

# 2016

ANNUAL REPORT

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

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**SECURITIES INDUSTRY DISPUTE  
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**SIDREC**  
Securities Industry Dispute Resolution Center



### ▼ Vision

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

### ▼ Mission

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

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## Message from the Chairman



**DATO' RANITA MOHD HUSSEIN**  
Chairman

SIDREC's vision of being the preferred one-stop alternative dispute resolution avenue for monetary disputes relating to capital markets products and services continued to be the beacon that guided us through 2016.

While the number of investors using SIDREC's services has slowly increased since its inception, we remain keenly aware that there are many out there who are, as yet,

unaware of the free and efficient dispute resolution services that we provide outside the courts.

This is why we invested significant finance and human resources to ramp up public awareness of SIDREC in 2016. We were able to do this with the grant obtained from the Capital Market Development Fund (CMDf). This grant of RM3.096 million is, as was reported at last year's Annual

General Meeting (AGM), for both awareness and capacity building programmes for two years, beginning in 2016.

We have embarked on strategic programmes that included multi-language print media and radio publicity, integrated digital media marketing campaign, and face-to-face engagement at exhibitions, seminars and meetings.

The success of our efforts, however, depended to a great extent on the support of members, and other stakeholders such as the Employees Provident Fund, Bursa Malaysia, Private Pension Administrator Malaysia, Federation of Investment Managers, Securities Industry Development Centre and Securities Commission Malaysia (SC). Indeed, these institutions have in the past year helped expand our reach by using their resources and influence to promote SIDREC. This annual report elaborates on the work done in this area.

indicated to our members at our last AGM, the SC and Bank Negara Malaysia had agreed for SIDREC and the Ombudsman for Financial Services [(OFS) i.e. the former Financial Mediation Bureau], to begin discussions on a possible merger of the two bodies towards providing a single dispute resolution avenue for the financial markets as a whole.

The review and work required for such a project is considerable and cuts across infrastructure, resource and regulatory considerations, including the funding structure of such an entity. Indeed, it will invariably involve new legislation. As such, in order not to subject SIDREC's members to uncertainty and lack of continuity in relation to their financial contributions, the SC agreed to continue to fund SIDREC throughout this review process until sufficient work has been undertaken to pave the way for a clear recommendation by OFS and SIDREC on the

In encouraging an open manner and attitude in resolving disputes, we note a growing acceptance and trust in SIDREC's role amongst its members.

### SIDREC's funding

Quite apart from the special funding from CMDf, we cannot lose sight of the need for a more sustained scheme of self funding for SIDREC's operations. As you are aware, we had undertaken considerable work towards drawing up a funding structure based on members' contributions in as equitable a form as is practicable. In this process, we did indeed reach out to our members for data and feedback. The final structure was to be implemented this year.

However, progress made on another front delayed the proposed implementation of members' contribution. As

proposal to merge and the appropriate funding structure for such merged entity. To this end, the SC estimates their continued funding of SIDREC's operational needs for up to three years from 2016.

As OFS only recently commenced operations under its new mandate in September 2016, we hope to commence discussions on the proposed merger in October 2017.

Concurrent with the extended funding support from SC, SIDREC is required to impose the case fees on members based on usage of SIDREC's services. In this regard, SIDREC will engage with members to provide more details

on the case fee structure in the first quarter of 2017 and we will begin imposing the fees soon after.

### Banks coming on board

The biggest change for SIDREC in 2016 was the inclusion of commercial banks, Islamic banks, and two specified Development Financial Institutions (DFIs) following the amendments to the Capital Markets and Services (Dispute Resolution) Regulations 2010. This resulted in an increase in our membership by around 30%. I take this opportunity to welcome our new members and look forward to a mutually beneficial relationship.

There is now parity for investors in the Malaysian capital markets. SIDREC services had initially been limited to those who are clients or customers of Capital Markets Services licensed holders. The inclusion of banks, which are also marketing channels for capital market products such as shares, unit trusts, bonds and structured products, means that investors with disputes involving banks can now avail themselves of SIDREC's dispute resolution services.

### Building trust

At the last AGM, I touched on the necessity for our members to build up trust between them and their clients. Trust continues to play a part when a complaint is registered at SIDREC.

While the choice of using SIDREC's service is voluntary on the part of the investor, and members are bound by law to participate should the claimant decide to use SIDREC's services, trust from both parties is essential for the alternative dispute resolution (ADR) process to succeed.

We believe that one way to build trust between both members and investors is to ensure that their experience with SIDREC is a positive one. Dispute resolution is not easy because parties may come to the table with diametrically opposite views, and emotions can run high. It is, therefore, critical that both investors and members recognise our case managers and our mediators/adjudicators as being professionally neutral and possessed of the capability of giving consistently high quality service.

To that end, we ensure that our case managers and mediators/ adjudicators are equipped with the required skills in managing disputes, and are also knowledgeable about the workings of the capital markets. Decisions of SIDREC's adjudicators are based on the principles of fairness and reasonableness.

This is where members can also derive benefit from SIDREC – through the insights they gain from its dispute resolution process, both in the concerns that come through, and also in the soft engagement skills used by our case managers and mediators. These same skills can be put to good use within members' own internal complaints processes, to resolve matters in house before they escalate to external forums.

In encouraging an open manner and attitude in resolving disputes, we note a growing acceptance and trust in SIDREC's role amongst its members. There is obvious benefit to members when investors continue being their clients after their disputes are amicably resolved.

We are also happy to note that some members have begun to show initiative in learning from SIDREC's management of disputes and to take measures to prevent any recurrences of similar disputes.

### Staying up-to-date and relevant

SIDREC seeks to ensure that its knowledge and skills sets are kept relevant through capacity building for its staff and mediators/adjudicators, and continuing dialogue with peer institutions on international trends and best practices in its international engagement. SIDREC has been involved in the International Network of Financial Services Ombudsman Schemes (INFO Network) since 2013 and its CEO had just been elected into the 2017 Committee for two years. This provides SIDREC not just an international profile and access to quality level sharing at senior levels but also the ability to be part of and influence conversation in this area.

At the local level, we continuously seek feedback from members and investors who are our direct stakeholders so as to better understand their needs in order to serve them and the capital markets more efficiently.

As you are aware, in November 2015, we raised our claims limit from RM100,000 to RM250,000 to keep in tune with market needs. Private Retirement Schemes also came under our purview since September 2015, pursuant to regulatory directions by the SC. With that, 2016 was the first full year during which SIDREC served the capital markets with this expanded purview. While the number of claims grew by 73% from 2015, the number of claims above RM100,000 was just under 10%. It remains to be seen whether our current publicity efforts will lead to an increase of claimants with disputes of higher value.

### Going forward

In keeping with our focus to promote mediation, we opened our mediation services to disputes involving claims over RM250,000 in 2016. In 2017, we will further expand the voluntary component to include adjudication for claims above RM250,000 where both parties seek our help. With this, SIDREC now provides both a mandatory component for claims not exceeding RM250,000 (where the member is bound to participate), and a voluntary component for claims exceeding RM250,000 (where both the member and the investor wish to seek SIDREC's help). This takes us a step further towards our objective of providing a one stop independent, specialist capital market dispute resolution service, for the market as a whole.

Our mandatory component ensures that the smaller retail investor has access to a quality independent and expert redress avenue for their disputes. These services continue to be free to the investor. The voluntary component on the other hand, will require both parties to the dispute to pay fees for the service. These fees will be set at a reasonable level to ensure that our services remain accessible.

In the context of a developing market with new products and services and platforms of delivery, we see a need for specialist dispute resolution service. The expansion of SIDREC's scope to cover cases above the prescribed

monetary ceiling to parties who mutually agree to use our services will provide both our members and investors a consistency of approach and the benefit of an informed expert process.

In light of the Chief Justice of Malaysia, YAA Tun Arifin Zakaria's encouragement for matters to be resolved through mediation where possible before going through the court process, we will also be accommodating our process to facilitate court referred mediation.

SIDREC's Term of Reference is being amended to reflect these changes and we hope to provide details of the amendments to members through briefings in the first quarter of 2017.

All this expansion requires an increase in human resources. We will see our staff force increase in 2017 and we also welcome three new mediators/adjudicators on our panel.

### Appreciation

We would like to thank our members for their support through 2016. To all our new members who joined SIDREC in 2016 we look forward to your support and cooperation.

On behalf of the Board, I would also like to record my appreciation to the SC for its continued support and guidance. My thanks also to our panel of mediators and adjudicators for their commitment. To my fellow members of the Board, thank you as always for your enthusiastic participation and commitment to SIDREC. I would like to put on record here, the Board's appreciation to Tan Sri Hamad Kama Piah bin Che Othman, one of our founding directors who has stepped down. SIDREC has been very much enriched by his support, wisdom and industry perspectives for close to six years.

To our SIDREC management and staff, thank you for your commitment and hard work over the past year to realise SIDREC's vision.

**DATO' RANITA MOHD HUSSEIN**  
Chairman

# Report by the Chief Executive Officer



**SUJATHA SEKHAR NAIK**  
Chief Executive Officer

It has been a challenging but rewarding year of both growth and consolidation for SIDREC and one that is moving apace. So, this is a good moment to pause and reflect on the progress achieved over the year and what more needs to be done.

## SIDREC's scope and purview

A significant development in 2016 was the approval of the regulators, the Securities Commission Malaysia (SC) and Bank Negara Malaysia (BNM) for commercial banks and Islamic banks as well as specified Development Financial

Institutions (DFIs) to come under SIDREC's purview for disputes involving capital market products and services. To this end, following the amendment of the Capital Markets and Services (Dispute Resolution) Regulations 2010, we welcomed 45 new members, comprising 27 commercial banks, 16 Islamic banks and two DFIs, into SIDREC's fold. This allows for a far more meaningful activity-based approach to our purview, as opposed to an entity-based approach, ensuring investors and market intermediaries alike can expect and receive a consistency of approach, best practice standards and expectations for capital market related disputes. We thank the SC, BNM and the

Ombudsman for Financial Services (OFS) [previously known as the Financial Mediation Bureau (FMB)] for all the effort and support through the transition, in achieving this.

Though the banks have only come on board in 2016, we have dealt with 21 claims involving them, save for one claim referred to FMB, the remaining 20 claims were resolved through case management or mediation. I must commend our new members, who though unfamiliar with our processes and approach, have come to the table with a constructive mind set.

I would like to take a moment to remember a much missed colleague and friend, Chuah Mei Lin, who sadly passed away in early January 2017. As the Executive Director of the Association of Banks Malaysia (ABM), Mei Lin was highly respected for the intelligence and drive she brought to any endeavour she was involved. She was one of the first to reach out to extend a hand to SIDREC to help engage the commercial and Islamic banks who had just become our members, organising with the help of her team, a session at ABM's premises for this purpose in November 2016. Her generosity of spirit, keen intelligence and energy to serve, will be remembered and missed.

As always, the line of sight and reference point in the work undertaken has been to our five areas of strategic focus:

- |                                                                |                                                  |                                                                       |                                             |                                              |
|----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|
| <b>01.</b><br>Ensuring sustainable infrastructure & operations | <b>02.</b><br>Building awareness & understanding | <b>03.</b><br>Remain relevant with market development/ best practices | <b>04.</b><br>Building capacity & expertise | <b>05.</b><br>Contributing to best practices |
|----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|

## Quality and effectiveness of services

Our aim in going about our business at every level of our work is always with the view of bringing value and building relationships, and always from the base of independence and impartiality. This approach to our work has allowed us to more effectively engage with our members and stakeholders and reach out to investors and facilitate a better understanding and buy in of SIDREC's role and ability to help market intermediaries and the investing public resolve their disputes. SIDREC's dispute resolution process is focused on finding an outcome that meets the interests of the parties (what they really want) as opposed to just their rights. At times, this is more effectively achieved through discussion, understanding the issues

and each other's perspective, and a compromise, as opposed to battling purely on the basis of the rights of either party, with neither giving way. Another advantage of SIDREC's process is that a lot of effort is put by our case managers and mediators to ensure that the parties understand the issues and each other's perspective.

In this way, investors leave the table with a much better grasp of how the product or investment process related to their investment works, what they can and can't legitimately expect of the intermediary, as well as what their own responsibilities are with regard to their investment and the mistakes that they themselves may have made or steps they could have taken to avoid or mitigate their loss.

The member on the other hand also leaves the table with valuable intelligence, including a better understanding of the challenges that an investor faces, conduct issues related to their representatives, if any, as well as gaps or weaknesses in their processes which can feed to their own risk management and improvement of internal controls. If they have been constructive in their approach, they may also retain a client and mitigate any reputational risk. This has shown clear results in our cases this year with a majority of those that went through our process resolved through case management or mediation. I am very pleased to say that we have received positive feedback from many of the members participating in our process.

Many using our services for the first time were surprised at how constructive a process it is and the help provided by the case manager and mediator in facilitating resolution. As far as adjudication is concerned, clearly the party who the decision does not favour is rarely happy, but in the main, they have appreciated the impartiality and independence of the process and the specialist expertise brought to the table. The knowledge and understanding of the capital market regulatory framework and market processes allow for a far more informed process and outcome.

Specifically, our efforts to engage members through our member briefings, as well as one on one, allow for a level of open discussion and sharing of insights gleaned

in cases we have undertaken that engenders a better understanding by the members of the challenges faced by investors as well as any gaps or shortcomings on their part, including possible systemic issues. On SIDREC's part too, we are able to better understand the controls and processes of our members as well as some of the practical challenges they face and take them into account, and where appropriate, escalate such issues to the regulators.

### Building capacity & expertise

We have continued to focus on capacity building through our on-job training as well as specialised training both in dispute resolution as well as capital market knowledge. To this end, our team attended product briefings kindly provided by the SC and some of our members.

I am also pleased to report that we ran our inaugural three-part programme in August 2016. We were supported in this by the SC's training and development arm, Securities Industry Development Corporation (SIDC), as well as the CFA Institute who conducted a workshop on ethical practices and the Kuala Lumpur Arbitration Centre (KLACA), who provided us the use of their excellent facilities. This will feed into our work to build a structured capacity building programme. We are committed to ensuring the knowledge and skill sets of our team remain relevant and reflect the expertise required. 2017 will see focused work in this area.

### Sustainable infrastructure & operations

To ensure we are able to continue to deliver a quality and effective dispute resolution service, we have also worked hard to ensure our service is accessible by all who need it and is supported by the quality infrastructure and expertise required to do so in a sustained manner.

With the additional work that comes with our increased scope and membership, we will need to address our capacity needs in terms of staffing and our panel of mediators and adjudicators. In this regard, we have begun this process of increasing our staffing in a measured manner, to support our case management work as well as the corporate communication and awareness work. In this context, we have also added on to our panel of mediators and adjudicators, and are very pleased to welcome three new members.

We are indeed fortunate to have the calibre we have on our panel and will continue to build the panel to ensure the experience pool meets the needs of the disputes that

emanate from a dynamic and developing market that provides access to diverse products and services, both conventional and Islamic. Our dispute resolution services form part of the eco-system that contributes to investor confidence.

We also recognise that it is necessary to allow for our dispute resolution process to be conducted, where appropriate and necessary, via other modalities, be it a documents-only approach, telephone conferencing or utilising technology such as Skype. We are open to utilising such technology as a platform as long as it is in a secure environment identified by SIDREC. To this end, we have the necessary equipment to facilitate mediation or adjudication via such avenues.

We additionally also have, through our Memorandum of Understanding with the KLRCA, access to their state-of-the-art facilities. In a globalised age where there is likely to be increasing cross border transactions and investors who are resident not only in different parts of Malaysia but in different parts of the world, bodies such as ours need to ensure we facilitate the ability for investors and industry alike to access the redress provided.

In this regard, our membership and association with the International Network of Financial Services Ombudsman Schemes (INFO Network) has allowed us to build a relationship with peers across the globe. We have benefited from the spirit of sharing that is inherent in the objectives of INFO Network, to work together to develop expertise in dispute resolution, by sharing experiences and information.

Indeed, the sharing is not just in terms of knowledge and experience but extends to practical logistical help. We were able to conduct our first cross border mediation and adjudication via Skype, with the generous help of our peer in Wellington, New Zealand, the Financial Services Complaints Limited (FSCL).

We have similarly extended input and support in the region, for efforts, where requested. These engagements are always mutually beneficial as it is always the case that both parties leave the table more enriched by the experience and certainly better informed. We were happy and privileged to host a team from the Securities Exchange Commission of Cambodia on a short secondment, as part of a study visit.

### Building awareness & understanding

We received the first tranche of RM1.82 million of a grant of RM3.096 million committed from the Capital Market Development Fund (CMDF) to put to SIDREC's awareness and capacity building efforts (developmental initiatives) over a two-year period from January 2016 to end 2017. The grant has been a tremendous help in giving the much needed funding and impetus to our awareness and capacity building efforts. As you will note, we have been able to make clear progress in our awareness efforts and have started work on our capacity building. This would not have been possible without the grant from CMDF and we are very appreciative of the support provided.

To make the most effective use of the funds and our time and available resource, we have prioritised awareness efforts in 2016 and the bulk of the work on the capacity building to commence in 2017. While the primary focus of our efforts in 2016 was on the awareness component, we also, as mentioned earlier, started planning and implementing some early work on the capacity building component. I am very pleased to be able to report some very positive measurable results of our awareness campaign.

Our initiatives have utilised a spectrum of modalities for delivery, from print, broadcast and digital media, to outreach efforts through workshops and seminars as well as participation at roadshows and exhibitions and engagement with stakeholders. In each of these areas, I believe we increased our footprint and better engaged our target audience.

We had positive results, with growing awareness reflected both in anecdotal feedback as well as measurable results from our efforts utilising the digital medium.

In July 2016, SIDREC launched a 24-month integrated digital campaign. We sought to utilise the most effective methods of creating greater brand awareness for SIDREC to boost traffic to the SIDREC website through the various digital platforms including Google and Facebook.

We are particularly happy with the increased reach from our digital efforts, which I believe will be a tool that will support the sustainability of our awareness efforts. As part of this exercise, we have revamped our website for a fresher look, and tweaked the organisation of our content to make it more user friendly, informational and intuitive for access. We launched the Bahasa Malaysia version of the website in the last week of December 2016.

We have also developed collateral in four languages (English, Malay, Mandarin and Tamil). These efforts have resulted in the number of visitors to the SIDREC website rising from just over 900 per month in May 2016 to approximately 12,000 per month at the end of December 2016. We continue to find ways to improve our reach.

### Stakeholder engagement

We have been busy this year engaging with our members directly as well as through the respective industry associations and through stakeholders such as Bursa Malaysia and the Federation of Investment Managers Malaysia (FIMM). We must give special thanks to the Malaysian Investment Banking Association (MIBA), Bursa Malaysia, the Financial Planners Association Malaysia and Employees Provident Fund, who have strongly supported our efforts to raise awareness among the investing public, our members and the broader industry in meaningful ways.

I must also thank many of our members for working with us through some of the challenges that are bound to come up in a dispute, and in continuing the conversation with us towards trying to address these challenges. Constructive conversation when parties are open and committed to finding a solution is always a win-win outcome.

### SIDREC's funding structure

We had updated members at the last Annual General Meeting (AGM) that the SC and BNM had agreed at a high level bilateral meeting that discussions may commence to consider a possible merger of SIDREC and OFS, towards the establishment of a single centre for dispute resolution for the financial markets as a whole.

With this development, the SC agreed to continue funding SIDREC's operations for a further three years from January 2016, for discussions to proceed and if positive, to allow time for the work necessary, including the assessment and finalisation of a funding structure within a merged entity. Formal discussions and work in this regard will commence in the fourth quarter of 2017. The SC remains committed to funding SIDREC's operations within the agreed timeframe and remit.

We very much appreciate and thank the SC for their strong and continued support of SIDREC and our journey to ensure we continue to provide the necessary quality and scope of service, and remain relevant to the needs of the market and investing public.

### Status of on-going judicial review

The status and brief details of the on-going judicial review reported last year, relating to a challenge of SIDREC's awards in two of our cases, is provided in our Dispute Resolution Report in Part II. I am pleased to report that both points of challenge were positively and effectively responded to, and the Court of Appeal dismissed both appeals filed by the member concerned with costs in SIDREC's favour, as well the SC, with regards to their intervention in the judicial review proceedings, on the point of the principal-agent relationship vis-a-vis the relationship between a stockbroker and their commissioned dealer representative. The member, however, has filed an application for leave to appeal to the Federal Court, which is still pending.

Based on the advice of our lawyers, we are hopeful that there will be closure on the matter in SIDREC's favour, so that we may move forward, as will the investors, whose Awards have been held back by the proceedings. Whatever the outcome, we will ensure that we take on board any learning points from the experience.

### Going forward

With the increased scope and in line with our objective to be a one stop centre for capital market dispute resolution, we have also worked with the SC to amend our Terms of Reference (TOR) to reflect the increased scope and to provide a more complete service to the investing public and members.

In this regard, we had last year included a voluntary component limited to mediation services, for claims over RM250,000. We will be expanding on the voluntary component to include adjudication for claims over RM250,000, where both parties seek our help. As such, going forward, our services will comprise two components, a mandatory and voluntary component. As indicated at the last AGM and during the various member briefings we have held, members will also begin to pay case fees in 2017.

The fees for the mandatory component are set at a reasonable level given the level of work and expertise involved. Fees will also be chargeable for the voluntary component. In the case of the voluntary component, given that it caters to claims exceeding RM250,000, fees will be payable by both the member and claimant. Our TOR is being amended to reflect the new structure. More will be shared on the amendments at member

briefings that we will be conducting in the first quarter of 2017.

### Positive impact of dispute resolution process

In 2016, we have seen a growing awareness and acceptance on the part of our members of the value add that SIDREC can bring to the table. Most importantly, we have seen the mediation process being utilised to its fullest with positive results.

Where members have been through our process more than once, we see discernible positive changes in approach that make for a more constructive and effective session. I must thank our excellent panel of mediators and adjudicators and our case managers for their support and sterling work in this regard.

This in part also reflects how we play a part in the overall eco-system from the perspective of market and investor self-discipline and the 'nudge' factor that participation in a dispute resolution process such as ours can have, vis-a-vis better behaviour.

The experience provides both the investor claimant and the member intermediary learning points in the context of their reality, in a problem they are trying to unravel and resolve. This retention of learning points in context, is much more likely to be a sustainable one, and will hopefully contribute to nudging parties into being more responsible, accountable and ethical in their conduct. i.e. encourage better habits on the part of the claimant as an investor, and on the part of the member and their representatives, as the intermediary.

### In closing...

While there is certainly much more work to be done, we can, I believe, take pride in what has been achieved thus far and the fact that we are very much on track in providing a high quality service to both the investing public and our members. We will work hard to ensure that we continue to do so.

Through the challenges of the year, I have been fortunate to have had the support of a committed and highly experienced Board, whose members are generous in sharing their invaluable collective experience. I thank our Chairman and the Board for their very practical and sound guidance.

I would like to express a special thanks and appreciation to Tan Sri Dato' Sri Hamad Kama Piah, who resigned from our Board in October this year. Tan Sri is a founding member of SIDREC's Board and brought his tremendous experience of the fund management industry to the table and contributed to the robust and considered discussions that has helped guide SIDREC since its inception in 2010.

None of what we have achieved to date would have been possible without the professionalism and commitment of the team at SIDREC. We have had to work with several engines running concurrently, and they have extended themselves to keep the engines running, focused and results driven, without losing sight of the human factor (behind the various labels of claimants, investors, intermediaries and members). I thank them for their hard work.

And finally, I thank our members for your continued support. Many of you have this year, not only participated in our briefings but taken steps to help SIDREC in our awareness efforts. I look forward to continuing to work with you in the coming year.

### SUJATHA SEKHAR NAIK

Chief Executive Officer

# About SIDREC

SIDREC was established by the Securities Commission Malaysia (SC) in 2010 under the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulations) as an alternative dispute resolution (ADR) body for monetary claims made by individuals or sole proprietors against any person licensed to deal in securities or derivatives or to carry out fund management activities under the Capital Markets and Services Act 2007 (CMSA). All licensed persons under the CMSA undertaking the above regulated activities are deemed to be members of SIDREC and are bound to participate in SIDREC's dispute resolution process.

SIDREC expanded its scope in September 2015 to cover Private Retirement Schemes (PRS). Disputes relating to dealing in securities, dealing in derivatives, unit trusts, bonds and structured products, and capital markets services such as fund management were already under its purview from its inception in 2011.

In September 2016, the Regulations were amended to allow commercial banks, Islamic banks and specified development financial institutions, all of which are referred to as registered persons under CMSA, to also become SIDREC members, and as such, enables an individual investor to make a claim against any of these entities if a dispute arises from the procurement of capital market products and services from any of them.

SIDREC's list of members as at 31 January 2017 is available on Page 52.

SIDREC's operational costs are currently wholly funded by the SC pending the finalisation of its funding structure. It is looking at imposing case fees on members for mediation exceeding four hours.

### Accessibility

Effort is made to ensure SIDREC is accessible to the investing community:

- Our services are free for investors with claims up to RM250,000, and is nationality neutral, as our services are available to both local and foreign clients of SIDREC members.
- We are located at Menara UOA Bangsar, Kuala Lumpur, which is next to the Bangsar Light Rail Transit (LRT) station. This is also just one stop away from KL Sentral, which is a major transportation hub for the city.

- We accept enquiries and claims by walk-ins, as well as via the telephone, post, email, fax and through our website. Our web content is available in both English and Bahasa Malaysia, and SIDREC's brochures are available in four languages i.e. English, Bahasa Malaysia, Mandarin and Tamil.

### Claims limit

When SIDREC was first set up in 2011, its claims limit was RM100,000. However, the limit was raised in 2015 to make it more relevant to retail investor.

If an investor asks for dispute resolution service and his claim is up to RM250,000, the SIDREC member is obliged to participate in the dispute resolution service if it meets four criteria:

- it is a monetary claim
- the claim is against a SIDREC member
- the claimant must be an individual investor or a sole proprietor
- it involves a capital markets product or service purchased from or offered by a SIDREC member

SIDREC may also mediate claims above RM250,000, where *both* the investor and member wish to seek SIDREC's help.

### Limited appeal

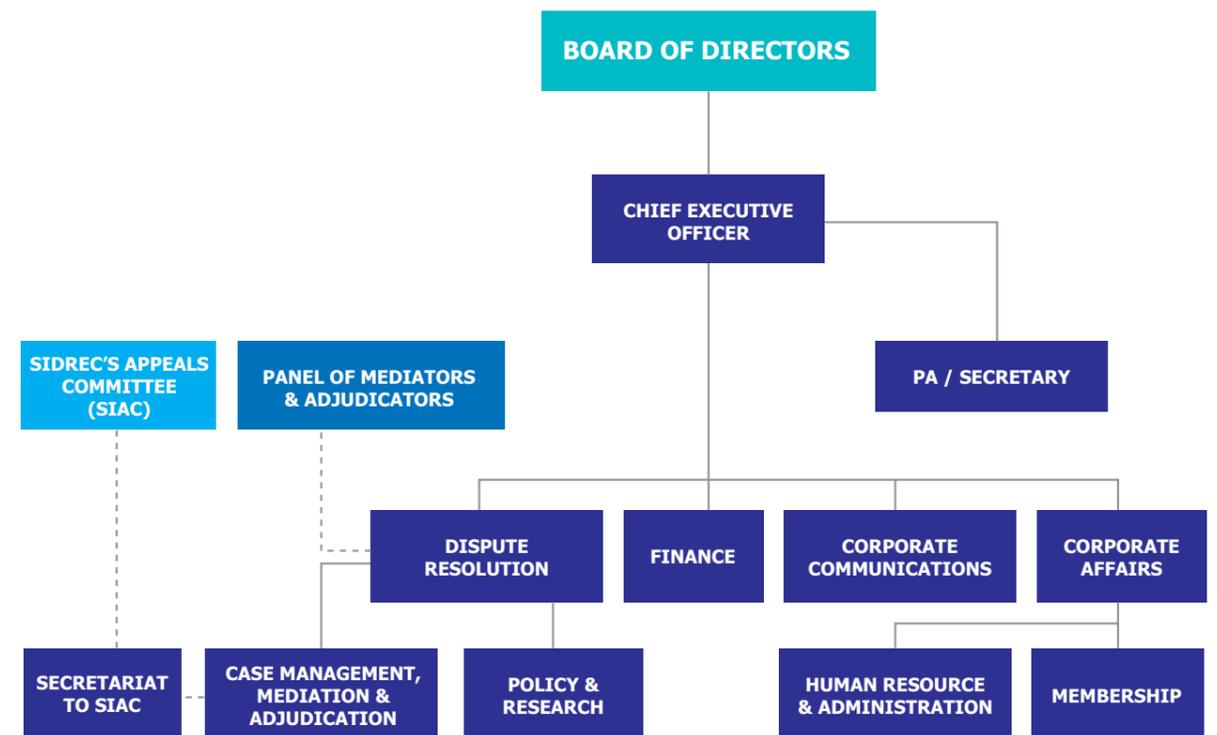
While an award by the adjudicator is final, a limited avenue for appeal was introduced in November 2015. Through this avenue, an appeal may be made if the appellant can show there was a serious error of law or fact, or there is new evidence that could not, with reasonable diligence, have been produced during adjudication, and the error or new information would have material impact on the findings of SIDREC's award.

Subject to meeting these grounds, the member or investor may submit an appeal to SIDREC's Appeals Committee (SIAC). SIAC comprises:

- Datuk Dr Khaw Lake Tee (Chairman - Independent)
- Dato' Karam Chand Vohrah (Senior SIDREC Representative)
- Foo Lee Mei (Senior SC Representative)
- Datuk Noripah Kamso (Independent)
- Hasnah Omar (Independent)
- Dato' Kok Wee Kiat (alternate to Dato' Vohrah)

### Organisation structure

SIDREC is supported by a team of full-time staff and our panel of mediators and adjudicators.



### Relationship building

SIDREC believes in working together with its members and other capital markets stakeholders for the benefit of the capital markets as a whole. It works with the SC, Bursa Malaysia, self-regulatory bodies, industry associations and other stakeholders including the mass media and other ADR bodies, domestic and 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 towards our efforts to enhance our processes and services as an ADR body.

### International engagement

Recognising the global environment in which the Malaysian capital market sits, SIDREC places importance in ensuring we stay informed of market and regulatory developments, both on the domestic and global arena. With the increase in cross border transactions and diverse products that are accessible by the investing public, we are very aware of the need of keeping our service and expertise relevant and in step with these developments. We do this by staying engaged with our 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.

In this regard, we contribute regionally:

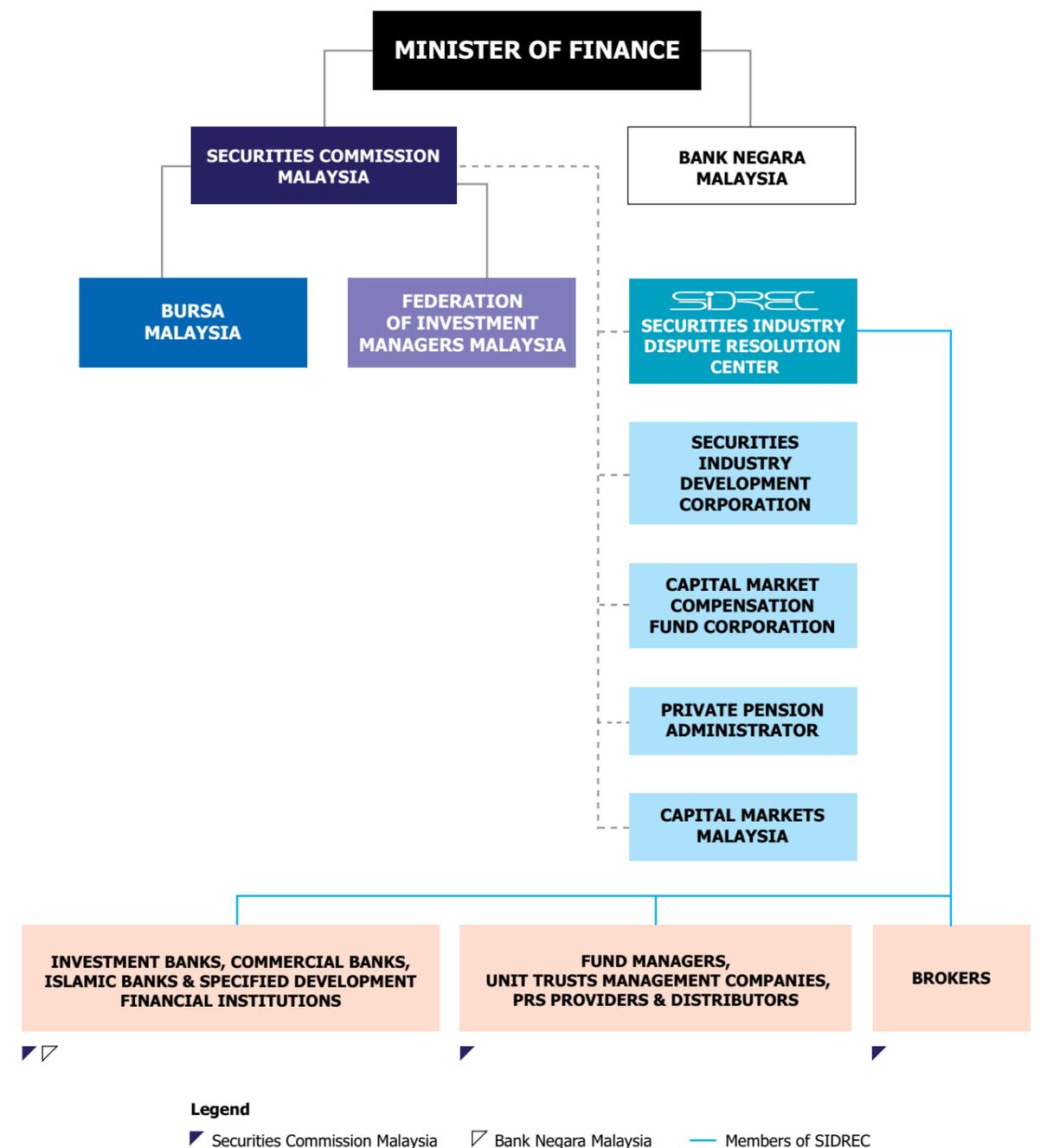
- Through sharing of experience with peers and regulators in the region
- The Working Group on Dispute Resolution and Enforcement Mechanisms, under the ASEAN Capital Market Forum
- As the SC’s InvestSmart partner in investor education and strategic work in investor empowerment and education

Internationally:

- As a member of the International Network of Financial Services Ombudsman Schemes (INFO Network)
- Participation in international meetings and conferences organised by bodies such as International Organization of Securities Commissions (IOSCO), International Forum for Education (IFIE) and Organisation for Economic Co-operation and Development (OECD). SIDREC has been a member of the INFO Network since 2013. The SIDREC CEO has been appointed a member of the INFO Network Committee.

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.

### SIDREC in the capital market institutional framework



### Malaysian capital market

The Malaysian capital market remains resilient as evidenced by its overall performance. While the equity market capitalisation decreased by about 1.6% to RM1.67 trillion in 2016, its total debt securities outstanding increased by about 4.3% to RM1.17 trillion. The fund management industry maintained its growth path with an increase in the assets under management (AUM) by approximately 4.3% to RM696.3 billion in 2016.

Malaysia's Islamic capital market continues to make a significant contribution to the Malaysian capital market in 2016, with market capitalisation of shariah-compliant securities to total equity market capitalisation standing at 63.7% or about RM1.06 trillion and the percentage of sukuk outstanding to total debt securities outstanding, at about 56.4% or RM661.1 billion.

Whilst the Islamic AUM made up about 21.5% or RM149.6 billion of the total AUM of the fund management industry, about 60.8% of the total increase in the 2016 total AUM for the fund management industry was contributed by the increase in the Islamic assets under management.

The 2016 net asset value (NAV) of the unit trust funds, wholesale funds and private retirement schemes was about RM358.5 billion, RM90.8 billion and RM1.5 billion respectively. The size of the unit trust industry is equivalent to 21.5% of the Malaysian equity market capitalisation as at 31 December 2016, as compared to 20.45% as at 31 December 2015.

### SIDREC's role in the capital market

Against this backdrop are the market intermediaries comprising 227 Capital Markets Services Licence (CMSL) holders (including individual licensees) who contribute to the capital market through the access they provide to investors to a diverse range of capital market products and services. Of these CMSL holders, 131 are SIDREC members.

On 5 September 2016, following the amendment of the Capital Markets and Services (Dispute Resolution) Regulations 2010 by the SC and a direction by the SC, SIDREC's scope expanded to include registered persons, comprising commercial banks, Islamic banks and specified development financial institutions (DFIs), as its members. The inclusion of banks that offer capital market products and services as SIDREC's members ensures that SIDREC's

services are available to retail investors irrespective of the channel by which capital market products and services are delivered to them. The inclusion also ensures consistency in redress relating to capital market products and services.

### Our members

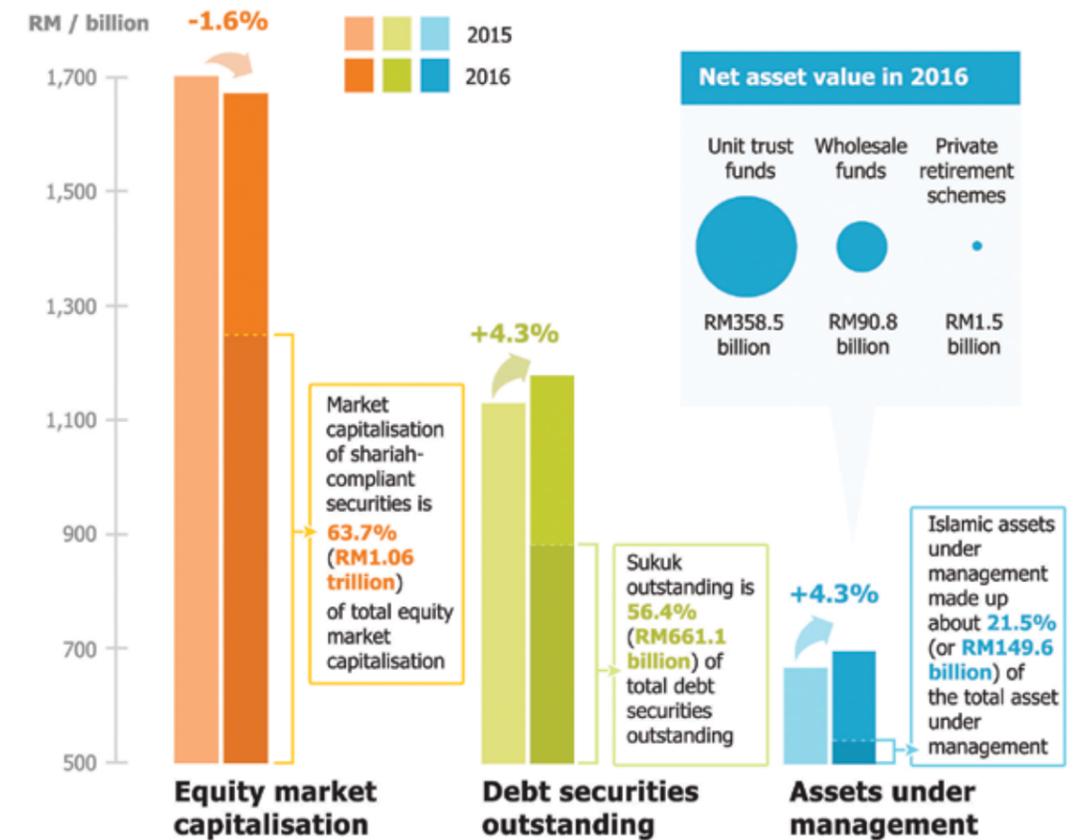
As at 31 January 2017, SIDREC has 176 members comprising 131 CMSL holders and 45 registered persons. They provide services to the market as securities and derivatives brokers, fund managers, unit trust management companies, Private Retirement Scheme (PRS) providers and distributors, corporate unit trust advisers, corporate PRS advisers, investment banks, commercial banks, Islamic Banks, specified DFIs and issuing houses. Their business activities include dealing in securities, dealing in derivatives, dealing in PRS and fund management. (See page 52 for the list of members.)

The market intermediaries are supported by their distribution channel in delivering services to the investing public. As at 31 December 2016, there were 9,632 Capital Markets Services Representatives Licence (CMSRL) holders, of whom 8,280 of these CMSRL holders or about 86% are involved in dealing in securities, dealing in derivatives and fund management.

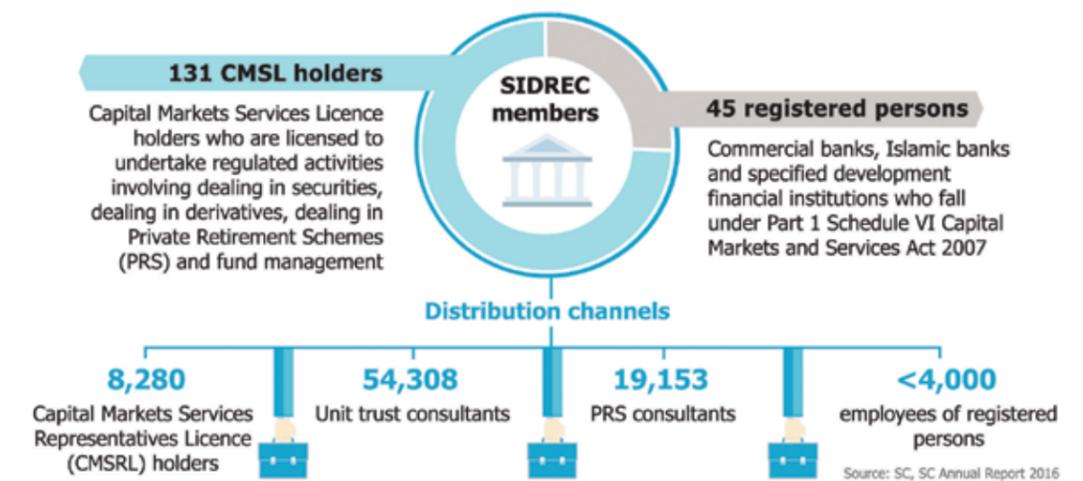
Aside from these CMSRL holders, the distribution channel of SIDREC's members are also supported by 54,308 unit trust consultants and 19,153 PRS consultants who are registered with the Federation of Investment Managers Malaysia (FIMM). Additionally, there are about 4,000 employees of registered persons who are involved in the delivery of capital market products and services to the investing public.

Source: SC, SC Annual Report 2016  
 Note: The comparison made between the total NAV of the unit trust industry and the Malaysian equity market capitalisation is not an indication of the actual amount invested in Bursa Malaysia by the unit trust industry.

### Role of SIDREC in the capital market



As at 31 December 2016



## Board of Directors & Management



**DATO' RANITA MOHD HUSSEIN**  
Chairman and Independent Director



**DATO' KOK WEE KIAT**  
Independent Director



**TAN SRI DATO' SRI HAMAD  
KAMA PIAH CHE OTHMAN**  
Industry Director



**DATO' SAIFUL BAHRI ZAINUDDIN**  
Industry Director



**DATO' HALIPAH ESA**  
Independent Director



**DATO' KARAM CHAND VOHRAH**  
Independent Director



**RAYMOND TANG CHEE KIN**  
Industry Director



**SUJATHA SEKHAR NAIK**  
Chief Executive Officer

## Board of Directors & 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 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, The Hague.

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

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

Where the capital markets are concerned, Dato' Ranita served as a member of the Governing Committee of the Kuala Lumpur Stock Exchange 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 holds an LLB (Hons) from the University of Singapore.

### **DATO' KOK WEE KIAT** Independent Director

Dato' Kok Wee Kiat is a founding director of SIDREC. He currently sits on the Board of Bata Malaysia Sdn Bhd. He has just retired from the Boards of Aluminum Company of Malaysia Berhad and AWLU Malaysia Foundation (AWLU: Asia Women Leadership University).

Dato' Kok was the Deputy Minister of Trade & Industry and Member of Parliament for Selandar (1986-1990). He also served as Co-Patron of the Malaysian Canadian Business Council (1989-2010), Vice President of the Malaysian Chinese Association (1985-1990), as well as President of the Rotary Club of Petaling Jaya (1985).

His active involvement in the area of corporate responsibility is clearly reflected in his previous positions. Dato' Kok has been the Honorary President of the Business Council for Sustainable Development Malaysia (now renamed Business Council for Sustainability & Responsibility Malaysia) since 1998. He was the Chairman of the Environmental Quality Council, Malaysia (2000-2009). He sat on the Advisory Board to the Greening of Industry Network (2002-2005). He was a judge for the ACCA Sustainability Reporting Awards, and StarBiz-ICR Corporate Responsibility Reporting Awards. Dato' Kok has been a member of the Organising Committee of the Prime Minister's Hibiscus Awards since its inauguration in 1996, sitting as its Chairman from 1998 to 2012, and continues to be the Advisor to the Committee.

Dato' Kok was an advocate and solicitor, holding an LLB (Hons)(Singapore). He was a founding partner of Mah & Kok (later renamed Mah-Kok & Din). He ceased legal practice in January 2001.

### **DATO' HALIPAH ESA** Independent Director

Dato' Halipah Esa is a founding director of SIDREC. She currently serves as an independent non-executive director of several public-listed companies, including MISC Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, KLCC Property Holdings Berhad, NCB Holdings Berhad and SP Setia Berhad. She also serves on the Boards of Malaysia Deposit Insurance Corporation, Cagamas Bhd and Northport Bhd. She was the Chairman of Pengurusan Aset Air Bhd and has also served on the Boards of Petronas, FELDA, Employees Provident Fund, Pensions Trust Fund, Inland Revenue Board, Putrajaya Corporation, UDA Holdings Bhd and Malaysia – Thailand Joint Development Authority.

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

She has previously been a consultant to the World Bank and the 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 (Econ), as well as a Master of Economics 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 a member of the Kuala Lumpur Regional Centre for Arbitration, member of the Singapore International Arbitration Centre (SIAC), a Fellow of the Singapore Institute of Arbitration (SIARB) and a 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 College, Kuala Lumpur; and was formerly External Examiner, Faculty of Law, University of Malaya, Malaysia.

He is a Consultant with Messrs. Lee Hishammuddin Allen & Gledhill. Before this, he was a Judge of the Court of Appeal, Malaysia, having served previously in the Judicial and Legal Service of Malaya and became Head of the Advisory Division, Attorney General's Chambers. He participated in many negotiations as legal adviser relating 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.

He served as a Commissioner of the Human Rights Commission of Malaysia from July 2002 up to April 2008 and was the Chairman of the Corporate Law Reform Committee, Malaysia. He was a Trustee of the Tun Suffian Foundation Incorporated and is presently the Chairman of the Loke Yew Scholarship Trust Fund.

Dato' Vohrah has written many articles on law and on human rights and co-authored the 5th Edition of Sheridan & Groves: The Constitution of Malaysia (2004) and Vohrah and Hamid on the Malaysian Penal Code (2005).

### **TAN SRI DATO' SRI HAMAD KAMA PIAH CHE OTHMAN** Industry Director

Tan Sri Dato' Sri Hamad Kama Piah Che Othman is a founding director of SIDREC. He is currently the Group Chairman of UMW Holdings Berhad.

He holds an Honorary Doctorate in Economics and Muamalat Administration from Universiti Sains Islam Malaysia, another Honorary Doctorate in Business Administration from Universiti Tenaga Nasional, Masters of Philosophy from University of Swansea, United Kingdom and a Diploma in Statistics from Universiti Teknologi MARA, Malaysia.

Tan Sri Dato' Sri Hamad is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA). He is also a Certified Financial Planner (CFP) of the Financial Planning Association of Malaysia and an Honorary Fellow and Registered Financial Planner (RFP) of the Malaysian Financial Planning Council.

He has more than 30 years' experience in the field of investment and unit trust management. He began his career in PNB as an investment analyst in 1979, before taking on various other responsibilities in many areas of investment management and corporate finance, including as a portfolio manager and head of corporate restructuring. Having covered various facets of the investment management functions in PNB, Tan Sri Dato' Sri Hamad rose through the ranks to become the Group Chief Executive of PNB in 1998. After an illustrious career spanning more than three decades at PNB, Tan Sri Dato' Sri Hamad retired from PNB on September 30, 2016.

Besides chairing the Board of UMW Holdings Berhad, Tan Sri Dato' Sri Hamad is also the Chairman of PNB Development Sdn Berhad and E-Lock Corporation Sdn Berhad, Chairman of the Board of Universiti Malaysia Kelantan, Trustee of Yayasan Karyawan, and a director of PFM Holdings Sdn Berhad and Professional Golf of Malaysia.

### **DATO' SAIFUL BAHRI ZAINUDDIN** Industry Director

Dato' Saiful Bahri Zainuddin is a founding director of SIDREC. He is currently the Executive Director of OSK Holdings Berhad. Dato' Saiful Bahri holds a Bachelor of Science Degree in Economics & Finance from Western Michigan University, USA in 1985. He also attended the Global Leadership Development Programme at Stanford University, USA.

Dato' Saiful Bahri is a Board Member of Bursa Malaysia Berhad and sits as a committee member of Board Risk Committee, and the Board Nomination and Remuneration Committee at Bursa Malaysia Berhad. He has been appointed as a board member of Bursa Malaysia Securities Sdn Bhd as well as Bursa Malaysia Securities Clearing Sdn Bhd. Dato' Saiful Bahri has served as a member of the Securities Commission Malaysia's (SC) Securities Law Consultative Committee as well as the Financial Adviser to the Negeri Sembilan State Government Think Tank. Dato' Saiful Bahri sits as the Board of Trustee for the Bumiputera Dealer Representatives Education Fund (BDREF) and the Bumiputera Training Fund (BTF). He is an investment committee panel member of Eastspring Asset Management. He is also a member at the Secondary Market Business Advisory Board at the SC. He is currently sitting as a board member of the OSK Group of companies.

Dato' Saiful Bahri was previously holding the position of Executive Director at Affin Holdings Berhad. He previously held positions which include the Executive Director, Dealing of Rashid Hussain Securities Sdn Bhd and CEO/Executive Director, Dealing of Fima Securities Sdn Bhd. Dato' Saiful Bahri was also with Heavy Industries Corporation of Malaysia (HICOM) attached to the Corporate Planning Division. Dato' Saiful Bahri was a former member of the Securities Market Consultative Panel of Bursa Malaysia Berhad.

### **RAYMOND TANG CHEE KIN** Industry Director

Raymond Tang Chee Kin is a founding director of SIDREC. He is currently the Chief Executive Officer and a member of the Board of Directors of Eastspring Investments Berhad (EIB), effective from April 2016. He has over 30 years of experience in the asset management business, managing both institutional and unit trust funds. Prior to joining EIB, he was the Head, International & Institutional Business of CIMB-Principal Asset Management Bhd.

Currently, Raymond is the Chairman of the Malaysian Association of Asset Managers and Chairman of the FTSE Bursa Malaysia Index Advisory Committee. He is also an invitee in the Executive Committee of Malaysia International Islamic Financial Centre and the Market Participants Committee of Bursa Malaysia.

Raymond is a Fellow of the Chartered Institute of Management Accountants of England and he holds a Capital Markets Services Representative's License for fund management under Capital Markets and Services Act.

## **SUJATHA SEKHAR NAIK** Chief Executive Officer

Sujatha Sekhar Naik has been the Chief Executive Officer of SIDREC since March 2013, when she was seconded by the Securities Commission Malaysia (SC) to take on this appointment. Under her stewardship, Sujatha has helped 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.

A former Head of Investor Affairs and Complaints of the SC, Sujatha was responsible for the management of complaints relating to market misconduct and the development and implementation of SC's investor education strategy. Her work in the SC included advisory and reform work in both the General Counsel's Office and the Corporate Finance and Investments Business Groups. Sujatha has and continues to represent SIDREC and the SC as a presenter and panelist at international and domestic forums on dispute resolution, investor education and other capital market issues as well as on a number of inter-agency committees.

At the international level, Sujatha is a member of the International Network of Financial Services Ombudsman Schemes (INFO Network) committee.

Sujatha represents the SC on the International Organization of Securities Commissions (IOSCO), Committee 8 on Retail Investors. She also sits on the Working Group on Dispute Resolution & Enforcement Mechanisms under the ASEAN Capital Markets Forum, which works to establish best practice standards and capacity building initiatives in the region to support the provision of specialised dispute resolution avenues for cross-border transactions.

Sujatha has experience in both legal practice and as an in-house legal counsel. She obtained her LLB (Hons) 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.

Sujatha is also an accredited mediator on the panel of the Bar Council Malaysian Mediation Centre (a member of the Asian Mediation Association).

## Panel of Mediators & Adjudicators

### SUJATHA SEKHAR NAIK

Sujatha Sekhar Naik has been the Chief Executive Officer of SIDREC since 2013. She has 28 years of experience in legal and capital market related work. Her previous role included heading the Securities Commission Malaysia's (SC) Investor Affairs and Complaints function. She continues to be involved in regulatory and market development work, sitting on various committees and working groups on capital market issues. She brings to her role as CEO and member of SIDREC's Panel of Mediators and Adjudicators, an in depth understanding of the regulatory framework and practical understanding of the capital market and as well as insight into investor concerns and challenges, in addition to the dispute resolution experience that is inherent in the management of investor complaints.

Prior to joining the SC in 2001, Sujatha gained experience both in practice and as an in-house legal counsel. She obtained her LLB (Hons) 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 and is also an accredited mediator on the panel of the Bar Council Malaysian Mediation Centre (a member of the Asian Mediation Association).

### HONG SIEW LAI

Hong Siew Lai is SIDREC's Head of Dispute Resolution. She joined SIDREC in 2011 as a full-time mediator/adjudicator with oversight of case management of claims filed with SIDREC. As a founding staff member of SIDREC, she has played a significant role in SIDREC's growth.

Prior to joining SIDREC, Siew Lai spent some seven years at a Malaysian investment bank. Her last post was Assistant Vice President, Corporate Affairs, Legal & Compliance and registered Compliance Officer. Earlier, from 1998 to 2004, Siew Lai practised as an advocate and solicitor, where her scope of work included civil litigation, corporate as well as commercial and conveyancing matters.

Siew Lai's legal and capital market experience places her in good stead in mediating and adjudicating matters relating to capital market issues and to provide sound

guidance to both clients and members through the dispute resolution process. She also speaks regularly at capital market events.

Siew Lai is a Fellow of the Chartered Institute of Arbitrators (FCIArb). She holds a Diploma in International Commercial Arbitration from the Chartered Institute of Arbitrators. She is also an accredited mediator on the panel of the Bar Council Malaysian Mediation Centre. Siew Lai was admitted as an advocate and solicitor of the High Court of Malaya in 1998. She has a LLB (Hons) from the University of East London.

### ANGELINA KWAN

Angelina Kwan is the Managing Director and Head of Regulatory Compliance for Hong Kong Exchanges and Clearing Limited. Angelina has extensive experience in Asia Pacific and the United States, in business development, restructuring, regulatory/compliance, as well as investor and stakeholder relations. She started her career at KPMG and 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 is currently a Hong Kong Government appointed member of the Women's Commission, the Council for Sustainable Development, and the Administrative Appeals Board, a Director and Chairman of the Audit Committee of the Securities Industry Development Corporation of Malaysia, the Vice-Chairman and Director of The Women's Foundation, a Fellow and Member of the Regulatory Accountability Board, Hong Kong Institute of Certified Public Accountants, an Honorary Adjunct Professor of Finance for the Hong Kong Polytechnic University, and serves on a number of other Boards and committees. She lectures frequently for various international government and regulatory organizations as well as course providers.

She is a Certified Public Accountant in the United States and Hong Kong and a graduate of the University of Southern California. Her MBA is from Pepperdine University and LLB from Hong Kong University and Manchester Metropolitan University.

### NAHENDRAN NAVARATNAM

Nahendran Navaratnam is the principal partner at Navaratnam Chambers and 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 (FCIArb), 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 also a trained mediator and adjudicator.

Nahendran is a graduate of Monash University Australia and holds a Bachelor of Science (Materials Science) and a Bachelor of Laws. He was called to the Malaysian Bar in 1998.

### LYNETTE YEOW SU-YIN

Lynette Yeow is a partner at Chua Associates, a specialist corporate and commercial law firm. Lynette 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) in 1992 and was called to the Malaysian Bar in December 1994. She was also conferred an MA by the University of Cambridge. Lynette is an accredited mediator on the panel of the Bar Council Malaysian Mediation Centre. She is a member of the Board of Directors of Themed Attractions Resorts & Hotels Sdn Bhd.

### SHANTI ABRAHAM MATHEW

Shanti Abraham Mathew practises in her own boutique practice Shanti Abraham & Associates and she has vast experience in corporate and dispute resolution matters.

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. She also has a significant corporate and dispute resolution practice in healthcare-related matters (including risk management and medico-legal disputes).

Shanti is a mediator with the Malaysian Mediation Centre and an associate mediator with the Singapore Mediation Centre. She has been a trainer with the Singapore Mediation Centre for its certificate programme for mediators since 2013. She is also a healthcare mediator on the specialist panel of mediators with the Singapore Mediation Centre (in a joint venture with the Ministry of Health, Singapore). She has trained the Brunei Judiciary in mediation skills.

Shanti graduated with an LLB (Hons) from the National University of Singapore in 1994 and completed the Program on Negotiation at Harvard Negotiation Institute (Harvard Law School) 2014. She also holds a Diploma in International Commercial Arbitration and is a Fellow of the Chartered Institute of Arbitrators (FCIArb). She has been called to both the Singapore (1995) and Malaysian Bars (1999).

## LIM CHEE WEE

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.

Chee Wee 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.

Chee Wee graduated from the University of New South Wales with a LLB degree and B. Comm. (Accounting) degree. He was called to the Malaysian Bar as an Advocate and Solicitor in 1993 and started practising in SKRINE thereon.

## WONG LU PEEN

Wong Lu Peen is the Senior Partner of Wong Lu Peen & Tunku Alina. She obtained her Bachelor of Laws (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 was awarded her Master of Business Administration by Universiti Malaya in 2014.

Lu Peen started her career in law in the Magistrates Courts in England, working as a court clerk in Uxbridge, Middlesex before returning to Malaysia. In Malaysia, Lu Peen began her practice as a general conveyancing lawyer and progressed to commercial contracts. Her portfolio includes acquisitions and investments by foreign parties into and out of Malaysia. Lu Peen is currently a chairperson of the disciplinary committee for disciplinary proceedings brought by the Bar Council Disciplinary Board.

She is the Co-Chairperson of the Arbitration & Alternative Dispute Resolution Committee of the Bar Council and the Malaysian Mediation Centre (MMC). She is a qualified mediator registered with the MMC. She also trained with the Singapore Mediation Centre and is registered as an associate accredited mediator and occasionally assists to train mediators there. She has also been appointed as a member of the advisory panel of the Australian Dispute Resolution Centre in Sydney. She has trained judges, lawyers and other professionals in mediation, and has been invited to assess students for their mediation credits in Universiti Malaya.

## CHRISTOPHER LEONG SAU FOO

Christopher Leong is an advocate and solicitor of the High Court in Malaya of more than 26 years. He is the Managing Partner of Chooi & Company. Christopher has extensive experience in corporate and commercial litigation, shareholders' disputes, banking litigation and insolvency. He also practises in the area of constitutional and administrative law and public interest litigation. He also acts as counsel in domestic and international arbitration, both in Malaysia and overseas. Christopher is an arbitrator with the Kuala Lumpur Regional Centre for Arbitration.

Christopher was the President of the Malaysian Bar and the Chairman of the Bar Council of Malaysia from 2013 to 2015, Christopher is the President-Elect of LAWASIA, the Law Association for Asia and the Pacific. He also sits on the board of the Institute for Democracy and Economic Affairs (IDEAS), a think tank foundation in Malaysia.

Christopher graduated with a Bachelor of Arts, majoring in economics and philosophy in 1984 from Monash University and completed reading law at the University of Nottingham in 1988. He was called to the Bar of England and Wales in 1989 and to the Malaysian Bar in 1990.

## AISHARA ABDUL RAHIM

Aishara has over 15 years of experience in the capital markets. She joined SIDREC as a senior case manager handling complaints involving a range of capital market products and services. Her exposure and experience in the capital markets has enabled her to facilitate resolution of disputes at case management level. While at SIDREC, she was also involved in capacity building initiatives for the purpose of building the capacity and quality of specialised capital market dispute resolution expertise and SIDREC's awareness initiatives to increase awareness and understanding amongst the public of the services provided by SIDREC.

Aishara's last role before joining SIDREC was as head of the group internal audit function of a local investment bank. Prior to that, Aishara spent more than six years at the Securities Commission Malaysia gaining valuable experience as an analyst in its financial and corporate surveillance function. Aishara started her career in 1994 with Arthur Andersen Malaysia.

Aishara is a qualified mediator accredited by the Bar Council Malaysian Mediation Centre. Aishara is also a member of the Malaysian Institute of Certified Public Accountants and American Institute of Certified Public Accountants. She obtained her Bachelor of Science in Economics degree with a concentration in Accounting from the University of Pennsylvania, USA in 1994.

# Leveraging on the Dispute Resolution Process

Alternative Dispute Resolution (ADR) is today mainstream in most developed markets and many emerging markets. The importance of ADR for financial markets is evident with accessibility of ADR avenues being a key component of best practice standards and regulatory trends set by bodies such as International Organization of Securities Commissions (IOSCO), G20, Organisation for Economic Co-operation and Development (OECD), the European Union (EU) and the World Bank.

At the regional level, the ASEAN Capital Markets Forum (ACMF) that comprises securities regulators from 10 ASEAN countries have been working to ensure that member country frameworks are able to address cross-border disputes with consistency in terms of quality, expertise and approach, as well as ease of enforcement. In a market where there is an increasing ability to raise capital and investors can access diverse products across borders, effective cross-border ADR mechanism is critical.

The Working Group on Dispute Resolution & Enforcement Mechanisms (WGDREM) was set up under the ACMF umbrella to facilitate the development of an eco-system that supports cross-border transactions. SIDREC is part

of the Securities Commission Malaysia (SC)'s team on the WGDREM, representing Malaysia's interests.

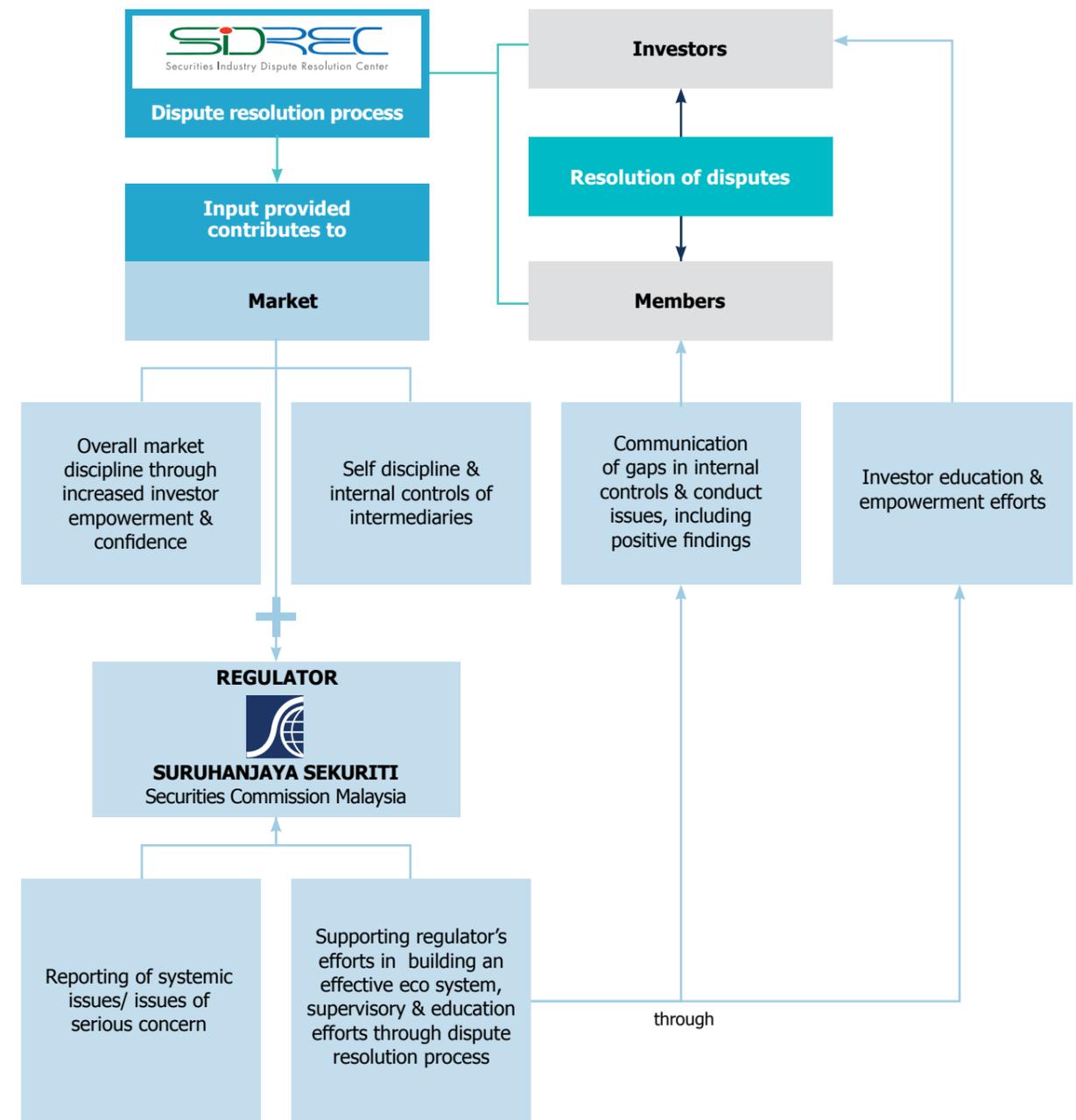
WGDREM's work focuses establishing common best practice standards to support frameworks of participating jurisdictions to address cross border disputes, with emphasis on consistency of quality, expertise and approach, and ease of enforcement. Work is also being undertaken towards building the capacity and expertise required to address disputes for both domestic needs as well as cross-border transactions.

SIDREC places priority on ensuring that our processes and rules are subject to robust reviews to ensure they remain relevant and support the integrity and quality of its services. We are committed to the sustainable building of capacity and expertise to keep in-step with global best practice that is relevant to domestic market needs.

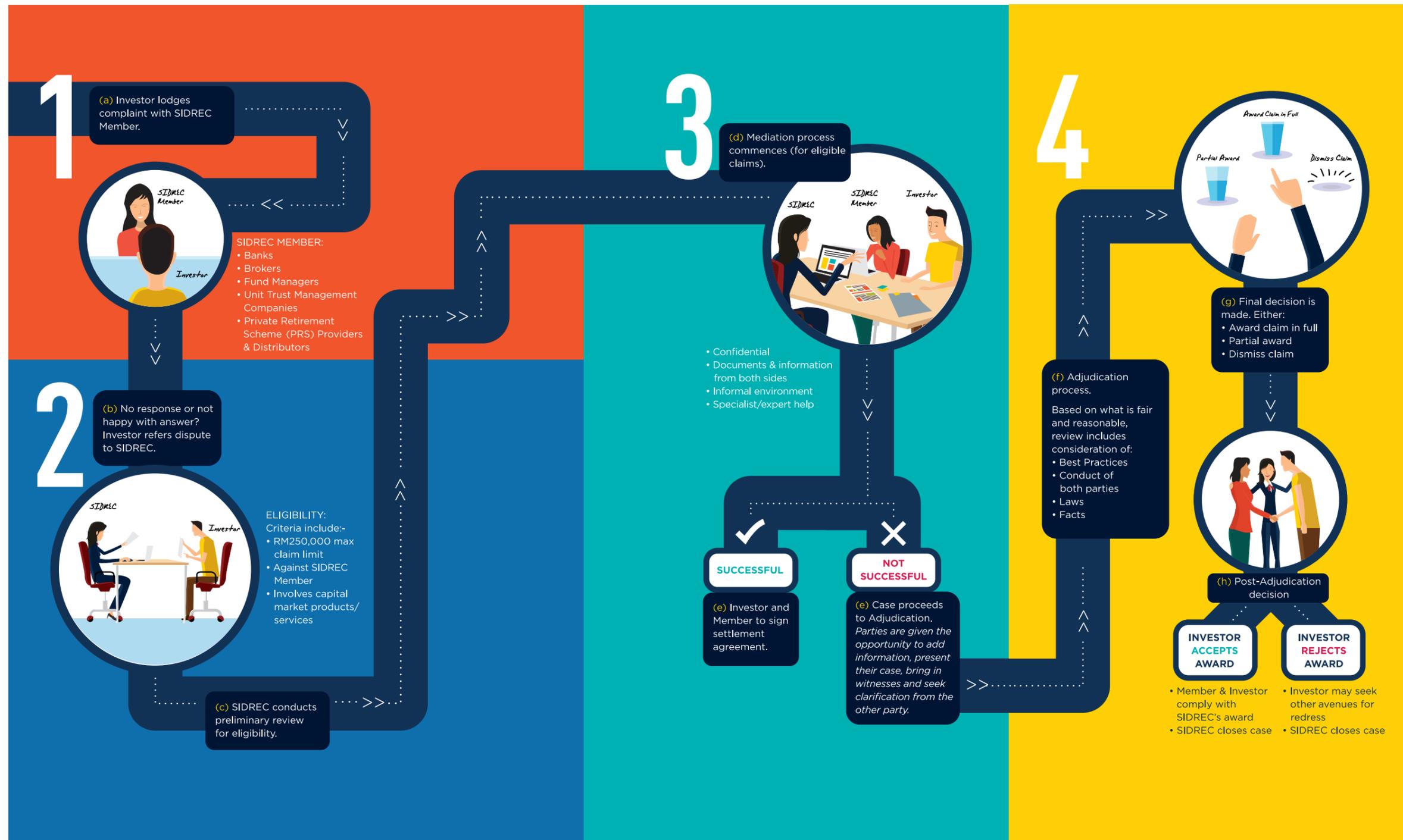
## SIDREC'S VALUE PROPOSITION

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

## How SIDREC benefits the capital markets



## The Dispute Resolution Process



## Dispute Resolution

# Report and Statistics

In 2016, SIDREC received a total of 345 claims and enquiries comprising 69 eligible claims, 217 enquiries and 59 ineligible claims. The total number of claims and enquiries received by SIDREC increased by 51.3% from 2015 to 2016, with eligible claims increasing by approximately 73%, and enquiries increased by approximately 28%.

A case is classified as an eligible claim, if it:

- (i) involves capital market products or services in SIDREC's purview;
- (ii) is brought by an individual investor/ sole proprietor;
- (iii) is made against a member of SIDREC; and
- (iv) involves a claim for monetary loss.

If the criteria is not met, it would fall outside SIDREC's purview and as such, would be classified an ineligible claim. Some ineligible claims could be complaints related to capital markets but do not involve monetary loss, or are complaints made against companies who are not members, or even are totally unrelated to the capital markets. In situations where SIDREC is able to help, we refer complainants to relevant agencies.

The increase of cases received may be attributed to:

- (i) an increase in public awareness arising from SIDREC's public awareness campaigns;
- (ii) the broadening of SIDREC's scope to include commercial banks, Islamic banks and specific Designated Financial Institutions who offer capital market products and services as members of SIDREC; and

(iii) an increase in the maximum claim limit from RM100,000 to RM250,000 which came into effect on 1 December 2015.

SIDREC also received claims for amounts exceeding RM250,000 which were withdrawn due to our maximum limit. This may no longer be a problem from 2017 as SIDREC intends to start accepting claims exceeding RM250,000 on a voluntary submission basis, where *both* parties seek SIDREC's help.

SIDREC resolved 48 eligible claims, of which 10 of the claims were resolved through mediation and 34 were resolved through case management. Awards have been issued for the four remaining cases that proceeded to adjudication.

SIDREC is committed to resolve claims as promptly as possible. Our adherence to our procedures and processes focuses on reaching an amicable resolution for the parties involved. However, although the efficiency brought by the time charter is important, our adherence to it should not undermine the effectiveness of the process nor be an unreasonable burden to the parties.

In this regard, whilst we are committed to resolve claims as promptly as possible, we recognise that certain claims are more complex than others, and as such require more time to resolve. In this respect, of the 48 cases resolved, 90% (43 cases) were resolved within the mandated timeline of 90 business days. These were resolved at either the case management or mediation stage. The remaining five cases – four progressed to adjudication and one was resolved at mediation – were resolved

within 130 business days. The delays were due to either the availability of the parties or the complexity of the cases.

From the 69 eligible claims received by SIDREC in 2016, 46% (32 of 69 cases) relate to dealing in unit trusts and approximately 35% (24 of 69 cases) relate to dealings in securities such as shares and warrants. Eligible claims related to unit trust investments tripled the number received in 2015. We also received eight claims related dealing in structured products, of which one claim was ineligible.

Market Conduct has been the main category of claims, followed by claims relating to Service Standards and the Member's Practices and Polices, for years from 2014 to 2016.

In 2016, almost 57% of the Market Conduct claims were in relation to unit trust investments. We observe that the acceptance of cash for unit trust investments has been an ongoing issue over the years.

In addition, in 2016, a significant number of claims involved aggressive marketing practices in relation to margin financing for unit trust investments, including allegations that risks and costs were not adequately explained to investors. These issues demonstrate concerns in the sales practices employed by agents,

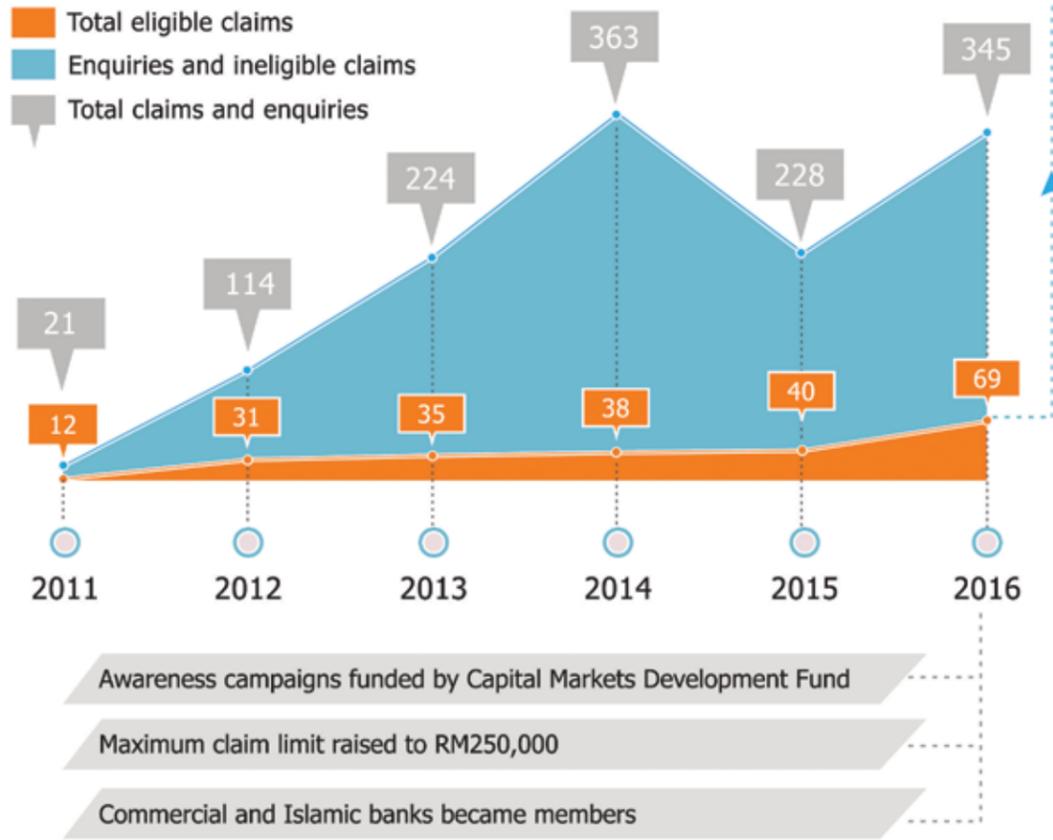
especially towards investors who are illiterate or lack sufficient understanding of the product or service offered.

With the insertion of Section 59A in the Capital Markets and Services Act 2007 in relation to the civil liability of the principal for the acts of its representatives, the regulator's expectation of market intermediaries is now made explicit.

In some of the claims we handled, we observed that some investors did not realise they had applied for margin financing to invest in the unit trust schemes and did not understand what 'margin financing' was, not to mention the risks and costs involved in utilising margin facility to finance such investments. We also note that many of these investors are mature adults who wanted to grow their nest egg for their golden years.

We also note that some SIDREC members have instituted a 'call back' mechanism by a department independent from the sales side to customers above a certain age to ensure that the customer understands the salient terms and features of the products invested in. Some members have also put in place a measure that deferred the payment of commission to agents, which would be paid out only after a certain period if the member does not receive any complaint against the said agent.

## Claims and enquiries, 2011-2016



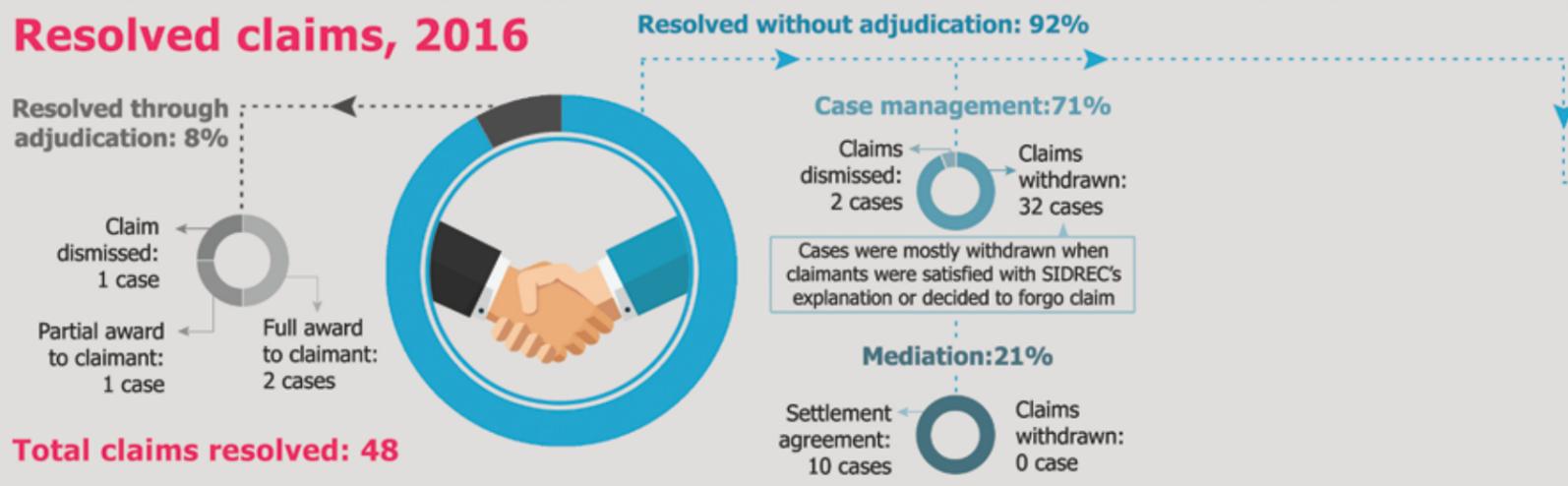
### Breakdown of claims in 2016



## Nature of claims



## Resolved claims, 2016



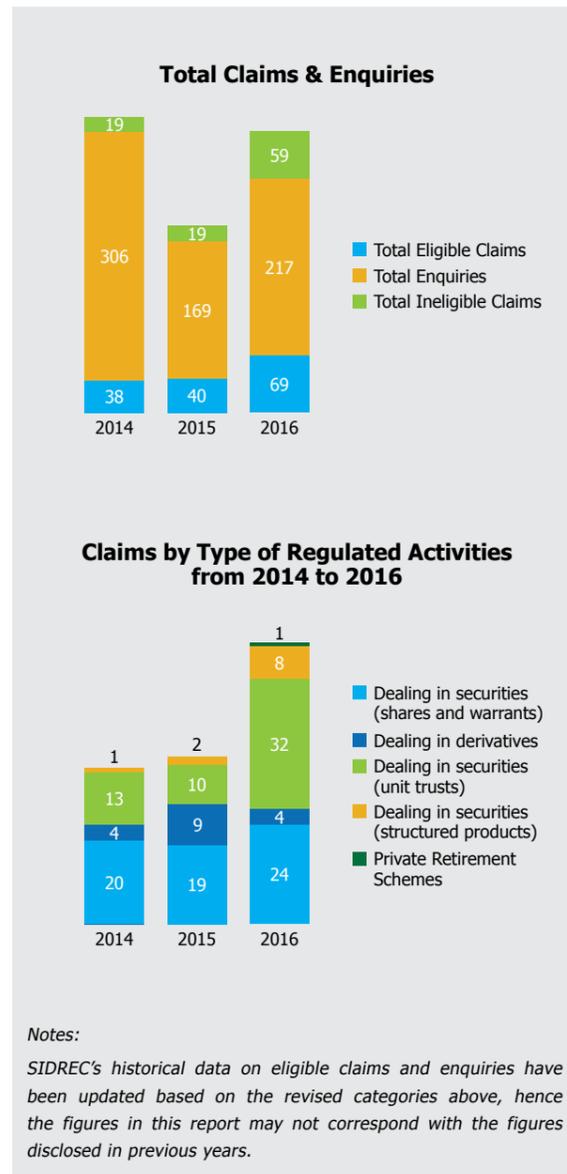
46% of the claims related to unit trusts

35% of the claims related to shares and warrants

### Why resolve claims at mediation stage?

- Members and claimants retain control and decide on the outcome
- Disputes are resolved, goodwill and business relationship maintained
- Time and cost efficient
- Independent and impartial expert help in resolving disputes

### 1. CLAIMS AND ENQUIRIES FROM 2014 TO 2016



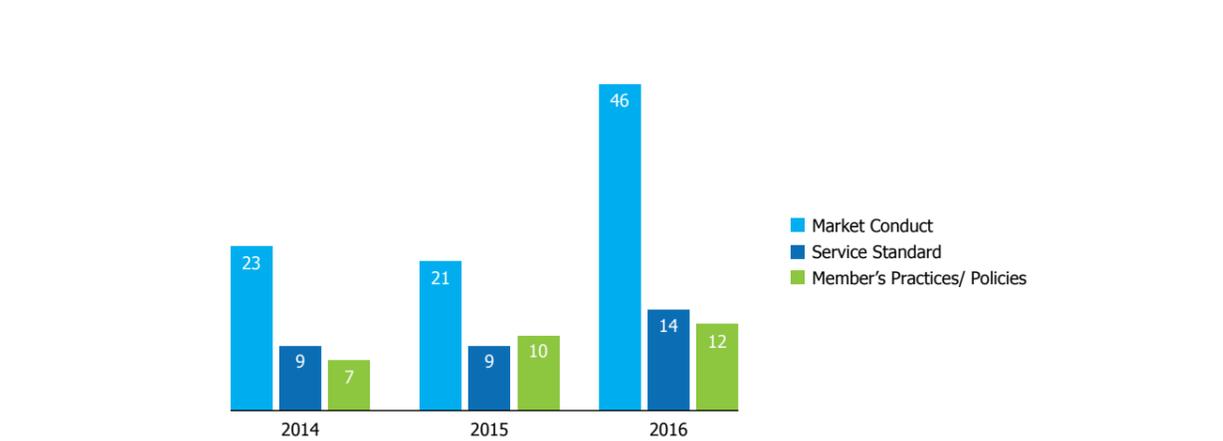
In 2016, SIDREC received a total of 345 claims and enquiries comprising 69 eligible claims, 59 ineligible claims and 217 enquiries. Over and above the 69 eligible claims received in 2016, SIDREC also worked on 12 eligible claims carried forward from 2015 and as such, over the year, we processed a total of 81 claims.

Of these 81 claims, SIDREC resolved 48 cases and carried forward 19 cases to 2017. Of the remaining 14 cases, seven claims were excluded disputes under Rule 7 of SIDREC Terms of Reference e.g. time-barred, the cases were the subject of court proceedings, etc. The seven remaining cases were premature claims, involving claimants who had not yet complained to the members concerned directly before coming to SIDREC.

In terms of specific products, historically, the number of claims relating to dealings in securities (not involving unit trusts) were the highest. However, in 2016, the number of claims arising from dealings in unit trusts overtook the number of claims arising from dealings in other securities.

We also note that in 2016 we received eight claims related to dealing in securities (structured products) as compared to only two in 2015.

### 2. NATURE OF CLAIMS RECEIVED FROM 2014 TO 2016



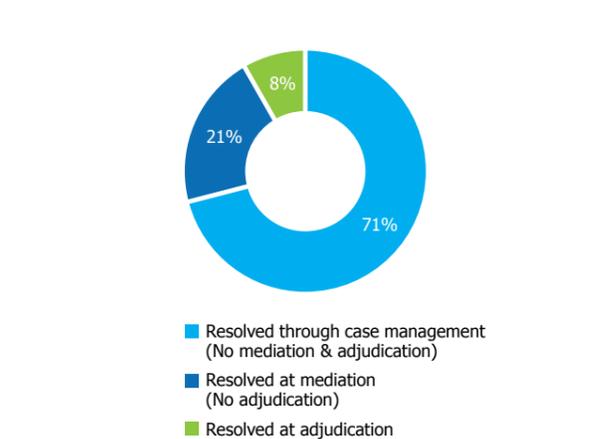
*Notes:*

Certain claims involved more than one nature, hence the number of claims received based on nature may not correspond with the total claims received during the years.

More than 60% of the eligible claims received during 2016 involved market conduct issues.

Although Market Conduct was already the leading issue, the number of cases relating to Market Conduct more than doubled from 2015.

### 3. CLAIMS RESOLVED BY SIDREC IN 2016



*Notes:*

Out of the 4 adjudicated cases, there were 2 full awards, 1 partial award which was subsequently rejected by the claimant, and 1 case which was dismissed.

In 2016, SIDREC resolved a total of 48 eligible claims, of which:

- 32 claims were resolved/withdrawn at the stage of case management;
- 10 claims were resolved through mediation by way of settlement agreements;
- 4 claims were resolved at adjudication; and
- 2 claims were dismissed as being unsustainable.

### Case management

SIDREC’s case management team works diligently to understand the issues and engage with the parties to resolve cases before they progress to mediation.

Seventy-one per cent of the cases were resolved through case management. We attribute the success to our case managers who possess the appropriate balance of dispute resolution skills and necessary capital market knowledge and experience. This enables them to review the cases in an informed manner and procure and verify the necessary information, to facilitate a better understanding of the issues by both parties, towards resolution of the claim. The mediative approach adopted by our case managers from the start to closure of a case, is reflective of SIDREC’s commitment to help parties resolve their dispute.

The team are held to and supported by clear rules and procedures as well as code of conduct that ensure the integrity of our process and good governance.

Thirty two claims were resolved/withdrawn at the stage of case management:

Circumstances of withdrawal	No. of cases in 2016
Settled after SIDREC intervention/ claimant accepted SIDREC’s explanation	18
Settled without SIDREC intervention	6
Claimant decided to forgo claim	4
Claimant uncontactable/ did not furnish further information; deemed not interested in pursuing claim	3
Claimant withdrew with liberty to file afresh in view of updated claim limit	1
<b>Total</b>	<b>32</b>

Eighteen cases were withdrawn in situations whereby the claimants withdrew after gaining more understanding of their investment or the investment process from SIDREC’s explanation, or members decided to settle with the claimants after gaining a better understanding of the case.

In some instances claimants who initially refused to accept valid explanations provided by members accepted the same explanation from SIDREC once we had verified the facts. This speaks to the value of the independent and impartial help provided by bodies such as SIDREC, particularly in disputes where there is sometimes a deficit in trust between the parties.

Some cases were submitted prematurely. We received six such cases whereby the claimants were advised to go through members’ internal complaint channels. These cases were all settled to the claimants’ satisfaction without needing to go through SIDREC’s dispute resolution process. These cases were as such, subsequently, withdrawn.

There were a few cases whereby the claimants decided to withdraw for personal reasons including health reasons and the desire to maintain their relationship with their remisier or agent.

### Mediation

Out of the 14 cases that were mediated, 10 were successful and the parties subsequently entered into settlement agreements. Four cases progressed to adjudication.

We have found that mediation is most successful when the parties involved come with a desire for resolution expressed through respectful language and constructive mindset and approach.

### Adjudication

Of the four adjudicated cases, two resulted in full awards. These were accepted and parties entered into Settlement Agreements. One case resulted in a partial award which was rejected by the claimant, and the remaining claim was dismissed by the adjudicator.

### Limited appeal avenue

SIDREC’s Appeals Committee (SIAC) received one application for appeal. SIAC found that the appeal did not meet the specific grounds of appeal required to be eligible, and the appeal was rejected.

### Top 3 issues in 2016

Approximately 64% of the issues raised in 2016 were issues relating to Market Conduct:

- Fraud/ defalcation/ misappropriation: 25%
- Sales practices: 25%
- Unauthorised transactions/ non-compliance with instructions: 14%

While the number of disputes relating to fraud has risen almost threefold from 2015 to 2016, it is noted that some of the cases received in 2016 were from alleged transactions that took place between 2011 to 2014. This rise in numbers may in part also be due to greater investor awareness and stakeholder co-operation through referrals to SIDREC.

### Update on cases under judicial review

Two awards in 2013 in respect of SIDREC’s decisions were challenged by way of judicial review applications by the member concerned, PM Securities Sdn Bhd (PM Securities).

In both cases, PM Securities sought, among others, an order to quash SIDREC’s decisions which found that the dealer’s representative was acting as an agent of PM Securities. Thus, PM Securities was liable for the defalcation committed by its dealer’s representative.

As the challenge on the ‘principal-agent’ relationship impacted the capital market framework and investor protection, Securities Commission Malaysia (SC) had also successfully applied to be an Intervener in the judicial review proceedings to reinforce that the agency relationship exist between the stockbroking company and its representative.

In August 2015, the High Court dismissed both the judicial review applications with costs. In September 2015, PM Securities filed a Notice of Appeal to the Court of Appeal against the dismissal of the two judicial review applications. However in November 2016, the Court of Appeal dismissed both appeals.

PM Securities has subsequently filed an application for leave to appeal to the Federal Court against the Court of Appeal’s decisions. The matter is now pending hearing of the leave application.

## Awareness & Capacity Building

SIDREC's true value as an alternative dispute resolution (ADR) avenue for the capital market related disputes will be seen when investors who require our service are, as a norm, aware of us and understand how we can assist them in their disputes with our members. As we reviewed 2015, and having listened to our stakeholders, we knew that we needed to expedite efforts in this area. Additionally, we also had to ensure we had the necessary capacity in terms of our expertise and resources to continue to build and sustain a quality and effective ADR service that is relevant to the needs of a growing and increasingly complex capital market.

Our limited resources, however, did not allow us to venture beyond very basic developmental work on both the awareness and capacity building fronts.

In terms of awareness initiatives, we had within the limited resources available managed to achieve some progress through simple activities such as a developing informational collateral, a few media interviews, exhibitions, speaking engagements and participation at seminars and roadshows run by stakeholders. Traffic to our website was low, and from the feedback we received directly and through stakeholders, awareness of SIDREC still needed much work. So, whilst the many awareness activities we participated were necessary, and in fact, instrumental in helping us achieve what we had so far, they were also insufficient to bring us to the next level.

Similarly, with the developments in the market and the regulatory framework, the limited availability of expertise that combines both dispute resolution and capital market knowledge and experience was a concern from a sustainability perspective. There was also a need for a structured training programme that encompassed a strong continuing professional development component. These were all identified as part of our focus in the five-year strategy SIDREC had shared with members in 2014.

To this end, SIDREC applied for a grant from the Capital Market Development Fund (CMDf) in late 2015 for funding for our awareness and capacity building needs, which was referred to officially as Developmental Initiatives. We received approval for a grant of RM3.096 million from

CMDf to put to work on these Developmental Initiatives over a period of two years (2016 and 2017). With the funds, we were able to obtain the help of a consultant to help us put together a strategic implementation plan. Based on our review, we adjusted our priorities to focus primarily on awareness efforts in 2016. The plan provided for the commencement of early work on capacity building in 2016 but with primary focus on it in 2017.

The CMDf grant has been the fuel that enabled us to venture into new promotional activities, cutting across different modalities of delivery, even as we continued with existing efforts supported by new promotional collaterals, specially designed to be simple and handy.

The grant has enabled SIDREC to produce and pay for advertisements and edumericals in both print media and radio, in four languages, to reach out to both rural and urban areas. We also embarked on a digital campaign to hype up brand awareness of SIDREC in the digital sphere. We have managed to achieve good measurable progress from our efforts.

For capacity building, we developed and conducted a two-day workshop for our panel of mediators and adjudicators, and key stakeholders in 2016. In 2017, we intend to work with an advisory group of experts, comprising experts, both domestic and international, identified for SIDREC's specific needs, from whom SIDREC may obtain input as a group or individually on the overall quality and relevance of SIDREC's services, the development of its scope and compliance with international and domestic best practices for specialist capital market dispute resolution.

### Media awareness

We ran a series of advertisements in popular newspapers (in four languages), including two regional ones in Sabah and Sarawak. The advertisements had allowed us to create a degree of sustained exposure. On top of paid print advertisements, the CEO was also interviewed by a business weekly, and several other newspapers and a women's magazine. Some of the prominently-featured interviews were possible because of the goodwill of Employees Provident Fund (EPF) and

the Securities Commission Malaysia (SC). We were featured in a magazine published by the Financial Planning Association of Malaysia and in a journal by the Association of National Exchanges Members of India. We also received Press coverage for our engagement with our new bank members.

We supplemented print with broadcast media, as we believe radio is a powerful tool to reach out to the investing public. Accordingly, we invested in a series of radio advertisements, broadcasting in four languages. We also embarked on a radio campaign targeting more sophisticated investors via a business radio station. Our CEO was also interviewed before the campaign started. Clips of radio podcasts have been uploaded on our website.

### Digital campaign

We also embarked on an integrated digital campaign to create greater brand awareness for SIDREC and to boost traffic to SIDREC's website. To this end, we used search engine optimisation (SEO) and search engine marketing (SEM), including placing advertisements on Google Display Network and the social media.

We also revamped our website for a fresher look, and tweaked the organisation of our content to make it more intuitive for access. We developed landing pages in English, Bahasa Malaysia and Chinese for immediate redirects from our SEO and SEM campaigns. We also translated key content into Bahasa Malaysia. Today, there are English and Bahasa Malaysia versions of the website. The number of visitors to our SIDREC website rose from just over 900 per month in May 2016 to nearly 13,000 per month at the end of December. We continue to find ways to improve our reach.

### Engagement with stakeholders

Members are potentially SIDREC's strongest ally, and an ADR promoter if they appreciate the value that ADR brings to business and the capital markets as a whole. While disputes are best settled between parties, there are times when an external party can bring resolution and closure through a mediative approach if the first attempt fails. A professional, independent and impartial body like SIDREC provides an effective mechanism to resolve disputes in a timely and cost-effective manner.

In our observation, SIDREC members' understanding of the value of ADR is critical. Towards this, we conducted two half-day engagement sessions for senior representatives of our members, and for working-level staff, cutting across functions, e.g. compliance, operations, risk management and customer service. We also conducted one-on-one engagement sessions with different members to provide direct feedback to members outside of the dispute resolution process.

SIDREC also provides members a secure members' portal, with a log-in from our website. They are also encouraged to give feedback to SIDREC.

We continue to engage with stakeholders to help them appreciate SIDREC's role and leverage on each other's strength, knowledge and reach the benefit of the market as a whole. This is done on a continuous basis. Organisations such as EPF, Bursa Malaysia, Private Pension Administrator Malaysia, Federation of Investment Managers (FIMM), Securities Industry Development Corporation and the SC have to varying degrees generously extended help in promoting SIDREC. Association of Banks Malaysia hosted a SIDREC briefing for commercial and Islamic banks who had newly become our members in November.

On our part, we support our stakeholders through presentations and participation in their awareness activities, including the nationwide workshops such as Products@Bursa organised by Bursa Malaysia for dealers' representatives. The six-month roadshow took us to seven locations from February to August and we engaged more than 1,000 participants in this series alone.

We had also spoken at the annual conference of Malaysian Investment Banking Association (MIBA). At FIMM's seminars for unit trust consultants, we spoke to front-liners about the role of SIDREC. We also spoke at the inaugural Annual Financial Planning Signature Conference on 26 May. On smaller scale, we gave a briefing to Ratings Agency Malaysia in July.

### On ground engagement with investors

We started the year with Bursa Malaysia's MarketPlace Fair @ Bursa in January, riding on a popular event for retail investors. We set up a booth and the SIDREC CEO gave a presentation.

One of the biggest on ground efforts for the year for SIDREC would be InvestSmart Fest organised by the SC which attracted some 14,000 visitors in September 2016. The three-day event was held at Mid Valley Exhibition Centre in Kuala Lumpur.

We work closely with the SC on many of their investor education and investor empowerment initiatives. We are a part of the 'SC in the Community Programme' which includes the mobile InvestSmart Kiosk that travel all around the country to meet with investors. The SC's mobile unit distributed SIDREC's brochures and increased awareness of our services.

SIDREC also participated at Minggu Amanah Saham Malaysia as part of the SC's booth in April. The event attracted 215,000 participants over eight days.

We also participated at the Ministry of Trade & Industry Open Day in October, where we were able to both run a booth for the visitors as well participate as a speaker panellist at a session moderated by SC.

**Capacity building**

In collaboration with SIDC, we developed and ran a Capacity Building Workshop at the Kuala Lumpur Regional Centre for Arbitration (KLRCA) in August 2016, for SIDREC's case managers, mediators and adjudicators. We also invited participation from other stakeholders such as Bursa Malaysia, the Financial Mediation Bureau (now known as Ombudsman for Financial Services) and the SC. This event was supported by the CFA Institute which provided a session on ethical practices. The workshop was preceded by a closed-door workshop only for our Panel of Mediators and Adjudicators.

SIDREC case managers also underwent mediation certification from the Bar Council's Malaysian Mediation Centre, and continue to learn via observation and practical experience, and attend training programmes.

SIDREC was a sponsor and SIDREC's CEO a panellist at the KLRCA Mediation Forum that was organised by KLRCA in collaboration with leading ADR institutions including Chartered Institute of Arbitrators (CIArb), International Mediation Institute and ArbDB Chambers London. That was an opportunity for sharing at an international level in Kuala Lumpur itself. SIDREC staff were also participants at the forum.

**International engagement**

SIDREC has been a member of the International Network of Financial Services Ombudsman Schemes Network (INFO Network) since 2013 and continue to contribute as a member and have benefitted by the sharing of experience of peers. At the 2016 annual general meeting of the INFO Network in Armenia, the CEO was appointed onto the INFO Network committee for a two-year term. This provides SIDREC not just international profile and access to sharing at senior levels but also the ability to be a part of and influence the conversation in this area.

Through our network and relationship built through the INFO Network, we were able to do a first cross border skype mediation in a secure environment hosted by the Financial Services Complaints Ltd (FSCL) for an investor residing in New Zealand. FSCL also generously supported us with a case manager and provided logistical support through the process. This was also a first for FSCL, and is an example of expanding horizons when approved ADR bodies work together.

SIDREC's CEO spoke at the Securities and Exchange Board of India (SEBI)-OECD Asian Seminar in India in February, co-presented at IFIE-IOSCO Global Investor Education Conference at Istanbul, Turkey in June, and was a keynote speaker and panellist at the International Workshop on ADR Institutions in the Financial Services Sector in Indonesia organised by Otoritas Jasa Keuangan (Indonesia Financial Services Authority), with the support of the Australia-Indonesia Partnership for Economic Governance. These were both knowledge sharing and networking opportunities.

We also hosted officers from the Securities and Exchange Commission of Cambodia, who were seconded to SIDREC for a brief study visit. This resulted in building of relations and valuable sharing. We were happy to have had the pleasure of engaging with the team from the Cambodian SEC.



- 1. We received a royal visitor at the SC and SIDREC booths at Minggu Amanah Saham Malaysia 2016 in Tapah in April
- 2. SIDREC CEO Sujatha was at BFM business radio station to give tips on investor protection in December
- 3. SIDREC Head of Dispute Resolution Hong Siew Lai (left) chatted with listeners on Chinese radio station 988 in November

- 4. Visitors took the opportunity to take a photo with SIDREC staff members at SIDREC's booth at InvestSmart Fest 2016 in Kuala Lumpur in September
- 5. A moment to cherish: ABM executive director Chuah Mei Lin shaking hands with Sujatha after ABM hosted a briefing session for banks, who are SIDREC's new members (from September) in November
- 6. Sujatha was interviewed by reporters from various media on the platform of EPF's Financial Literacy Programme in August

# This Year in Brief

## 9 – 10 January

Participated in & presented at Market Place Fair @ Bursa, Kuala Lumpur

## 20 January

BFM Radio – Interview of SIDREC CEO on Breakfast Grille

## 2 – 3 February

Briefing to SIDREC members, Kuala Lumpur

## 4 – 5 February

SIDREC CEO was a presenter & panelist at the 'SEBI-OECD Asian' Seminar – Emerging Trends in Financial Consumer Protection Across Asia, Mumbai

## 20 February

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Penang

## 12 March

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Kuala Lumpur

## 19 March

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Ipoh

## QUARTER 1

## 12 April

SIDREC Annual General Meeting, Kuala Lumpur

## 19 – 28 April

Participated in Minggu Saham Amanah Malaysia 2016, Tapah

## 14 May

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Kota Kinabalu

## 18 May

Briefing to Employees Provident Fund (EPF), Kuala Lumpur

## 26 May

CEO presented at Annual Financial Planning Signature Conference (AFPSC) 2016 – 'Building Trust for Lifetime Clients'

## 28 May

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Kuching

## 1 June

Launch of digital campaign including SIDREC website revamp

## 1 June

4E Journal by Financial Planning Association of Malaysia (FPAM) – Part 1 of interview of SIDREC CEO

## 12 – 14 June

CEO presented at 2016 International Forum for Investor Education (IFIE)-IOSCO Conference, Istanbul

## 20 – 24 June

Securities Exchange Commission of Cambodia (SECC) study visit to SIDREC

## 21 June

SIDREC CEO was interviewed together with SC's Head of Investor Affairs and Complaints on their organisations' respective roles. Interview by Focus Malaysia (stories were featured on 30 July)

## QUARTER 2

## 14 July

BFM Radio – Launch of the first part of SIDREC awareness programme

## 27 July

Briefing to RAM Holdings Bhd and RAM Rating Services Bhd, Kuala Lumpur

## 6 August

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Johor Bahru

## 10 August

Presented at Federation of Investment Managers Malaysia (FIMM) Seminar, Penang

## 11 August

CEO participated as a speaker & panelist at Indonesia Financial Services Authority Workshop on ADR, Jakarta, Indonesia

## 15 August

SIDREC CEO was interviewed as part of EPF's Financial Literacy Campaign

## 20 August

Presented to brokers/ dealers' representatives at CPE Accredited Products @ Bursa Workshop 2016, Kota Bharu

## 23 August

Presented at Malaysian Investment Banking Association (MIBA) Annual Conference, 'Governance and Investor Protection in the Digital Age' in Kuala Lumpur

## 24 August

Participated in FIMM Seminar - Sime Darby Convention Centre, Kuala Lumpur

## 26 – 27 August

SIDREC inaugural Capacity Building Workshop, Kuala Lumpur

## 1 September

Presented at FIMM Seminar, Kuala Lumpur

## 1 September

4E Journal by Financial Planning Association of Malaysia (FPAM) – Part 2 of interview of SIDREC CEO

## 5 September

Commercial and Islamic banks joined as SIDREC members

## 19 September

Launch of SIDREC's radio awareness campaign targeting the general public (4 languages)

## 21 September

Launch of SIDREC print media awareness campaign targeting the general public (4 languages)

## 19 – 21 September

Presented at INFO 2016 Conference in Yerevan, Armenia. SIDREC CEO appointed INFO Network Committee

## 23 – 25 September

Participated in InvestSmart Fest @ Mid Valley Exhibition Centre, Kuala Lumpur

## QUARTER 3

## 13 October

Dialogue session with MIBA Compliance Officers Committee, Kuala Lumpur

## 17 October

Participated in InvestSmart @ Ministry of International Trade and Industry Roadshow, Kuala Lumpur

## 20 October

Participated in 2016 FIMM Annual Conference – 'Embracing the Opportunities and Challenges', Kuala Lumpur

## 16 November

Briefing for new SIDREC members comprising commercial and Islamic banks hosted and organised by the Association of Banks Malaysia (ABM); stories featured in The Star & The Edge Financial Daily

## 23 November

988 radio interview of SIDREC Head of Dispute Resolution (in Mandarin)

## 24 November

Participated in Kuala Lumpur Regional Centre for Arbitration (KLRCA) Mediation Forum, Kuala Lumpur. SIDREC was a sponsor & CEO, a panelist

## 27 November

SIDREC CEO was featured in Focus Malaysia on how SIDREC can help disputing parties find amicable solutions

## 6 December

BFM Radio – Launch of the second part of SIDREC awareness programme

## QUARTER 4

# List of Members

(as at 31st January 2017)

## Holders of Capital Markets Services Licence

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
1	A.D. Financial Sdn Bhd		✓			✓
2	Aberdeen Asset Management Sdn Bhd	✓				
3	Aberdeen Islamic Asset Management Sdn Bhd	✓	✓			
4	Affin Hwang Asset Management Berhad	✓	✓			✓
5	Affin Hwang Investment Bank Berhad			✓	✓	
6	AIA Pension And Asset Management Sdn Bhd	✓				✓
7	AIIMAN Asset Management Sdn Bhd (formerly known as Asian Islamic Investment Management Sdn Bhd)	✓				
8	AIMS Asset Management Sdn Bhd	✓				
9	Alliance Investment Bank Berhad			✓		
10	Amanah Mutual Berhad		✓			
11	Amanah Saham Nasional Berhad		✓			
12	Amanah Saham Sarawak Berhad		✓			
13	Amanahraya Investment Management Sdn Bhd	✓	✓			
14	Amara Investment Management Sdn Bhd	✓				
15	AmFunds Management Berhad	✓	✓			✓
16	AmInvestment Bank Berhad	✓		✓	✓	
17	AmIslamic Funds Management Sdn Bhd	✓				
18	Amundi Islamic Malaysia Sdn Bhd	✓				
19	Amundi Malaysia Sdn Bhd	✓				
20	Apex Investment Services Berhad	✓	✓			
21	Areca Capital Sdn Bhd	✓	✓			
22	Assar Asset Management Sdn Bhd	✓				

## Holders of Capital Markets Services Licence

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
23	BIMB Investment Management Berhad	✓	✓			
24	BIMB Securities Sdn Bhd			✓		
25	Blueprint Planning Sdn Bhd		✓			✓
26	BNP Paribas Investment Partners Malaysia Sdn Bhd	✓				
27	BNP Paribas Investment Partners Najmah Malaysia Sdn Bhd	✓				
28	Capital Dynamics Asset Management Sdn Bhd	✓				
29	CIMB Futures Sdn Bhd				✓	
30	CIMB Investment Bank Berhad			✓		
31	CIMB-Principal Asset Management Berhad	✓	✓			✓
32	CIMB-Principal Islamic Asset Management Sdn Bhd	✓				
33	Citigroup Global Markets Malaysia Sdn Bhd			✓		
34	CLSA Securities Malaysia Sdn Bhd			✓		
35	Corston-Smith Asset Management Sdn Bhd	✓				
36	Credit Suisse Securities (Malaysia) Sdn Bhd			✓	✓	
37	Eastspring Al-Wara' Investments Berhad	✓				
38	Eastspring Investments Berhad	✓	✓			
39	Etalage Sdn Bhd		✓			✓
40	Excellente Consultancy Sdn Bhd		✓			✓
41	FA Advisory Sdn Bhd		✓			✓
42	FA Securities Sdn Bhd			✓		
43	Fedrums Sdn Bhd				✓	

# List of Members

(as at 31st January 2017)

## Holders of Capital Markets Services Licence

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
44	FIN Freedom Sdn Bhd		✓			✓
45	Fortress Capital Asset Management (M) Sdn Bhd	✓				
46	Franklin Templeton Asset Management (Malaysia) Sdn Bhd	✓				
47	Franklin Templeton GSC Asset Management Sdn Bhd	✓	✓			
48	Golden Touch Asset Management Sdn Bhd	✓				
49	Goldman Sachs (Malaysia) Sdn Bhd	✓				
50	Guidance Investments Sdn Bhd	✓				
51	Harveston Wealth Management Sdn Bhd		✓			✓
52	Hong Leong Asset Management Bhd	✓	✓			
53	Hong Leong Fund Management Sdn Bhd	✓				
54	Hong Leong Investment Bank Berhad			✓	✓	
55	iFAST Capital Sdn Bhd		✓			✓
56	i-VCAP Management Sdn Bhd	✓				
57	Inter-Pacific Asset Management Sdn Bhd	✓	✓			
58	Inter-Pacific Securities Sdn Bhd			✓	✓	
59	JF Apex Securities Berhad			✓	✓	
60	JPMorgan Securities (Malaysia) Sdn Bhd			✓	✓	
61	Jupiter Securities Sdn Bhd			✓		
62	KAF Investment Funds Berhad	✓	✓			
63	KAF-Seagroatt & Campbell Securities Sdn Bhd			✓		
64	Kedah Islamic Asset Management Berhad	✓	✓			
65	Kenanga Deutsche Futures Sdn Bhd				✓	
66	Kenanga Investment Bank Berhad			✓		✓

## Holders of Capital Markets Services Licence

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
67	Kenanga Investors Berhad	✓	✓			✓
68	Kenanga Islamic Investors Berhad	✓				
69	KFH Asset Management Sdn Bhd	✓				
70	Kumpulan Sentiasa Cemerlang Sdn Bhd	✓				
71	Legacy Advisory Sdn Bhd		✓			✓
72	Libra Invest Berhad	✓	✓			
73	LT International Futures (M) Sdn Bhd				✓	
74	M & A Securities Sdn Bhd			✓		
75	Macquarie Capital Securities (Malaysia) Sdn Bhd			✓		
76	Malacca Securities Sdn Bhd			✓		
77	Malaysian Issuing House Sdn Bhd			✓		
78	Manulife Asset Management Services Berhad	✓	✓			✓
79	Maybank Asset Management Sdn Bhd	✓	✓			
80	Maybank Investment Bank Berhad			✓	✓	
81	Maybank Islamic Asset Management Sdn Bhd	✓				
82	Mercury Securities Sdn Bhd			✓		
83	MIDF Amanah Asset Management Berhad	✓	✓			
84	MIDF Amanah Investment Bank Berhad			✓		
85	MTC Asset Management (M) Sdn Bhd (formerly known as MTC Advisors Sdn Bhd)	✓				
86	Muamalat Invest Sdn Bhd	✓				
87	Navis Management Sdn Bhd	✓				
88	Nomura Asset Management Malaysia Sdn Bhd	✓				

# List of Members

(as at 31st January 2017)

## Holders of Capital Markets Services Licence

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
89	Nomura Islamic Asset Management Sdn Bhd	√				
90	Nomura Securities Malaysia Sdn Bhd			√		
91	Okachi (M) Sdn Bhd				√	
92	Opus Asset Management Sdn Bhd	√				
93	Oriental Pacific Futures Sdn Bhd				√	
94	Pacific Mutual Fund Bhd	√	√			
95	PCB Asset Management Sdn Bhd	√				
96	Pengurusan Kumipa Berhad	√	√			
97	Permodalan BSN Berhad	√	√			
98	Permodalan Nasional Berhad	√				
99	Pheim Asset Management Sdn Bhd	√				
100	Pheim Unit Trusts Berhad		√			
101	Phillip Capital Management Sdn Bhd	√				
102	Phillip Futures Sdn Bhd				√	
103	Phillip Mutual Berhad		√			√
104	PineBridge Investments Malaysia Sdn Bhd	√				
105	PM Securities Sdn Bhd			√		
106	PMB Investment Berhad	√	√			
107	PTB Unit Trust Berhad	√	√			
108	Public Investment Bank Berhad			√		
109	Public Mutual Berhad	√	√			√
110	RHB Asset Management Sdn Bhd	√	√			√
111	RHB Investment Bank Berhad			√		

## Holders of Capital Markets Services Licence

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
112	RHB Islamic International Asset Management Berhad	√	√			
113	Saham Sabah Berhad		√			
114	Saturna Sdn Bhd	√	√			
115	SDB Asset Management Sdn Bhd	√				
116	Singular Asset Management Sdn Bhd	√				
117	SJ Securities Sdn Bhd			√		
118	SP Investment Management Sdn Bhd	√				
119	Standard Financial Adviser Sdn Bhd		√			√
120	TA Futures Sdn Bhd				√	
121	TA Investment Management Berhad	√	√			√
122	TA Securities Holdings Berhad			√		
123	Threadneedle Asset Management Malaysia Sdn Bhd	√				
124	Tricor Investor & Issuing House Services Sdn Bhd			√		
125	UBS Securities Malaysia Sdn Bhd			√		
126	UOB Asset Management (Malaysia) Berhad	√	√			
127	UOB Kay Hian Securities (M) Sdn Bhd			√	√	
128	VCAP Asset Managers Sdn Bhd	√				
129	VCB Capital Sdn Bhd	√				
130	VKA Wealth Planners Sdn Bhd		√			√
131	Whitman Independent Advisors Sdn Bhd		√			√

# List of Members

(as at 31st January 2017)

## Registered Persons

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
1	Affin Bank Berhad		✓	✓	✓	✓
2	Affin Islamic Bank Berhad	✓	✓	✓	✓	✓
3	Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	✓	✓	✓	✓	✓
4	Alliance Bank Malaysia Berhad		✓	✓	✓	✓
5	Alliance Islamic Bank Berhad	✓	✓	✓	✓	✓
6	AmBank (M) Berhad		✓	✓	✓	✓
7	AmBank Islamic Berhad	✓	✓	✓	✓	✓
8	Asian Finance Bank Berhad	✓	✓	✓	✓	✓
9	Bangkok Bank Berhad		✓	✓	✓	✓
10	Bank Islam Malaysia Berhad	✓	✓	✓	✓	✓
11	Bank Kerjasama Rakyat Malaysia Berhad		✓		✓	✓
12	Bank Muamalat Malaysia Berhad	✓	✓	✓	✓	✓
13	Bank of America Malaysia Berhad		✓	✓	✓	✓
14	Bank of China (Malaysia) Berhad		✓	✓	✓	✓
15	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad		✓	✓	✓	✓
16	Bank Simpanan Nasional		✓		✓	✓
17	BNP Paribas Malaysia Berhad		✓	✓	✓	✓
18	CIMB Bank Berhad		✓	✓	✓	✓
19	CIMB Islamic Bank Berhad	✓	✓	✓	✓	✓
20	Citibank Berhad		✓	✓	✓	✓
21	Deutsche Bank (Malaysia) Berhad		✓	✓	✓	✓
22	Hong Leong Bank Berhad		✓	✓	✓	✓
23	Hong Leong Islamic Bank Berhad	✓	✓	✓	✓	✓
24	HSBC Amanah Malaysia Berhad	✓	✓	✓	✓	✓
25	HSBC Bank Malaysia Berhad		✓	✓	✓	✓

## Registered Persons

No.	Name of Company	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
26	India International Bank (Malaysia) Berhad		✓	✓	✓	✓
27	Industrial and Commercial Bank of China (Malaysia) Berhad		✓	✓	✓	✓
28	J.P. Morgan Chase Bank Berhad		✓	✓	✓	✓
29	Kuwait Finance House (Malaysia) Berhad	✓	✓	✓	✓	✓
30	Malayan Banking Berhad		✓	✓	✓	✓
31	Maybank Islamic Berhad	✓	✓	✓	✓	✓
32	Mizuho Bank (Malaysia) Berhad		✓	✓	✓	✓
33	National Bank of Abu Dhabi Malaysia Berhad		✓	✓	✓	✓
34	OCBC Al-Amin Bank Berhad	✓	✓	✓	✓	✓
35	OCBC Bank (Malaysia) Berhad		✓	✓	✓	✓
36	Public Bank Berhad		✓	✓	✓	✓
37	Public Islamic Bank Berhad	✓	✓	✓	✓	✓
38	RHB Bank Berhad		✓	✓	✓	✓
39	RHB Islamic Bank Berhad	✓	✓	✓	✓	✓
40	Standard Chartered Bank Malaysia Berhad		✓	✓	✓	✓
41	Standard Chartered Saadiq Berhad	✓	✓	✓	✓	✓
42	Sumitomo Mitsui Banking Corporation Malaysia Berhad		✓	✓	✓	✓
43	The Bank of Nova Scotia Berhad		✓	✓	✓	✓
44	The Royal Bank of Scotland Berhad		✓	✓	✓	✓
45	United Overseas Bank (Malaysia) Bhd		✓	✓	✓	✓

# Directors' Report & Audited Financial Statements

## PART 2



Center No:  
909583 - H

Center No:  
909583 - H

**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**  
(Incorporated in Malaysia)

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

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

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909583 - H

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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 2016.

**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

-

**DIVIDEND**

In accordance with the Memorandum of Association, 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' Kok Wee Kiat

Dato' Halipah binti Esa

Tang Chee Kin

Dato' Karam Chand Vohrah

Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman (resigned w.e.f 30.09.2016)

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**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.

**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
  - (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;

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**OTHER STATUTORY INFORMATION REGARDING THE CENTER (continued)****(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)**

- (c) The Directors are not aware of any circumstances (continued):
- (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.

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**AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

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



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

Kuala Lumpur, Malaysia  
13 February 2017



.....  
Tang Chee Kin  
Director

Center No:  
909583 - H

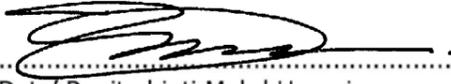
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**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 11 to 22 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Center as at 31 December 2016 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	Tang Chee Kin Director

Kuala Lumpur, Malaysia  
13 February 2017

**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 11 to 22 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 )  
13 February 2017 )

Before me:

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



W 632  
★ SAMUGAM VASSOO ★  
AMN  
MALAYSIA

No.10-1, Jalan Bangsar Utama 1,  
Bangsar Utama,  
59000 Kuala Lumpur.

Center No:  
909583 - H

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Level 8  
BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia

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

**Opinion**

We have audited the financial statements of Securities Industry Dispute Resolution Center ("Center"), which comprise the statements of financial position as at 31 December 2016 of the Center, and the income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Center for the year then ended, including a summary of significant accounting policies, as set out on pages 11 to 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Center as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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.

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## 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

The Directors of the Company are responsible for the other information. The other information comprises the following:

- (a) Vision & Mission Statement;
- (b) Chairman's Statement;
- (c) CEO's Report;
- (d) About SIDREC;
- (e) Board of Directors & Management;
- (f) Panel of Mediators & Adjudicators;
- (g) Awareness & Capacity Building;
- (h) Leveraging on the Dispute Resolution Process;
- (i) Dispute Resolution Report & Statistics;
- (j) This Year in Brief;
- (k) List of Members; and
- (l) Directors' report.

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.

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.

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)

(Incorporated in Malaysia)

### Responsibilities of 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, 1965 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.

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.

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**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 (continued):

- (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 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.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Center of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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**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 Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**BDO**  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
13 February 2017

**Rejeesh A/L Balasubramaniam**  
02895/08/2018 (J)  
Chartered Accountant

**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**

(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Note	2016 RM	2015 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	235,336	72,229
<b>Current assets</b>			
Receivables	5	96,946	99,672
Cash and bank balances	6	1,563,297	2,142,570
		<u>1,660,243</u>	<u>2,242,242</u>
<b>LIABILITIES</b>			
<b>Current liability</b>			
Payables	7	317,985	65,243
<b>Net current assets</b>		<u>1,342,258</u>	<u>2,176,999</u>
		<u>1,577,594</u>	<u>2,249,228</u>
<b>Represented by:</b>			
Contribution from members	8	-	-
<b>Non-current liability</b>			
Deferred income	9	1,577,594	2,249,228

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 2016**

	Note	2016 RM	2015 RM
<b>Income</b>			
Other income	10	3,247,814	1,593,559
<b>Expenditure</b>			
Staff costs	11	(1,379,069)	(874,054)
Auditors' remuneration		(8,800)	(8,000)
Tax agent fees		(2,500)	-
Office rental		(299,536)	(291,881)
Professional fees		(103,250)	(53,000)
Depreciation of property and equipment	4	(52,781)	(85,904)
Director's meeting allowances		(102,000)	(94,000)
Waiver of expenses paid on behalf by the Securities Commission		-	143,164
Capacity building		(45,985)	-
Education and Awareness		(924,871)	(47,511)
Other expenses	12	(329,022)	(282,373)
		<u>(3,247,814)</u>	<u>(1,593,559)</u>
<b>Surplus before taxation</b>		-	-
Taxation	13	-	-
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 2016**

	Note	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus before taxation		-	-
Adjustments for:			
Depreciation of property and equipment	4	52,781	85,904
Amortisation of grants received	9	(2,950,634)	(1,560,013)
Interest income from deposits with a licensed bank	10	(85,889)	(33,546)
Operating loss before working capital changes		(2,983,742)	(1,507,655)
Decrease/(Increase) in receivables		2,726	(15,157)
Increase/(Decrease) in payables		252,742	(61,952)
Cash used in operations		(2,728,274)	(1,584,764)
Interest received		85,889	33,546
Net cash used in operating activities		(2,642,385)	(1,551,218)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Purchase of property and equipment	4	(215,888)	(19,936)
Net cash used in investing activities		(215,888)	(19,936)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Proceeds from government grants, representing net cash generated from financing activity	9	2,279,000	3,222,000
Net (decrease)/increase in cash and cash equivalents		(579,273)	1,650,846
Cash and cash equivalents at beginning of financial year		2,142,570	491,724
Cash and cash equivalents at end of financial year	6	1,563,297	2,142,570

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 2016****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 20<sup>th</sup> 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 13 February 2017.

**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, 1965 in Malaysia.

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

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**

2016	Balance as at 1.1.2016 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2016 RM	[----- At 31.12.2016 -----]		
					Cost RM	Accumulated depreciation RM	Carrying amount RM
<b>Carrying amount</b>							
Computer equipment	21,466	149,108	37,206	133,368	483,609	350,241	133,368
Renovation	1,142	44,430	4,844	40,728	422,505	381,777	40,728
Furniture and fittings	47,739	14,550	9,661	52,628	105,098	52,470	52,628
Office equipment	1,882	7,800	1,070	8,612	9,898	1,286	8,612
	<u>72,229</u>	<u>215,888</u>	<u>52,781</u>	<u>235,336</u>	<u>1,021,110</u>	<u>785,774</u>	<u>235,336</u>
<b>2015</b>							
<b>Carrying amount</b>							
Computer equipment	10,425	18,237	7,196	21,466			
Renovation	70,659	-	69,517	1,142			
Furniture and fittings	56,794	-	9,055	47,739			
Office equipment	319	1,699	136	1,882			
	<u>138,197</u>	<u>19,936</u>	<u>85,904</u>	<u>72,229</u>			

**4. PROPERTY AND EQUIPMENT (continued)**

	[----- At 31.12.2015 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	334,501	313,035	21,466
Renovation	378,075	376,933	1,142
Furniture and fittings	90,548	42,809	47,739
Office equipment	2,098	216	1,882
	<u>805,222</u>	<u>732,993</u>	<u>72,229</u>

After initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. 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**

	2016 RM	2015 RM
Deposits	80,107	80,007
Interest receivable	11,804	5,554
Other receivables and prepayments	<u>5,035</u>	<u>14,111</u>
	<u>96,946</u>	<u>99,672</u>

(a) Other receivables and deposits are classified as loans and receivables, and measured at amortised cost using the effective interest method.

(b) Receivables are denominated in Ringgit Malaysia.

**6. CASH AND BANK BALANCES**

	<b>2016 RM</b>	<b>2015 RM</b>
Cash and bank balances	63,297	1,685,570
Deposits with a licensed bank	<u>1,500,000</u>	<u>457,000</u>
	<u>1,563,297</u>	<u>2,142,570</u>

Cash and bank balances are denominated in Ringgit Malaysia.

**7. PAYABLES**

	<b>2016 RM</b>	<b>2015 RM</b>
Payables	142,133	54,743
Accruals	<u>175,852</u>	<u>10,500</u>
	<u>317,985</u>	<u>65,243</u>

- (a) Payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Payables are denominated in Ringgit Malaysia.
- (c) The table below summarises the maturity profile of the Center's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	<b>Within 1 year</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
Payables	<u>317,985</u>	<u>65,243</u>

**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**

	<b>2016 RM</b>	<b>2015 RM</b>
At 1 January	2,249,228	587,241
Received during the financial year	2,279,000	3,222,000
Amortised to profit or loss	<u>(2,950,634)</u>	<u>(1,560,013)</u>
	<u>1,577,594</u>	<u>2,249,228</u>

Government grants received from statutory bodies comprise:

	<b>2016 RM</b>	<b>2015 RM</b>
Securities Commission	2,279,000	1,400,000
Capital Market Development Fund	<u>-</u>	<u>1,822,000</u>
	<u>2,279,000</u>	<u>3,222,000</u>

During the financial year, the Center received a government 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 government grant from SC and a government 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. OTHER INCOME**

	<b>2016 RM</b>	<b>2015 RM</b>
Amortisation of government grants	2,950,634	1,560,013
Interest income from deposits with a licensed bank	85,889	33,546
Other income	<u>211,291</u>	<u>-</u>
	<u>3,247,814</u>	<u>1,593,559</u>

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.

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### 11. STAFF COSTS

	2016 RM	2015 RM
Salaries and bonuses	1,136,001	696,894
Statutory contribution to Employees Provident Fund and social security	167,859	95,325
Other allowances	75,209	81,835
	<u>1,379,069</u>	<u>874,054</u>

### 12. OTHER EXPENSES

	2016 RM	2015 RM
Communication and utilities	46,904	109,574
Stationeries, printing and sundry expenses	34,604	32,629
Subscription and membership fees	6,713	21,908
Good Services Tax ("GST") and service tax	40,806	31,474
Meeting expenses	7,885	6,251
Online journals and equipment rental	1,519	1,454
Filling, stamping and disbursements	9,568	9,232
Advertising and promotion	3,452	1,272
Entertainment	4,340	929
External mediator fees	36,500	13,500
Maintenance	125,880	44,433
Others	10,851	9,717
	<u>329,022</u>	<u>282,373</u>

### 13. TAXATION

On 16 October 2015, the Ministry of Finance ("MOF") has granted the Center an extension to the tax exemption status which is applicable from the year of assessment 2016 up to year of assessment 2019.

### 14. FAIR VALUES

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

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### 15. 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:

	2016 RM	2015 RM
Not later than one year	246,646	269,069
Later than one year but not later than five years	-	246,646
	<u>246,646</u>	<u>515,715</u>

### 16. 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 government grants.

**17. ADOPTION OF MFRSs and AMENDMENTS TO MFRSs****17.1 New MFRSs adopted during the financial year**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Center adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

<b>Title</b>	<b>Effective Date</b>
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12, MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to MFRSs 2012 - 2014 Cycle</i>	1 January 2016

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

**17. ADOPTION OF MFRSs and AMENDMENTS TO MFRSs (continued)****17.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017**

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Center are disclosed below. The Center intend to adopt these Standards, if applicable, when they become effective.

<b>Title</b>	<b>Effective date</b>
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	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.

**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**  
**(Company No. 909583-H)**  
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the SEVENTH ANNUAL GENERAL MEETING of the company will be held at Conference Hall 2, Securities Commission, No. 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur on Wednesday, 5 April 2017 at 2.30 p.m.

**AGENDA**

- (1) To receive the Audited Accounts for the Financial Year ended 31 December 2016 and the Reports of the Directors and the Auditors thereon.

**Refer to Note A**

**ORDINARY BUSINESS**

- (2) To re-elect Dato' Saiful Bahri Bin Zainuddin retiring pursuant to Article 62 of the Company's Articles of Association.
- (3) To re-appoint Messrs BDO Chartered Accountants as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**SPECIAL BUSINESS**

- (4) To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

BY ORDER OF THE BOARD


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HO YUE CHAN  
Secretary  
(BC/H/90)

Kuala Lumpur

Dated: 13<sup>th</sup> March 2017

**Note A**

*This Agenda item (1) is meant for discussion only as Section 248(2) of the Companies Act, 2016 does not require formal approval of members and hence is not put forward for voting.*

*Registration of Members will commence from 1.30p.m. on 5 April 2017. Members are kindly reminded to register early to enable the Meeting to start on time.*

**FORM OF PROXY**

(Before completing the form, please refer to notes overleaf)

**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**

(Company No. 909583-H)  
(Incorporated in Malaysia)

We ..... Company No.: .....  
(FULL NAME IN BLOCK CAPITALS)

of .....  
(FULL ADDRESS)

being a member of SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER ("SIDREC" or "Company"), hereby appoint

.....NRIC No.....  
(FULL NAME IN BLOCK CAPITALS)

of .....  
(FULL ADDRESS)

or failing him/her, ..... NRIC No.....  
(FULL NAME IN BLOCK CAPITALS)

of .....  
(FULL ADDRESS)

as our proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held at Conference Hall 2, Securities Commission, No. 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur on Wednesday, 5 April 2017 at 2.30 p.m., and at every adjournment thereof.

In case of a vote taken by a show of hands, our proxy is not entitled to vote on our behalf.

Our proxy/proxies is/are to vote as indicated below:

RESOLUTION	FOR	AGAINST
<b>ORDINARY RESOLUTION 1</b> RE-ELECTION OF DATO' SAIFUL BAHRI BIN ZAINUDDIN AS DIRECTOR		

<b>ORDINARY RESOLUTION 2</b>	RE-APPOINTMENT OF BDO - CHARTERED ACCOUNTANTS AS AUDITORS		
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(Please indicate with a "✓" in the space provided above how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this ..... day of  
..... 2017

.....

Signature/Common Seal

**Notes:**

*A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. **Any proxy appointed by a Member shall be the Corporate Representative of another Member.** The instrument appointing a proxy must be deposited at the Registered Office of the Company at **Messrs Shook Lin and Bok, 20th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia**, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof. (The last day and time for lodgment of the proxy form is Monday, 3 April 2017 at 2.30pm.)*