

News

Securities Commission Malaysia: Federal Court Dismisses Application For Leave To Appeal - Stockbroking Firm Liable For Loss Caused By Misconduct Of Its Agent

The Federal Court had, on Monday 3 April 2017, dismissed PM Securities Sdn Bhd (PM Securities) application for leave to appeal to the Federal Court against two decisions of the Court of Appeal in dismissing its judicial review applications against the Securities Industry Dispute Resolution Center (SIDREC)'s award.

PM Securities filed two judicial review (JR) applications in 2013 to quash awards issued by SIDREC in favour of the claimants. In the JR applications, PM Securities had challenged SIDREC's due process and the adjudicator's finding that PM Securities was liable as a principal for the loss incurred by the misconduct of its representative.

In dismissing PM Securities' application for judicial review in August 2015, the High Court held that SIDREC's handling of the dispute resolution was fair based on SIDREC's Terms of Reference and that the language of the Standard Remisiers' Agreement unambiguously and unequivocally creates an agency relationship between PM Securities and its representative. The High Court's decision was subsequently affirmed by the Court of Appeal.

SIDREC was established by SC under the Capital Markets and Services (Dispute Resolution) Regulations 2010, to provide an independent and impartial avenue to resolve disputes between investors and capital market intermediaries. SIDREC 's dispute resolution services are open to all individual investors and are free to investors for claims up to RM250,000.

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