingly becoming a more established ADR avenue, most claimants and Members experience it for the first time in SIDREC's process. Most first-timers are skeptical of the process given the emotions involved and the lack of trust between parties, along with possible communication and perception issues. To address the parties' concerns, SIDREC engages them prior to the mediation to explain the process to them and address possible queries they may have.

The independence and impartiality of SIDREC's avenue for redress allays the concerns that either party may have. To this end, a good mediator is able to help the two parties navigate through the issues and soften enough hostility and mistrust to allow for a more constructive dialogue with the objective of reaching a resolution.

Adjudication

When parties are unable to resolve a dispute through mediation, the case would proceed to adjudication if the dispute is submitted under the Mandatory Scheme. Under the Voluntary Scheme, the matter will progress to adjudication, only if both the parties agree to use SIDREC's adjudication service. SIDREC has adjudicated and issued decisions for two eligible disputes this year, under the Mandatory Scheme – one resulted in a partial award while the other was dismissed in favour of the Member.

The claimant who was awarded a partial award, accepted the award, and

both parties entered into a settlement agreement to reflect the same. The dispute which was dismissed in favour of the Member was not accepted by the claimant. When a claimant does not accept an adjudication award under the Mandatory Scheme, there is no settlement of the dispute and both parties are free to pursue their rights elsewhere subject to confidentiality provisions in the TOR.

Under the Mandatory Scheme, should parties wish to, they may appeal against the Award of the Adjudicator under SIDREC's limited appeal avenue. To do so, they must meet the following grounds of appeal which must have a material impact on the finding of the adjudicator:

- i. A serious error of law or fact in the Award
- ii. Production of a new evidence that would not with reasonable diligence have been provided during adjudication

Appeal to SIDREC Appeals Committee (SIAC)

SIDREC did not receive any appeals to SIAC in 2018.

Termination Due to Non-compliance with TOR

SIDREC terminated one eligible dispute due to non-compliance with its TOR. In view of the continuing breach of SIDREC's confidentiality requirement, SIDREC was unable to proceed with the case. SIDREC is only able to assist disputing parties if its process, including the confidentiality requirements, are adhered to by all parties to a dispute. Anything less would undermine the integrity of the dispute resolution process.

Of Awareness and Capacity Building



Team SIDREC at the ScamBuster Run 2018 in conjunction with the InvestSmart Fest 2018 at the Kuala Lumpur City Centre.

When SIDREC launched its five-year strategy in 2014, we identified promoting awareness and capacity building as two of our key focus areas. These two focus areas have over the years become the two main pillars supporting SIDREC's developmental efforts as a specialist dispute resolution centre for the capital market.

Since then, SIDREC has introduced and implemented various strategic initiatives to establish vital foundations for our awareness efforts to be built upon and further expanded in order to increase awareness and enhance understanding amongst the public of the dispute resolution services provided by SIDREC. SIDREC's awareness campaign has

primarily been to raise the awareness and understanding of the availability of SIDREC's service and the help we provide. Our efforts have also been educational in nature, sharing prudent investing habits and key dos and don'ts in investing based on the cases that have come to SIDREC. We also seek to share the value that SIDREC brings to the table for investors, our members and market discipline. When taken as a whole, our awareness initiatives are premised on encouraging the public to participate in the Malaysian capital market as informed investors, confident in the knowledge that there is an independent expert and accessible avenue for help should they have a dispute they cannot resolve. We aim to raise a deeper understanding of our members on

SIDREC's service and how they can best leverage on the service to help them in the context of resolving disputes and through the process feed into their own internal controls, client retention, reputation and risk management.

Concurrently, SIDREC focuses its efforts toward capacity building to ensure that its case managers, mediators and adjudicators keep abreast with latest developments particularly in the regulated capital market activities that fall under its purview and the broader market and regulatory developments. SIDREC's capacity building efforts ensures it has the required expertise and resources to provide quality and effective capital market dispute resolution service.

This then is complemented by our awareness initiatives through enhancing accessibility. Most importantly, SIDREC's services must be relevant to the evolving needs of a growing and increasingly complex and globalised capital market. Relevant and quality specialised expertise is vital to the integrity and credibility of any ADR body for the financial markets.

But it would be pointless if no one is aware of SIDREC and the value that it can bring to table. This fact reinforces SIDREC's stance that awareness of its services is critical to its success as a one-stop dispute resolution centre for retail investors, in particular, individual investors and the small proprietors. SIDREC is of the opinion that awareness efforts should be on-going based on the premise that in order for it to secure a significant share of the market in terms of public awareness of its dispute resolution services, it has to secure a corresponding share of the public's mind.

Even when SIDREC reaches a point where it becomes readily recognised, awareness



efforts need to continue because marketing research has confirmed time and again that public awareness declines immediately and gradually upon the cessation of awareness campaigns. The public tends to remember advertisements for a finite time before they forget. As a result, even the strongest global brands never cease to advertise to maintain and generate top-of-mind recall.

Further, there are new investors coming into the marketplace every year. As such, SIDREC's awareness efforts whilst certainly not on the footing of a commercial marketing campaign, will be on-going in order to reach out to the newer investors who missed out on our earlier awareness campaigns. Securing and managing this mindshare is critical for SIDREC to ensure the investing public (across the country and across investor segments), who need our service are aware it is available and how to access it.

With initiatives undertaken over the past eight years guided by our corporate strategic objectives, SIDREC is progressively making a headway in achieving its vision to be the preferred one-stop independent dispute resolution avenue for disputes involving monetary claims relating to capital market products and services.

Based on the feedback we have received from those who have participated in our mediation and adjudication process, both the investing public (claimants) and SIDREC Members acknowledge the value of SIDREC's services — enabling and facilitating parties to better communicate and understand the different perspectives to reach a mutually acceptable resolution, while gaining a deeper awareness of the issues and preventive measures that could have avoided the problem. In some instances, Members have committed to refining their internal processes based on what they discovered during the engagement. This testimony reflects the efficacy of SIDREC's processes which have contributed directly to market discipline and better-informed retail participation in the capital market.

But with the ever-evolving ways in which financial markets are accessed by investors, how markets access investors and other market participants and the complexity and variety of products and services offered to clients, SIDREC still has long way to go to achieve the level of public awareness, that we would consider optimal and sustainable. Therefore, SIDREC continues to explore opportunities to best raise awareness and facilitate better brand awareness of our services with the resources available to us.

In this regard, SIDREC successfully applied for a grant from the CMDF in

“Testimonies of its Members reflects the efficacy of SIDREC's processes which have contributed directly to the market discipline and a better-informed retail participation in the capital market.”

“SIDREC's services must be relevant to the evolving needs of a growing and increasingly complex and globalised capital market.”

2016, which enabled the intensification of our development initiatives through awareness efforts and capacity building, over a period of two years till early 2018. The work undertaken was effective and yielded commendable results, but indicated the need for continued efforts for a more sustainable impact.

It was during this time that SIDREC gained invaluable insights to further enhance our awareness strategies. It was made clear that it was necessary and critical to allocate resources and adequate funding to continue SIDREC's efforts in outreach and provision of dispute resolution services to the public. SIDREC, will to this end, seek further funding for the planned developmental initiatives for 2019-2021, encompassing awareness and capacity building initiatives.

Awareness Initiatives

SIDREC's awareness efforts comprised traditional media (print and broadcast) as well as digital initiatives, including on-the-ground engagements with investors, Member companies and other relevant stakeholders and the media.

Print, Broadcast and Digital

The year 2018 saw SIDREC implementing several initiatives that were planned in previous years while also formulating new strategies for the upcoming year in view of an increasingly challenging marketplace.



We've come a long way

Crucial to SIDREC's role is the independence and impartiality of the dispute resolution avenue it provides to help investors resolve their investment disputes involving financial loss with capital market intermediaries

THE Securities Dispute Resolution Centre (SIDREC) is a dispute resolution body for investors to resolve their investment disputes involving financial loss with capital market intermediaries. It was established in 2011 under the Securities Dispute Resolution Act 2011 (SDRA) and is a statutory body under the Securities Commission (SC).

SIDREC was established by the Securities Commission (SC) in 2011 to provide a dispute resolution avenue for investors. It is a statutory body under the Securities Commission (SC) and is a dispute resolution body for investors to resolve their investment disputes involving financial loss with capital market intermediaries.

SIDREC has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries. It has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries.



The SIDREC team with investors who have resolved their investment disputes through SIDREC.

Mediators, Voluntary Schemes
SIDREC has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries. It has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries.

Building Awareness
SIDREC has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries. It has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries.

Investor Education
SIDREC has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries. It has been successful in resolving a large number of disputes involving financial loss with capital market intermediaries.

Ombudsman Malaysia to boost transparency, accountability

Ombudsman Malaysia is an institution of PDRV status to make it more independent and efficient. Should be empowered to deal not only with PDRV but also government bodies, but also the private sector.

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Ombudsman in politics
The Ombudsman Malaysia is an institution of PDRV status to make it more independent and efficient. It should be empowered to deal not only with PDRV but also government bodies, but also the private sector.

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SIDREC featured in The Malaysian Reserve and Focus Malaysia.

As the masses continue to migrate to the digital realm where media consumption is concerned, SIDREC's outreach strategies have also included initiatives to connect effectively with our target audience online. But focusing online alone will not yield the results we want as a significant portion of our target audience are still in the brick-and-mortar environment.

While we have significantly scaled down our online- and media-related awareness efforts pending fresh funding, we have continued our momentum to the extent possible, and this has been positively reflected in coverage in the print media such as the *New Sunday Times*, *Focus Malaysia* and *The Malaysian Reserve*, as well as periodicals such as *Smart Investor*, and by extension, their online counterparts as well.

SIDREC also ran a three-week campaign in four languages with five Astro radio

stations in the last quarter of 2018 — MELODY (Chinese), MixFM (English), LiteFM (English), Sinar (Malay) and THR Raaga (Tamil). The short but intensive broadcast campaign connected with approximately 8.28 million unique listeners, according to findings obtained from GfK Malaysia, a market research company. We also had positive anecdotal feedback from enquiries and claimants and our member and other stakeholders on the campaign, reflecting that radio is a



SIDREC Head of Dispute Resolution Hong Siew Lai went 'live' on MELODY's morning radio talk show I Love You 早晨.

critical component in achieving effective outreach of our media mix to heighten public awareness of SIDREC and our dispute resolution services.

Our digital media awareness initiatives continue to supplement our outreach to the greater Malaysian demographic. Since venturing online, SIDREC has managed to extend its reach to a wider audience nationwide. This would not have been possible through the traditional avenue of mainstream media. Our experience in the last two years on the digital platform has deepened our appreciation for its efficacy and we acknowledge the vital role of online reach in our media strategies, making it a mainstay of our publicity efforts.

SIDREC's website was launched as one of its earlier online platforms to provide comprehensive information to the public and its Members. Monthly visits to the website were only registering an average 900 visitors.

From May 2016 to December 2017, the number grew to an average of 9,435 of visitors per month. And for the entire 2018, the average number of visitors per month was 8,741. The majority of visitors to SIDREC's website were found to be within the age ranges of 25 to 44 and 45 to 65.

SIDREC launched its Facebook page in July 2017 due to the discovery of a higher level of engagement available there. By the end of December 2017, the average monthly impressions (views) shot up to 1.95 million. For 2018, the average monthly impressions were 1.22 million.

To complement its online awareness endeavours, SIDREC has also produced organic content that revolved around investor protection and easily-digestible

information on SIDREC's services in graphic form for its Facebook. The aim was to maintain a regular presence of mind among online visitors while providing useful information. SIDREC will continue to explore the digital space to achieve greater reach for our awareness efforts.

DID YOU KNOW?

As an investor, you need to make sure that you only invest through investment professionals who are licensed or registered with the Securities Commission for the service they are providing you.



One of SIDREC's daily social media postings for IOSCO's World Investor Week.

SIDREC was once again invited to participate in the IOSCO's WIW in October. We supported the online campaign with daily investor education messages and tips under the WIW banner, which were shared through Facebook, Instagram, Twitter and LinkedIn.

On-ground Investor Awareness Efforts

SIDREC's on-the-ground engagements involved events which were able to promote awareness of its services through personal interactions and distribution of various collaterals. These efforts also provided the public the opportunity to connect on a one-to-one basis and seek guidance from SIDREC's team, in different parts of the country. In cases where SIDREC did not participate, it ensured that

its brochures were provided to friendly participating stakeholders who assisted in the distribution.

The following were the events which SIDREC participated in 2018:

- SC's InvestSmart Day (organised by the SIDC at several locations throughout Malaysia)
- SC's InvestSmart Fest
- BNM's Karnival Kewangan Kedah
- Asia ADR Week (organised by the AIAC)
- TN50 PRS Youth Event
- Ministry of Finance Open Day

- Minggu Saham Amanah Malaysia
- Shariah Investing Fair by Bursa Marketplace
- International Malaysia Law Conference

It is through these events that SIDREC come into direct contact with the public and have the opportunity to directly engage them. During these exchanges, the SIDREC team took the opportunity to learn about investor concerns related to their investments, providing appropriate guidance, as well as allaying any anxiety they may have in participating in a dispute resolution process, given the informality and support built into SIDREC's *modus operandi*.



SIDREC was honoured to have renowned cartoonist Datuk Mohammad Nor Mohammad Khalid, famously known as Lat, visit its booth at the InvestSmart Fest.



SIDREC co-exhibited with OFS at the InvestSmart Fest.



SIDREC case manager Jelisa Tan explaining its services to the crowd at the InvestSmart Fest.

The response has always been a positive one – appreciative of the availability of the service.

We have also strategically partnered with the OFS, given our similar objectives, where we have, where possible, undertaken joint efforts to raise awareness of ADR provided by both our organisations to the financial markets as a whole. This has been very positive and we will continue to further collaborate going forward.

SIDREC was invited to participate in the International Malaysia Law Conference (IMLC) organised by Bar Council Malaysia with our CEO participating as a moderator and panelist in two panel sessions in the conference. The panelists also shared how lawyers could support their clients through the process. The IMLC enabled SIDREC to promote greater awareness on a global platform while interacting with and learning from its international peers.

We view this very positively as it was an excellent opportunity to engage with the legal fraternity to promote ADR, which



SIDREC CEO Sujatha Sekhar Naik (left) moderated the panel discussions which were hosted by SIDREC at the IMLC 2018.

may be useful to some of their clients. It also provided SIDREC an opportunity to showcase our work and contribution in ADR and the developments in the financial markets as a whole

Engagement with Members and Stakeholders

SIDREC continues to engage and work with our Members and stakeholders wherever possible to continue to foster good relations and areas we can collaborate or work on.



SIDREC received positive feedback from the attending representatives of SIDREC Members at the briefing held in July 2018.

In early 2018, SIDREC held a discussion with the Islamic Banking & Finance Institute Malaysia (IBFIM) to further understand Shariah-compliant products and services in the capital market as well as to explore possible collaborations. SIDREC was also invited by some of our Members for sessions with their teams to provide a better understanding of our service and processes to enable them to be better prepared and utilise the help provided for a more effective and constructive investing experience.

SIDREC held two Members' Briefings in July 2018. These sessions provide both SIDREC and its Members the opportunity to discuss and share insights and to help Members have a better understanding of challenges faced by investors and for SIDREC to learn more of the practical challenges Members may have. The sessions were well-received by the attending Members.

SIDREC also participated in the FIMM Annual Convention, another opportunity to engage with market professionals and other stakeholders in the fund management industry. We hope to collaborate more with FIMM in the future.



Photo from www.fimm.com.my/p/annual-convention-2018/

SIDREC's case manager B. Kanimoli sharing our process with an attending financial planner at the FIMM Annual Conference.

Capacity Building

In tandem with our awareness efforts, SIDREC was also committed to various capacity building programmes to ensure that we have the required capital market and dispute resolution knowledge, expertise and skills to provide quality and effective capital market dispute resolution services relevant to the evolving needs of a growing and increasingly complex capital market. Having the relevant and quality specialised expertise is fundamental to the credibility and effectiveness of any ADR body. The requirements for specialist service which SIDREC provides encompass both technical and practical aspects where together they form a key component of all its capacity building programmes. Successful implementation of these training programmes enables SIDREC to:

- be effective in handling the cases in an informed and fair manner
 - remain relevant to developments in the capital market and its regulatory
- And through this contribute to:
- a fair and reasonable process and outcome for the disputing parties
 - investor empowerment, as part of the investor protection framework
 - market self-discipline
 - investor confidence in participating in the Malaysian capital market

For this reason, SIDREC has developed and will continue to develop capacity building programmes that are tailored to its requirements and at the same time engage with other ADR and financial



SIDREC developed a workshop module on collective investment schemes with two industry experts.

market ADR or ombudsman schemes to gain insight and share our experience on common challenges and concerns.

The following are some of the initiatives which SIDREC developed and activities participated in during 2018:

- Completion of SIDREC's technical competencies designed to meet the specific objectives and functions of a dispute resolution body to facilitate the management of SIDREC's staff learning and development as well as human resource requirements.
- SIDREC developed a tailor-made training programme on collective investment schemes with subject matter experts, and conducted its first workshop for our team and Panel of Mediators and Adjudicators. The programme has been developed to provide a very practical understanding of the workings of the collective investment schemes and the industry framework and provides

greater practical analyses from the perspective of issues that are likely to come up in disputes. The workshop was conducted in an interactive style where the facilitators and participants shared their perspectives and insights on common issues, potential issues, industry and best practices as well as regulatory requirements.



SIDREC's dispute resolution team received insights on financial planning.

- SIDREC also organised a workshop on financial planning in collaboration with a subject matter expert to provide its dispute resolution team with some industry insights *vis-à-vis* the overall expectations of financial planners as well as the practical insights into the substance of financial planning and its process, specifically where they are also involved in the distribution of unit trusts or PRS. Also covered were possible conduct issues on the part of both the financial planner and the client.
- SIDREC continues to engage with its Advisory Group, Panel of Mediators and Adjudicators, industry experts, market intermediaries, self regulatory organisations, regulators, our ADR peers and other stakeholders to improve the effectiveness of our services.

This may relate to specific case-related issues, areas of industry and market concerns as well as in relation to

SIDREC's dispute resolution process and approach. We participated in a webinar organised by INFO Network with the help of the Insurance & Financial Services Ombudsman (IFSO) Scheme New Zealand for INFO Network members to gain greater insights on undertaking an independent review of an ADR scheme.

The focus of the webinar was on the preparation required for an independent review process. SIDREC will be undertaking an independent review of our own ADR service in 2020.

- We also participated in domestic, regional and international conferences relating to the capital market and dispute resolution as delegates and in some cases as speaker and panelist where we had the opportunity to collaborate and share knowledge and experience with representatives of other ADR schemes, a variety of ADR stakeholders, the legal fraternity



SIDREC promoted a greater awareness and buy-in from the legal fraternity of its raison d'etre at the IMLC 2018.

and capital and financial market subject matter experts. These include participation in:

- » The first International ADR Conference in Bangkok which SIDREC attended focused on the new opportunities opened up by the legal convergence of ADR. Topics of the conference included the need for legal unification and harmonisation to promote the use of ADR and the enforcement of awards and agreements.

This annual event is organised by the Thailand Arbitration Center and UNCITRAL Regional Centre for Asia and the Pacific to have comprehensive discussion on promoting the use of ADR in view of emerging market developments and trends.

- » As a member of INFO Network, SIDREC participates in the annual INFO Network Conference. The conference is a unique and valuable forum which allows for focused discussions between peers across the globe on the areas of dispute resolution in the financial services market. The Conference is hosted by different member countries every year. The Irish Financial Services and Pensions Ombudsman were the gracious host for the 2018 conference in Dublin.

The conference explored a wide array of topics with valuable sharing of insights between members and subject matter experts. Topics included insights through behavioural economics and how they are relevant to financial disputes, dealing with bias and recognising and

challenging unconscious bias, the role of modern technology in dispute resolution, examination of various forms of ADR and use of case studies, role play and practical application to illustrate the benefits and challenges of various types of ADR in resolving financial disputes.

This is in addition to SIDREC's participation in various other events and initiatives undertaken by INFO Network, such as the development of INFO Network's Guide on the setting up a Financial Services Ombudsman Scheme, matters relating to accessibility and other topical areas of concern.

SIDREC's CEO was elected by the INFO Network membership to serve a two-year term on the INFO Network Committee in September 2016, which ended in December 2018.

- In cases where SIDREC was invited to speak or moderate at events organised by local organisations and international fora, SIDREC's case managers have also assisted in carrying out research on the subject matter and building content for the presentations.

Where possible, the case managers also participated in the event and benefited from the interaction. This experience has not only added to the case managers' body of knowledge but also honed the case managers' critical thinking and writing capabilities.

- Moving forward, SIDREC has developed a three-year plan for its 2019-2021 capacity building initiatives to guide efforts with line of sight to SIDREC's strategic corporate goals.

The Year in Brief



Exhibited at the Karnival Kewangan Kedah in Alor Setar, Kedah organised by BNM.



SIDREC's 8th Annual General Meeting at the SC.



Speaking engagement at InvestSmart Day at Premier Hotel, Bandar Bukit Tinggi, Klang.



Attended the INFO Network Conference 2018 in Dublin.



Exhibited at the TN50 PRS Youth Event in the premise of the SC.



Exhibited at Minggu Saham Amanah Malaysia (MSAM) in the Stadium Batu Pahat, Johor organised by Permodalan Nasional Bhd (PNB).



Exhibited at Shariah Investing Fair 2018 at the Kuala Lumpur Convention Centre organised by Bursa Malaysia.



SIDREC held a speaking engagement and co-exhibited with OFS at the InvestSmart Fest 2018 in the Kuala Lumpur Convention Centre, Kuala Lumpur.



Member engagement in Kuala Lumpur.

Exhibited in InvestSmart Day "Protecting Your Investment" at the SC.



Joint study visit with OFS at the Financial Industry Dispute Resolution Centre Ltd (FIDREC), Singapore.

Members briefing for Licensed Holders and Registered Persons held at the auditorium of the AIAC.



Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

CEO's participation in the World Capital Markets Symposium (WCMS) at Mandarin Oriental Hotel, Kuala Lumpur organised by the SC.

CEO's engagement with Islamic Banking & Finance Institute Malaysia (IBFIM) at SIDREC's premise.

Exhibited at the Ministry of Finance Open Day held in the Kompleks Kementerian Kewangan, Putrajaya.

SIDREC's Capacity Building Workshop: An Introduction to Financial Planning by Linnet Lee of the Financial Planning Association of Malaysia held at SIDREC's office.



CEO's attendance at CIARB Presidential Lecture 2018 at the AIAC.



CEO's participation in the 1st International ADR Conference 2018 at Dusit Thani Hotel, Bangkok.

CEO's participation in the Asia ADR Week 2018 at the AIAC.



SIDREC hosted two sessions and exhibited at the International Malaysian Law Conference at Royale Chulan Hotel, Kuala Lumpur organised by Bar Council Malaysia.



Speaking engagement at InvestSmart Day at Hotel Grand Continental, Kuantan.



Attended the FIMM Annual Convention 2018 - Staying on Top of the Digital Game at Sime Darby Convention Centre organised by FIMM.

SIDREC Head of Dispute Resolution Hong Siew Lai interviewed during "I Love You 早晨" on MELODY.



SIDREC's Capacity Building Workshop: "Collective Investment Schemes" and Meeting with Panel Mediators/Adjudicators at the Asian International Arbitration Centre.



Members

SIDREC members comprise entities, who are either licensed or registered by the SC pursuant to the CMSA, to deal in securities, derivatives, unit trusts, PRS or undertake fund management.

Members include investment banks, commercial banks, Islamic banks, stockbrokers, derivatives brokers, fund management companies, UTMCS, institutional unit trust advisers, corporate unit trust and PRS advisers as well as PRS providers and distributors.

The following are the lists of Members as at 31 December 2018 according to these categories:

- A. Capital Markets Services Licence holders
- B. Registered Persons

	Capital Markets Services License Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
1	A.D. Financial Sdn Bhd		●			●
2	Aberdeen Standard Investments (Malaysia) Sdn Bhd *	●				
3	Aberdeen Standard Islamic Investments (Malaysia) Sdn Bhd **	●	●			
4	AE Research Management Sdn Bhd	●				
5	Affin Hwang Asset Management Bhd	●	●			●
6	Affin Hwang Investment Bank Bhd			●	●	
7	AIA Pension And Asset Management Sdn Bhd	●				●
8	AllMAN Asset Management Sdn Bhd	●	●			
9	AIMS Asset Management Sdn Bhd	●				
10	Alliance Investment Bank Bhd			●		
11	Amanahraya Investment Management Sdn Bhd	●	●			
12	Amanah Mutual Bhd		●			
13	Amanah Saham Nasional Bhd		●			

* formerly known as Aberdeen Asset Management Sdn Bhd
 ** formerly known as Aberdeen Islamic Asset Management Sdn Bhd

	Capital Markets Services License Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
14	Amanah Saham Sarawak Bhd		●			
15	Amara Investment Management Sdn Bhd	●				
16	AmFunds Management Bhd	●	●			●
17	AmInvestment Bank Bhd	●		●	●	
18	AmIslamic Funds Management Sdn Bhd	●				
19	Amundi Islamic Malaysia Sdn Bhd	●				
20	Amundi Malaysia Sdn Bhd	●				
21	Apex Investment Services Bhd	●	●			
22	Areca Capital Sdn Bhd	●	●			
23	Assar Asset Management Sdn Bhd	●				
24	Bill Morrisons Wealth Management Sdn Bhd		●			●
25	BIMB Investment Management Bhd	●	●			
26	BIMB Securities Sdn Bhd			●		
27	Blueprint Planning Sdn Bhd		●			●
28	BNP Paribas Asset Management Malaysia Sdn Bhd	●				
29	BNP Paribas Asset Management Najmah Malaysia Sdn Bhd	●				
30	CC Advisory Sdn Bhd		●			●
31	Capital Dynamics Asset Management Sdn Bhd	●				
32	CIMB Futures Sdn Bhd				●	
33	CIMB Investment Bank Bhd			●		
34	CIMB-Principal Asset Management Bhd	●	●			●
35	CIMB-Principal Islamic Asset Management Sdn Bhd	●				
36	Citigroup Global Markets Malaysia Sdn Bhd			●		
37	CLSA Securities Malaysia Sdn Bhd			●		
38	Corston-Smith Asset Management Sdn Bhd	●				
39	Credit Suisse Securities (Malaysia) Sdn Bhd			●	●	

	Capital Markets Services License Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
40	Eastspring Al-Wara' Investments Bhd	●				
41	Eastspring Investments Bhd	●	●			
42	Etalage Sdn Bhd		●			●
43	Excellent Consultancy Sdn Bhd		●			●
44	FA Advisory Sdn Bhd		●			●
45	FA Securities Sdn Bhd			●		
46	Fedrums Sdn Bhd				●	
47	Finwealth Management Sdn Bhd		●			●
48	FIN Freedom Sdn Bhd		●			●
49	Fortress Capital Asset Management (M) Sdn Bhd	●				
50	Franklin Templeton Asset Management (Malaysia) Sdn Bhd	●				
51	Franklin Templeton GSC Asset Management Sdn Bhd	●	●			
52	Genexus Advisory Sdn Bhd		●			●
53	Golden Touch Asset Management Sdn Bhd	●				
54	Goldman Sachs (Malaysia) Sdn Bhd	●				
55	Guidance Investments Sdn Bhd	●				
56	Harveston Wealth Management Sdn Bhd		●			●
57	Hong Leong Asset Management Bhd	●	●			
58	Hong Leong Fund Management Sdn Bhd	●				
59	Hong Leong Investment Bank Bhd			●	●	
60	iFAST Capital Sdn Bhd	●	●			●
61	i-VCAP Management Sdn Bhd	●				
62	Inter-Pacific Asset Management Sdn Bhd	●	●			
63	Inter-Pacific Securities Sdn Bhd			●	●	
64	JF Apex Securities Bhd			●	●	
65	JPMorgan Securities (Malaysia) Sdn Bhd			●	●	

	Capital Markets Services License Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
66	Jupiter Securities Sdn Bhd			●		
67	KAF Investment Funds Bhd	●	●			
68	KAF-Seagroatt & Campbell Securities Sdn Bhd			●		
69	Kedah Islamic Asset Management Bhd	●	●			
70	Kenanga Futures Sdn Bhd				●	
71	Kenanga Investment Bank Bhd			●		●
72	Kenanga Investors Bhd	●	●			●
73	Kenanga Islamic Investors Bhd	●				
74	Kumpulan Sentiasa Cemerlang Sdn Bhd	●				
75	Legacy Advisory Sdn Bhd		●			●
76	Libra Invest Bhd	●	●			
77	LT International Futures (M) Sdn Bhd				●	
78	M & A Securities Sdn Bhd			●		
79	Macquarie Capital Securities (Malaysia) Sdn Bhd			●		
80	Magnisave Group Sdn Bhd		●			●
81	Malacca Securities Sdn Bhd			●		
82	Malaysian Issuing House Sdn Bhd			●		
83	Manulife Asset Management Services Bhd	●	●			●
84	Maybank Asset Management Sdn Bhd	●	●			
85	Maybank Investment Bank Bhd			●	●	
86	Maybank Islamic Asset Management Sdn Bhd	●				
87	Mercury Securities Sdn Bhd			●		
88	MIDF Amanah Asset Management Bhd	●	●			
89	MIDF Amanah Investment Bank Bhd			●		
90	MTC Asset Management (M) Sdn Bhd	●				
91	Muamalat Invest Sdn Bhd	●				

	Capital Markets Services License Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
92	Navis Management Sdn Bhd	●				
93	Navis Management (I) Sdn Bhd	●				
94	Nomura Asset Management Malaysia Sdn Bhd	●				
95	Nomura Islamic Asset Management Sdn Bhd	●	●			
96	Nomura Securities Malaysia Sdn Bhd			●		
97	Okachi (M) Sdn Bhd				●	
98	Opus Asset Management Sdn Bhd	●	●			
99	Oriental Pacific Futures Sdn Bhd				●	
100	OUA Asset Management Sdn Bhd	●				
101	Pacific Mutual Fund Bhd	●	●			
102	PCB Asset Management Sdn Bhd	●				
103	Pengurusan Kumipa Bhd	●	●			
104	Permodalan BSN Bhd	●	●			
105	Permodalan Nasional Bhd	●				
106	Pheim Asset Management Sdn Bhd	●				
107	Pheim Unit Trusts Bhd		●			
108	Phillip Capital Management Sdn Bhd	●				
109	Phillip Futures Sdn Bhd				●	
110	Phillip Mutual Bhd		●			●
111	PineBridge Investments Malaysia Sdn Bhd	●				
112	PM Securities Sdn Bhd			●		
113	PMB Investment Bhd	●	●			
114	PTB Unit Trust Bhd	●	●			
115	Public Investment Bank Bhd			●		
116	Public Mutual Bhd	●	●			●
117	Rakuten Trade Sdn Bhd			●		

	Capital Markets Services License Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
118	RHB Asset Management Sdn Bhd	●	●			●
119	RHB Investment Bank Bhd			●	●	
120	RHB Islamic International Asset Management Bhd	●	●			
121	Saham Sabah Bhd		●			
122	Saturna Sdn Bhd	●	●			
123	SDB Asset Management Sdn Bhd	●				
124	Singular Asset Management Sdn Bhd	●				
125	SJ Securities Sdn Bhd			●		
126	SP Investment Management Sdn Bhd	●				
127	Standard Financial Adviser Sdn Bhd		●			●
128	StashAway Malaysia Sdn Bhd	●				
129	TA Futures Sdn Bhd				●	
130	TA Investment Management Bhd	●	●			●
131	TA Securities Holdings Bhd			●		
132	Threadneedle Asset Management Malaysia Sdn Bhd	●				
133	Tricor Investor & Issuing House Services Sdn Bhd			●		
134	UBS Securities Malaysia Sdn Bhd			●		
135	UOB Asset Management (Malaysia) Bhd	●	●			
136	UOB Islamic Asset Management Sdn Bhd	●				
137	UOB Kay Hian Securities (M) Sdn Bhd			●	●	
138	Value Partners Asset Management Malaysia Sdn Bhd	●				
139	VCAP Asset Managers Sdn Bhd	●				
140	VCB Capital Sdn Bhd	●				
141	VKA Wealth Planners Sdn Bhd		●			●
142	Wealth Vantage Advisory Sdn Bhd		●			●
143	Whitman Independent Advisors Sdn Bhd		●			●

	Registered Persons	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
1	Affin Bank Bhd		●	●	●	●
2	Affin Islamic Bank Bhd	●	●	●	●	●
3	Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	●	●	●	●	●
4	Alliance Bank Malaysia Bhd		●	●	●	●
5	Alliance Islamic Bank Bhd	●	●	●	●	●
6	AmBank (M) Bhd		●	●	●	●
7	AmBank Islamic Bhd	●	●	●	●	●
8	Bangkok Bank Bhd		●	●	●	●
9	Bank Islam Malaysia Bhd	●	●	●	●	●
10	Bank Kerjasama Rakyat Malaysia Bhd		●	●	●	●
11	Bank Muamalat Malaysia Bhd	●	●	●	●	●
12	Bank of America Malaysia Bhd		●	●	●	●
13	Bank of China (Malaysia) Bhd		●	●	●	●
14	Bank Simpanan Nasional		●	●	●	●
15	BNP Paribas Malaysia Bhd		●	●	●	●
16	China Construction Bank (Malaysia) Bhd		●	●	●	●
17	CIMB Bank Bhd		●	●	●	●
18	CIMB Islamic Bank Bhd	●	●	●	●	●
19	Citibank Bhd		●	●	●	●
20	Deutsche Bank (Malaysia) Bhd		●	●	●	●
21	Hong Leong Bank Bhd		●	●	●	●
22	Hong Leong Islamic Bank Bhd	●	●	●	●	●

	Registered Persons	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
23	HSBC Amanah Malaysia Bhd	●	●	●	●	●
24	HSBC Bank Malaysia Bhd		●	●	●	●
25	India International Bank (Malaysia) Bhd		●	●	●	●
26	Industrial and Commercial Bank of China (Malaysia) Bhd		●	●	●	●
27	J.P. Morgan Chase Bank Bhd		●	●	●	●
28	Kuwait Finance House (Malaysia) Bhd	●	●	●	●	●
29	Malayan Banking Bhd		●	●	●	●
30	Maybank Islamic Bhd	●	●	●	●	●
31	MBSB Bank Bhd	●	●	●	●	●
32	Mizuho Bank (Malaysia) Bhd		●	●	●	●
33	MUFG Bank (Malaysia) Bhd	●	●	●	●	●
34	OCBC Al-Amin Bank Bhd	●	●	●	●	●
35	OCBC Bank (Malaysia) Bhd		●	●	●	●
36	Public Bank Bhd		●	●	●	●
37	Public Islamic Bank Bhd	●	●	●	●	●
38	RHB Bank Bhd		●	●	●	●
39	RHB Islamic Bank Bhd	●	●	●	●	●
40	Standard Chartered Bank Malaysia Bhd		●	●	●	●
41	Standard Chartered Saadiq Bhd	●	●	●	●	●
42	Sumitomo Mitsui Banking Corporation Malaysia Bhd		●	●	●	●
43	The Bank of Nova Scotia Bhd		●	●	●	●
44	United Overseas Bank (Malaysia) Bhd		●	●	●	●





**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (909583 - H)
(Incorporated in Malaysia)**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2018**

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of Securities Industry Dispute Resolution Center ("the Center") for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Center are to act as an alternative dispute resolution body for investors in relation to claims involving capital market services and products that an investor may have against capital market intermediaries and to resolve such claims in a fair, reasonable, timely, efficient and accessible manner. In this regard, the Center promotes, encourages and facilitates the satisfactory resolution, mediation or withdrawal of such complaints, disputes and claims. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Surplus for the financial year	<u>-</u>

DIVIDEND

In accordance with the Constitution, no dividends are payable to the members of the Center.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS

The Directors who held office since the date of the last report are:

Dato' Ranita binti Mohd Hussein
Dato' Saiful Bahri bin Zainuddin
Dato' Halipah binti Esa
Tang Chee Kin
Dato' Karam Chand Vohrah
Dato' Mohamad Ariff bin Md Yusof (Resigned on 22 November 2018)
Dato' Idris bin Kechot (Resigned on 15 January 2019)

DIRECTORS' INTERESTS

None of the Directors holding office at the end of the financial year held any interest in ordinary shares in the Center or ordinary shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit by reason of a contract made by the Center or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Center is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Center or any other body corporate.

DIRECTORS' REMUNERATION

Remuneration paid and payable to the Directors of the Center for the financial year ended 31 December 2018 amounted to RM114,000 in respect of Directors' allowances.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Center effected Directors' liability insurance during the financial year to protect the Directors of the Center against potential cost and liabilities arising from claims brought against Directors.

There were no indemnity given to or insurance effected for the auditors of the Center during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE CENTER

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statement of profit or loss and other comprehensive income and statement of financial position of the Center were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that no provision for doubtful debts is required; and

OTHER STATUTORY INFORMATION REGARDING THE CENTER (CONTINUED)

(I) AS AT THE END OF THE FINANCIAL YEAR (CONTINUED)

- (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Center during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Center;
- (ii) which would render the values attributed to current assets in the financial statements of the Center misleading; and
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Center misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Center for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Center to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Center which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Center which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Center misleading.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Center for the financial year ended 31 December 2018 amounted to RM8,000.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors.



.....
Dato' Ranita binti Mohd Hussein
Director

Kuala Lumpur, Malaysia
21 February 2019



.....
Tang Chee Kin
Director

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 10 to 21 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Center as at 31 December 2018 and of the financial performance and cash flows of the Center for the financial year then ended.

On behalf of the Board,



.....
Dato' Ranita binti Mohd Hussein
Director

Kuala Lumpur, Malaysia
21 February 2019




.....
Tang Chee Kin
Director

STATUTORY DECLARATION


I, Sujatha Sekhar A/P Tan Sri B.C. Sekhar, being the officer primarily responsible for the financial management of Securities Industry Dispute Resolution Center, do solemnly and sincerely declare that the financial statements set out on pages 10 to 21 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur this
21 February 2019

Before me:



.....
Sujatha Sekhar A/P Tan Sri B.C. Sekhar



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Bangsar Utama,
59000 Kuala Lumpur.



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Malaysia



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Securities Industry Dispute Resolution Center ('Center'), which comprise the statement of financial position as at 31 December 2018 of the Center, and the statement of profit or loss and other comprehensive income and statement of cash flows of the Center for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 21.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Center as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Center in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Center are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Center and our auditors' report thereon. Our opinion on the financial statements of the Center does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)
(Incorporated in Malaysia)**

**Information Other than the Financial Statements and Auditors' Report Thereon
(continued)**

In connection with our audit of the financial statements of the Center, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Center or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Center are responsible for the preparation of financial statements of the Center that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Center that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Center, the Directors are responsible for assessing the Center's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Center or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Center as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)**
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Center, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Center's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Center or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Center to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Center, including the disclosures, and whether the financial statements of the Center represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)**
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Center, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

21 February 2019
Kuala Lumpur

Rejeesh A/L Balasubramaniam
02895/08/2020 J
Chartered Accountant

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
ASSETS			
Non-current assets			
Property and equipment	4	134,319	197,996
Current assets			
Receivables	5	134,214	107,398
Cash and bank balances	6	1,931,017	1,723,552
		<u>2,065,231</u>	<u>1,830,950</u>
LIABILITIES			
Current liabilities			
Payables	7	232,320	240,112
Net current assets		<u>1,832,911</u>	<u>1,590,838</u>
		<u>1,967,230</u>	<u>1,788,834</u>
Represented by:			
Contribution from members	8	-	-
Non-current liabilities			
Deferred income	9	1,967,230	1,788,834

The accompanying notes form an integral part of the financial statements.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	2018 RM	2017 RM
Revenue	10	31,500	6,000
Income			
Other income	11	<u>3,474,311</u>	<u>3,664,083</u>
		3,505,811	3,670,083
Expenditure			
Staff costs	12	(1,869,939)	(1,808,127)
Auditors' remuneration		(8,000)	(8,000)
Over-provision of auditors' remuneration		-	800
Tax agent fees		(2,500)	(2,500)
Office and equipment rental		(292,187)	(303,235)
Professional fees		(155,750)	(64,354)
Depreciation of property and equipment	4	(89,734)	(83,894)
Directors' meeting allowances		(114,000)	(122,000)
Capacity building		(220,438)	(207,292)
Education and Awareness		(494,778)	(787,611)
Other expenses	13	<u>(258,485)</u>	<u>(283,870)</u>
		<u>(3,505,811)</u>	<u>(3,670,083)</u>
Surplus before taxation		-	-
Taxation	14	<u>-</u>	<u>-</u>
Net surplus for the financial year, representing total comprehensive income		<u>-</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		-	-
Adjustments for:			
Depreciation of property and equipment	4	89,734	83,894
Amortisation of grants received	9	(3,371,604)	(3,562,759)
Interest income from deposits with a licensed bank	11	<u>(102,707)</u>	<u>(89,514)</u>
Operating loss before working capital changes		(3,384,577)	(3,568,379)
Increase in receivables		(9,992)	(448)
Decrease in payables		<u>(7,792)</u>	<u>(77,873)</u>
Cash used in operations		(3,402,361)	(3,646,700)
Interest received		<u>85,883</u>	<u>79,510</u>
Net cash used in operating activities		(3,316,478)	(3,567,190)
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property and equipment	4	<u>(26,057)</u>	<u>(46,554)</u>
Net cash used in investing activities		(26,057)	(46,554)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from grants representing net cash from financing activity	9	<u>3,550,000</u>	<u>3,773,999</u>
Net increase in cash and cash equivalents		207,465	160,255
Cash and cash equivalents at beginning of financial year		<u>1,723,552</u>	<u>1,563,297</u>
Cash and cash equivalents at end of financial year	6	<u>1,931,017</u>	<u>1,723,552</u>

The accompanying notes form an integral part of the financial statements.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

1. CORPORATE INFORMATION

Securities Industry Dispute Resolution Center ('the Center') was incorporated on 28 July 2010 and is a company limited by guarantee, incorporated and domiciled in Malaysia.

The registered office of the Center is located at 20th Floor, Ambank Group Building, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Center is located at Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

The financial statements were authorised for issuance in accordance with a resolution by the Board of Directors on 21 February 2019.

2. PRINCIPAL ACTIVITIES

The principal activities of the Center are to act as an alternative dispute resolution body for investors in relation to claims involving capital market services and products that an investor may have against capital market intermediaries and to resolve such claims in a fair, reasonable, timely, efficient and accessible manner. In this regard, the Center promotes, encourages and facilitates the satisfactory resolution, mediation or withdrawal of such complaints, disputes and claims. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Center have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ('RM'), which is the Center's functional currency.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 19 to the financial statements.

3. BASIS OF PREPARATION (CONTINUED)

The financial statements of the Center have been prepared under the historical cost convention except as otherwise stated in the financial statements and on the basis of accounting principles applicable to a going concern.

4. PROPERTY AND EQUIPMENT

	Balance as at 1.1.2018 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2018 RM
2018				
Carrying amount				
Computer equipment	94,493	23,418	(63,232)	54,679
Renovation	31,842	-	(8,886)	22,956
Furniture and fittings	46,344	-	(10,969)	35,375
Office equipment	25,317	2,639	(6,647)	21,309
	<u>197,996</u>	<u>26,057</u>	<u>(89,734)</u>	<u>134,319</u>

	[----- At 31.12.2018 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	527,856	(473,177)	54,679
Renovation	422,505	(399,549)	22,956
Furniture and fittings	109,688	(74,313)	35,375
Office equipment	33,672	(12,363)	21,309
	<u>1,093,721</u>	<u>(959,402)</u>	<u>134,319</u>

	Balance as at 1.1.2017 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
2017				
Carrying amount				
Computer equipment	133,368	20,829	(59,704)	94,493
Renovation	40,728	-	(8,886)	31,842
Furniture and fittings	52,628	4,590	(10,874)	46,344
Office equipment	8,612	21,135	(4,430)	25,317
	<u>235,336</u>	<u>46,554</u>	<u>(83,894)</u>	<u>197,996</u>

4. PROPERTY AND EQUIPMENT (CONTINUED)

	[----- At 31.12.2017 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	504,438	(409,945)	94,493
Renovation	422,505	(390,663)	31,842
Furniture and fittings	109,688	(63,344)	46,344
Office equipment	31,033	(5,716)	25,317
	<u>1,067,664</u>	<u>(869,668)</u>	<u>197,996</u>

After initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period is as follows:

Computer equipment	3 years
Renovation	5 years
Furniture and fittings	10 years
Office equipment	5 years

5. RECEIVABLES

	2018 RM	2017 RM
Other receivables	11,500	3,000
Deposits	76,961	77,012
Interest receivable	38,632	21,808
Prepayments	<u>7,121</u>	<u>5,578</u>
	<u>134,214</u>	<u>107,398</u>

(a) Other receivables, deposits and interest receivables are classified as financial assets measured at amortised cost.

(b) Receivables are denominated in Ringgit Malaysia.

(c) There is no expected credit loss recognised during the financial year on receivables.

6. CASH AND BANK BALANCES

	2018 RM	2017 RM
Cash and bank balances	51,017	93,552
Deposits with a licensed bank	<u>1,880,000</u>	<u>1,630,000</u>
	<u>1,931,017</u>	<u>1,723,552</u>

(a) Included in deposits with a licensed bank is a deposit amounting to RM30,000 pledged to a licensed bank as a security for banking facility (Visa Corporate Card Facility) granted to the Center.

(b) There is no expected credit loss recognised during the financial year arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

(c) Cash and bank balances are denominated in Ringgit Malaysia.

7. PAYABLES

	2018 RM	2017 RM
Payables	117,343	99,907
Accruals	<u>114,977</u>	<u>140,205</u>
	<u>232,320</u>	<u>240,112</u>

(a) Payables are classified as financial liabilities measured at amortised cost.

(b) Payables are denominated in Ringgit Malaysia.

(c) The maturity profile of the Center's liabilities at the end of the reporting period based on contractual undiscounted repayment obligation is within one (1) year.

8. CONTRIBUTION FROM MEMBERS

Every member of the Center undertakes to contribute, not exceeding RM1,000, to the assets of the Center in the event of the Center being wound up.

9. DEFERRED INCOME

	2018 RM	2017 RM
At 1 January	1,788,834	1,577,594
Received during the financial year	3,550,000	3,773,999
Amortised to profit or loss	<u>(3,371,604)</u>	<u>(3,562,759)</u>
	<u>1,967,230</u>	<u>1,788,834</u>

Grants received from statutory bodies comprise:

	2018 RM	2017 RM
Securities Commission	3,550,000	2,500,000
Capital Market Development Fund	<u>-</u>	<u>1,273,999</u>
	<u>3,550,000</u>	<u>3,773,999</u>

During the financial year, the Center received a grant from the Securities Commission Malaysia ("SC"), a statutory body established under Securities Commission Act 1993, for working capital purposes. In the previous financial year, the Center received grant from SC and a grant from Capital Market Development Fund ("CMDf"), a statutory body established under Capital Markets & Services Act ("CMSA") 2007, for awareness and capacity building initiatives.

10. REVENUE

Revenue in respect of rendering services is derived from mediation fee charged.

11. OTHER INCOME

	2018 RM	2017 RM
Amortisation of grants	3,371,604	3,562,759
Interest income from deposits with a licensed bank	102,707	89,514
Other income	<u>-</u>	<u>11,810</u>
	<u>3,474,311</u>	<u>3,664,083</u>

11. OTHER INCOME (CONTINUED)

Grants that compensate the Center for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grant that compensate the Center for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

12. STAFF COSTS

	2018 RM	2017 RM
Salaries and bonuses	1,496,925	1,480,482
Statutory contribution to Employees Provident Fund and social security	231,945	226,618
Other allowances	141,069	101,027
	<u>1,869,939</u>	<u>1,808,127</u>

13. OTHER EXPENSES

	2018 RM	2017 RM
Communication and utilities	49,818	50,164
Stationeries, printing and sundry expenses	28,506	43,883
Subscription and membership fees	9,188	7,004
Good Services Tax ("GST") and Sales Services Tax ("SST")	21,602	41,023
Meeting expenses	12,335	10,085
Online journals and equipment rental	1,335	1,732
Filing, stamping and disbursements	9,788	11,782
Advertising and promotion	2,753	1,000
Entertainment	8,917	8,953
External mediator fees	32,000	17,000
Maintenance	72,204	80,558
Others	10,039	10,686
	<u>258,485</u>	<u>283,870</u>

14. TAXATION

On 16 October 2014, the Ministry of Finance ("MOF") has granted the Center an extension to the tax exemption status which is applicable from the year of assessment 2015 up to year of assessment 2019.

15. FAIR VALUES

The fair values of all financial assets and financial liabilities approximate their carrying amounts due to their relative short term maturities.

16. COMMITMENTS

Center as lessee

The Center had entered into a non-cancellable lease agreement for its office premise, resulting in future rental commitments which can, subject to certain terms in the agreement, be revised annually based on prevailing market rates.

The total future minimum lease payments under non-cancellable operating lease are as follows:

	2018 RM	2017 RM
Not later than one year	236,577	258,084
Later than one year but not later than five years	-	236,577
	<u>236,577</u>	<u>494,661</u>

17. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Center if the Center has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Center and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Center include key management personnel who are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Center either directly or indirectly. The key management personnel comprise the Chief Executive Officer of the Center.

18. CAPITAL MANAGEMENT

The Center manages its capital by following the Center's policies and guidelines and also seeks approval from the Board of Directors with regard to all capital management matters. Presently, the Center's activities are entirely funded via grants.

19. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

19.1 New MFRSs adopted during the financial year

The Center adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 140 Transfers of Investment Property	1 January 2018
Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Center.

19.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Center:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019

19. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

19.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (continued)

Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Center is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.



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