

SIDREC can now handle disputes relating to claims above RM250,000

Amir Ridzwan / theedgemarkets.com

April 16, 2018 18:50 pm +08



KUALA LUMPUR (April 16): The Securities Industry Dispute Resolution Centre (SIDREC) recently expanded its purview, allowing it to offer its services to investors and capital markets services providers with disputes relating to claims exceeding RM250,000.

In a statement, SIDREC said the new service, being a voluntary scheme, requires both parties to a dispute to agree to use its alternative dispute resolution (ADR) services. ADR refers to dispute resolution outside the courts.

SIDREC Chairman Datuk Ranita Mohd Hussein said the expansion of purview implemented in 2017 was one of the initiatives SIDREC has taken to remain relevant to market developments and the needs of investors.

“Under the voluntary scheme, both the claimant and member must agree to seek SIDREC’s help; lawyers are permitted into the dispute resolution process, and both parties are charged a reasonable fee for the service. With the inclusion of this component, SIDREC is a step closer to its aim of becoming a one stop centre for capital market-related disputes.

“In the coming year, more effort will be made to ensure there is greater awareness of the availability of this voluntary route. This is a natural precursor to ongoing discussions between SIDREC and Asian International Arbitration Centre’s proposed collaboration to provide for specialist capital market arbitration in the near future,” Ranita said.

Unlike the voluntary scheme, the mandatory scheme obliges capital markets services providers to participate in SIDREC’s ADR process, if an investor submits a claim to SIDREC of RM250,000 and under.

The mandatory scheme continues to be a key part of SIDREC’s services and will remain a priority for SIDREC in ensuring that the smaller investor always has access to redress.

SIDREC also held its eight annual general meeting today.

Ranita’s message from SIDREC’s Annual Report 2017 stated SIDREC has positioned itself to provide mediation for cases referred to it by the courts, within the Judiciary’s court referred mediation scheme.

“SIDREC’s purview has been expanded to reflect a more meaningful reach and accessibility. SIDREC was set up by the Securities Commission Malaysia as part of its investor protection framework. Its first members were Capital Markets and Services licence holders,” she added.

“In light of the fact that the breadth of the distribution network for capital market products cuts across Capital Markets and Services License holders to include commercial banks and Islamic banks, the expanded purview means that investors in capital market products are able to access SIDREC’s services, no matter where the point of transaction or sale took place,” Ranita added.

“Based on our statistics in 2017, 22% of eligible claims registered in SIDREC relate to investments transacted with commercial and Islamic banks, and development financial organisations (DFIs). We will continue to work with regulators to ensure our purview remains relevant to developments in the market and regulatory framework,” she continued.

SIDREC received a total of 628 claims and enquiries in 2017, comprising 72 eligible disputes, 75 ineligible disputes and 481 enquiries. Market conduct continued to be the leading issue in 2017, making up 61.1% (44 out of 72 eligible disputes) of total eligible disputes received in 2017. Of the disputes handled in 2017, 91.2% were resolved through case management or mediation.