

Securities Industry Dispute Resolution Center  
**ANNUAL REPORT**

# 2019

RECONCILING DIFFERENCES  
PRESERVING RELATIONSHIPS





## **Vision**

What we aspire to be

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



## **Mission**

Who we are, what we do

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

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

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

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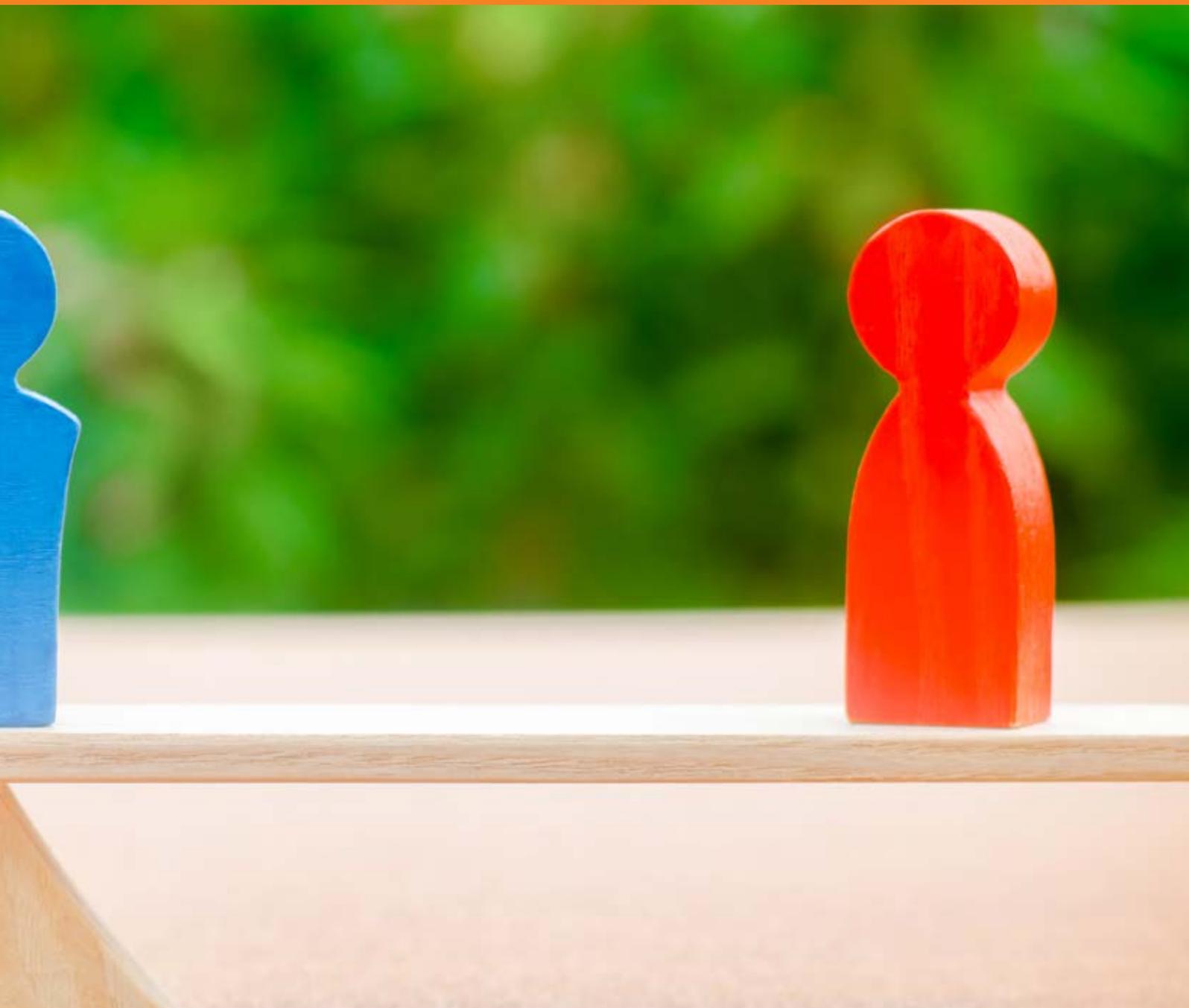
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# Part I



Chairman's Message

# Reconciling Differences Preserving Relationships



**Dato' Ranita Mohd Hussein**  
Chairman

**A**s the Securities Industry Dispute Resolution Center (SIDREC) approaches a decade of operations in 2020, it is perhaps unsurprising that 2019 was a year of reflection, transition and change.

I had highlighted in my maiden message back in 2011 that SIDREC's ultimate aim is to bolster confidence in the capital market to the benefit of all participants. A dispute resolution body, whose Members are from the industry, yet retaining the independence necessary to carry out an effective dispute resolution process for small retail investors who might otherwise find it financially draining to bring their claims to court, embodies a concerted effort within the industry to ensure fair and efficient settlement of claims.

Nine years on, SIDREC remains steadfast in its commitment to continuously strive to achieve this aim.

## Growing Impact, Increasing Relevance

SIDREC has grown steadily over the years as an organisation.

SIDREC's membership base grew with the inclusion of market intermediaries who are providers or distributors of Private Retirement Schemes (PRS) pursuant to regulatory directions by the Securities Commission Malaysia (SC). Subsequently, in a major development, commercial banks, Islamic banks, and two specified Development Financial Institutions (DFIs) were included as Members of SIDREC following the amendments to the Capital Markets and Services (Dispute Resolution) Regulations 2010. SIDREC's 185 Members as at 31 December 2019 include financial institutions and capital market players.

SIDREC also added a Voluntary Scheme to augment its Mandatory Scheme. First, the claim limit under the Mandatory Scheme was increased from RM100,000 to RM250,000. The service provided under this scheme is free for investors and Members are bound to participate. Thereafter, SIDREC phased in the Voluntary Scheme by opening its mediation and adjudication services for claims over RM250,000 and its mediation services for cases referred by the court. The latter was done in line with Practice Direction No. 4 of 2016 issued by the Office of the Chief Registrar of the Federal Court of Malaysia, directing courts to encourage parties to first try to mediate their disputes with the aim of resolving them before resorting to litigation through the court system.

Apart from that, an Appeal Committee was established to hear appeals on very specific grounds of serious error of law or fact in an adjudication award, or where there is production of new evidence that could not reasonably have been obtained at adjudication stage, and in each case, would have a material impact on the findings of the Adjudicator. Members of the Appeal Committee are appointed by SIDREC with prior approval from the SC, and comprise independent members and representatives from the SC, SIDREC and the industry.

SIDREC's contribution towards investor protection and capital market integrity increased alongside its organisational growth. Its impact may be seen in the following three key areas:

- First, with SIDREC's extended reach, more investors have access to SIDREC's fair and effective dispute resolution services as it now has the purview to manage disputes involving banks that act as marketing channels for capital market products such as shares, unit trusts, bonds and structured products. Since the inclusion of banks in 2016, 27% of the eligible disputes received by SIDREC relate to investments transacted with this segment of Members. In 2019, 34% of eligible disputes received by SIDREC relate to this Member segment;

- Second, SIDREC is able to provide more valuable insights to Members and industry regulators on issues of concern that were identified through its management of eligible disputes. These include gaps and blind spots arising out of an increasingly inter-connected financial services industry and capital market, and challenges faced by investors. Such insights would enable Members and industry regulators to take timely measures where appropriate. SIDREC has done this over the years through periodic direct engagements with Members and at the request of industry regulators. It will continue to do so in 2020; and
- Third, through the Mandatory and Voluntary Schemes, SIDREC stands ready to provide a one-stop independent, specialist capital market dispute resolution service, thereby ensuring consistency of approach and the benefit of an informed expert process across the capital market.

Take up of its Voluntary Scheme has, however, been slow. SIDREC has not had any court-referred cases for mediation. In addition, while it received cases through the Voluntary Scheme in 2018, with the highest claim quantum being approximately RM1.5 million, it did not receive any case under this scheme in 2019. SIDREC will increase its efforts to promote both Schemes in 2020.

**SIDREC's contribution towards investor protection and capital market integrity increased alongside its organisational growth.**

SIDREC will continue to work with all stakeholders to periodically review and update its Terms of Reference (TOR) and other related rules and regulations to ensure its dispute resolution approach and processes remain robust; its purview remain relevant to market developments, regulatory framework as well as the needs of investors; and its positive impact on the market continues to rise steadily.

It is anticipated that much of SIDREC's work in this area for the coming year will be centred on the increasing inter-connectivity of the financial services industry and capital market and the rise of the digital era. The continued growth of innovative capital market products and the provision of services that cuts across the financial services industry and capital market, coupled with increased access to retail investors through the rapid digitisation of finance, increases the relevance and need for SIDREC's services. It not only assists investors and Members to resolve disputes that may arise following the increased exposure to risks by investors, Members are also able to gain useful insights on the management of risks arising from these developments and through that, be better able to retain clients, as a result of their participation in SIDREC's independent and impartial mechanism for redress for their clients.

## Reconciling Differences, Preserving Relationships

In tandem with its organisational growth, SIDREC's core work has also steadily risen. In 2011, SIDREC received 21 claims and enquiries, comprising 12 eligible disputes. In 2019, SIDREC received 290 claims and enquiries, comprising 58 eligible disputes. The highest number of claims and enquiries SIDREC has received to date in any one year was in 2017 at 628 (comprising 72 eligible disputes) while the highest number of eligible disputes SIDREC has received to date in any one year is in 2018 at 83 (from 440 claims and enquiries). Over the last nine years, SIDREC received 2,653 claims and enquiries, comprising 438 eligible disputes.

SIDREC will continue to work with all stakeholders to ensure its dispute resolution approach and processes remain robust and relevant.

SIDREC's statistics to date highlight the following:

- The conversion ratio from the total number of claims and enquiries to eligible disputes is relatively low. In 2019, it stood at 20%, 2018 at 19% and 2017 at 11%. Over the last nine years, the conversion ratio was 17%. Nevertheless, although a large majority of the claims and enquiries received do not fall within the ambit of its dispute resolution services, SIDREC welcomes them as they present it with an opportunity to educate the public on its services. They also enable SIDREC to assist the public to the extent of its expertise by directing them to the correct authority or avenue to deal with their cases. This value of SIDREC is often missed; and
- In many cases, investors approached SIDREC directly with their complaints before first referring them to the respective Members. SIDREC's TOR clearly stipulates that it will not register a dispute unless the investor has first submitted his or her claim to the Member concerned and allowed it an opportunity to resolve the matter. In all these cases, SIDREC has consistently advised investors to refer their claims to the relevant Members in order for the ideal outcome of an amicable solution to be reached as far as possible before resorting to SIDREC.

The theme of SIDREC's Annual Report this year speaks to the *ethos* that cuts across its approach to dispute resolution; and for this, I would like to reiterate my message back in 2015.

SIDREC views its function as part and parcel of the consumer related processes and procedure in the capital market industry. Capital market intermediaries, who are Members of SIDREC, are the frontline players in this process. There is a compelling reason why Members' in-house complaints management systems are required to be exhausted before SIDREC steps into the picture – it is to encourage trust between the investor and the Member and should a case proceed to SIDREC, it does not necessarily impute wrongdoing on the part of the Member. Thus, in many instances, where its resolution process is resorted to, SIDREC regards it as taking the form of a continuation of the process initiated through a Member's in-house complaints management system

Through this lens, SIDREC's preferred approach to dispute resolution is inclusive, balanced and anchored on a process where confidentiality, openness and trust are observed at all times. As such, SIDREC's dispute resolution processes encourage fact finding as well as assist in identifying and clarifying legal and procedural issues. This is done with the singular goal of achieving resolution of disputes based on facts, appreciation of issues and co-operation between both parties. Through SIDREC's processes, effort is made to educate investors in respect of any area where their own action or inattentiveness may have contributed to their losses. SIDREC also makes it a point to share any areas of concern or challenges faced by investors with its Members, to be fed into their own internal review and control systems.

Nonetheless, it bears mention that weakness in risk management and operational control do not fully account for misconduct in the industry. There are deeper issues of a de-personalised relationship between the financial service provider or capital market intermediary and the investor, which hinders the growth of client / customer confidence and trust. There is sometimes a tendency to favour short-term profit over long-term prudence, and the building of long-term relationships. SIDREC offers its Members an opportunity to pause, take stock, interact with clients / customers in a neutral

environment, and collaborate in promoting knowledge among investors and industry representatives. It is hoped that this process will contribute towards the building of trust and consequently long-term relationships within the industry.

SIDREC's mediative approach to dispute resolution has proven to be effective. In 2019, 91% of eligible disputes that went through SIDREC's resolution process were resolved before reaching the stage of adjudication (2018: 97%; 2017: 91%). SIDREC would not, however, have attained this achievement without the co-operation of all parties involved in the dispute.

An important insight that SIDREC has gained since its early years and one that has been affirmed time and again is that for alternative dispute resolution (ADR) to work, both parties need to come to the table with a relatively open mind i.e. with a genuine willingness to constructively engage towards finding some resolution. SIDREC has found that when this happens, mediation is at its most effective. Even if the dispute cannot be resolved at mediation and proceeds to adjudication, the parties have a better understanding of each other's perspective. While there will always be a party who is not satisfied with the outcome, this approach makes for a far less hostile and irrational reaction to issues. Both parties leave the table, at the very

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least, better informed of the other's perspective with some clarity on their own shortcomings, while having the reassurance that the dispute resolution proceedings are confidential.

It is important as such, for not just investors, but Members too, to come to the table with an open mind, and where there is basis, to empower their representatives to agree to a fair settlement or compromise. What Members may walk away with is some intelligence on possible gaps in their processes that they may be appreciative of having discovered in time to set right and a strong level of goodwill from their clients / customers. This can be possible even if the outcome is not entirely in favour of the investor.

Back in 2013 when this insight was highlighted to Members, I had invited Members to tap this potential on the basis that they may discover that it really does serve the interests of both Members and investors. I am pleased that Members have been increasingly tapping on this potential over the years and hope they will continue to do so.

Over time, SIDREC has progressively improved on its approach to dispute resolution and its processes. In the coming year, SIDREC will be working on further documenting its approach, processes and lessons learned as part and parcel of its commitment to continuously improve its dispute resolution services and share its knowledge and expertise.

It is important for not just investors, but Members too, to come to the table with an open mind and where there is basis, to empower their representatives to agree to a fair settlement or compromise.

In addition, SIDREC will continue to assess the need to provide a structured online dispute resolution (ODR) service as part of a necessary eventuality in the interest of access and efficiency, concurrent with the rise in the digitisation of finance.

## Making SIDREC Known

While the number of investors using SIDREC's services has steadily increased since its inception, SIDREC remains keenly aware that there are many out there who are, as yet, unaware of the free and efficient dispute resolution services that it provides outside the courts.

Over the last nine years, SIDREC has undertaken numerous promotional efforts to increase the awareness of its services among the investing public either through its own efforts or through collaboration with its Members or various stakeholders. Thus, SIDREC participated in investor roadshows, exhibitions, talks and workshops; distributed leaflets; placed newspaper advertisements and short messages in Bursa Malaysia's Central Depository System (CDS) statements; gave media interviews; and engaged with Members, other ADR bodies such as the Ombudsman of Financial Services (OFS) as well as the educational programmes organised by the SC and Bank Negara Malaysia (BNM).

In recent years, SIDREC has also actively developed its online presence by significantly enhancing the way information on the SIDREC website is presented to online visitors. This is done with the aim of it being more user-friendly and efficient. SIDREC has also introduced a Facebook page that has driven traffic to its website. The two-year grant of RM3.09 million SIDREC received from the Capital Market Development Fund (CMDf) for both awareness and capacity building programmes, tremendously helped with the intensification of SIDREC's awareness campaigns particularly from 2016 to 2017 and the early part of 2018.

In 2019, as part of SIDREC's efforts to outreach to the young, it collaborated with KDU

University College (now UOW Malaysia-KDU) in two installments (one in January and the other in September) on a pilot project, which incorporated elements of financial literacy into the university college's undergraduate corporate social responsibility (CSR) course. This SIDREC-led pilot project was put together in partnership with Bursa Malaysia Berhad (Bursa Malaysia) and Private Pension Administrator Malaysia (PPA).

SIDREC must particularly, thank Members and other stakeholders such as Bursa Malaysia, CMDF, the Employees Provident Fund (EPF), Association of Stockbroking Companies Malaysia (ASCM), Federation of Investment Managers Malaysia (FIMM), Financial Planning Association of Malaysia (FPAM), Malaysian Investment Banking Association (MIBA), PPA, Securities Industry Development Centre (SIDC), Agensi Kaunseling dan Pengurusan Kredit (AKPK), OFS, SC and BNM for their support and indeed encouragement in this area.

Over the years, all these stakeholders have gone out of their way to increase the awareness of SIDREC, including using their resources and influence to promote SIDREC and referring complaints on capital market related matters to it, thus helping expand SIDREC's reach.

In the later part of 2019, SIDREC was prompted by the CMDF Board of Trustees to conduct a survey aimed at ascertaining the level of awareness amongst the investing public of its services. With the assistance of the SC and Bursa Malaysia, a survey questionnaire was distributed via e-mail to almost one million investors. The survey results were somewhat disappointing. Out of the 10,196 respondents as at 10 September 2019, only 18.5% have heard of SIDREC and its services. However, the encouraging news is that, 77% of respondents who have not heard of SIDREC are keen to know more.

In 2020, SIDREC will continue with its promotional efforts but subject to budget constraints since its applications for a grant from CMDF that was made in 2019 were unsuccessful. Much of SIDREC's awareness initiatives will focus on its continuous collaboration with Members and

Over the last nine years, SIDREC has undertaken numerous promotional efforts to increase the awareness of its services among the investing public either through its own efforts or through collaboration with its Members or various stakeholders.

other stakeholders, the upgrade of its *dr* (*Dispute Resolution*) newsletter to a digital magazine containing interviews with industry captains and thought leadership pieces and the intensification of its online awareness campaigns. Efforts are already underway in this regard and once again, the positive response SIDREC has received thus far is highly encouraging.

### SIDREC's Specialist Talent Pool

The steady growth of SIDREC as an organisation and in its work requires a highly professional and specialised talent pool. Not only is the SIDREC team required to manage the claims and enquiries that SIDREC receives in a professional and timely manner, the team is also required to conduct the necessary policy research and development work to ensure SIDREC's continued relevance to the market and needs of investors, manage the register of Members, run SIDREC's awareness programmes and ensure that SIDREC, as an organisation, operates efficiently and effectively in accordance with prescribed policies and procedures. SIDREC's staff strength has thus incrementally built-up from

its initial three in 2011 to the current 14, and so has its external panel of mediators and adjudicators.

Parties in a disputed claim may come to the table with diametrically opposite views, and emotions running high. It is, therefore, critical that both investors and Members recognise SIDREC's case managers, mediators and adjudicators as being professionally neutral and possess the capability of giving consistently high quality service. To this end, SIDREC ensures that its case managers, mediators and adjudicators are equipped with the required skills in managing disputes, and are also knowledgeable about the workings of the capital market.

Over and above the benefits already mentioned, this is where Members can also derive benefit from SIDREC – the soft engagement skills used by its case managers and mediators. These same skills can be put to good use within Members' own internal complaints management systems to resolve matters in-house before they escalate to an external forum.

On this point, I am happy to note that some Members have been demonstrating and continuing to show active initiative in learning from SIDREC's disputes resolution approach and processes and to take measures to prevent the recurrence of similar disputes as far as possible. I would encourage more Members to do so in the coming year.

## Funding SIDREC

SIDREC has been receiving grants from the SC to fully fund its annual operations since its inception. Over the last nine years, attempts have been made for SIDREC's operations to be funded through levies and case fees collected from Members. However, the SC has suspended the collection of membership levies having taken on board industry's concerns of challenging times and ongoing discussions between SC, BNM, SIDREC and OFS on a possible merger of the two ADR bodies. Substantial work has been carried out by the two regulators and ADR bodies as regards a proposed

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integrated dispute resolution scheme for financial services in Malaysia which could potentially see the formation of a singular ADR body that would serve the entire financial services industry and capital market. This includes the conduct of a joint feasibility assessment by SIDREC and OFS of the merger of the two ADR bodies from a strategic, financial and operational perspective. In addition, in September 2019, a joint consultation paper was issued to both SIDREC and OFS members either directly or through their respective industry associations. The analysis of the feedback received from 60% of the combined membership base of the two ADR bodies has since been completed and shared with both the SC and BNM.

Meanwhile, we cannot lose sight of the need for a more sustained scheme of self-funding for SIDREC's operations. Consequently, drawing on the considerable work that SIDREC has conducted to date regarding the development of a proposed funding structure that is simple, yet fair and equitable, SIDREC management will be updating the proposal and thereafter, consulting with Members and the SC for feedback prior to presenting a final recommendation to the SC for implementation.

## Regional & International Participation

At the regional level, SIDREC continues to see developments that confirm the SC's foresight in establishing an affordable dispute resolution service for the capital market in Malaysia. In

November 2019, for instance, at the invitation of the Securities and Exchange Commission (SEC), Thailand, SIDREC shared its thoughts on the value of a specialist ADR platform for the capital market and good practices in this regard with the SEC Thailand and industry stakeholders.

Finally, in a notable development as regards SIDREC's engagement with ADR bodies internationally to date and as a sign of increasing co-operation between SIDREC and OFS, both ADR bodies will be jointly hosting the INFO2020 Conference on 27-30 September 2020. SIDREC has been a member of the International Network of Financial Services Ombudsman Schemes (INFO Network) since 2013. The INFO conference is an annual conference of the INFO Network, of which, both SIDREC and OFS are members. It serves as a platform for ADR bodies around the world to share knowledge, information and experience.

## Appreciation

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

To my fellow directors, thank you as always for your active and enthusiastic participation and steadfast commitment to SIDREC and its cause. I would like to warmly welcome onto SIDREC's Board, Dato' Mohd Nizam Zainordin and Encik Mahadzir Azizan. Dato' Nizam who is currently

the Deputy President and Group Financial Officer of Perbadanan Nasional Berhad, comes on board as an Industry Director, replacing Dato' Idris Kechot. Encik Mahadzir Azizan brings along with him a solid legal background. He replaces Tan Sri Mohamad Ariff Md Yusof as Independent Director.

As I welcome the new directors, it is with regret that I announce the retirement of three directors from the Board, namely Dato' K C Vohrah, Mr Raymond Tang and myself. I would like to take this opportunity to thank all Members for giving us the opportunity to serve them and for their support and co-operation throughout our rewarding journey as SIDREC Board members.

My thanks also to SIDREC's panel of mediators and adjudicators, and members of the SIDREC Appeal Committee (SIAC) for their dedication and hard work. Let me welcome Dato' John Louis O' Hara, a retired High Court judge, who replaces Datuk Dr Khaw Lake Tee as chairman of SIAC.

I also welcome our new Chief Executive Officer, Sharmila Sharma, into SIDREC and am confident that she will lead our team from strength to strength.

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

We record our appreciation to all Members for their relentless support and commitment. To new members who joined SIDREC in 2019, SIDREC looks forward to your support and co-operation.



DATO' RANITA MOHD HUSSEIN  
*Chairman*

# CEO's Report



**Sharmila Sharma**  
*Chief Executive Officer*

After a period of marked growth and activity, SIDREC entered into a year of consolidation in 2019. It focused on strengthening its organisational processes and structures to ensure that SIDREC maintains the necessary framework to provide a highly commendable specialised dispute resolution service for the capital market as it enters into the next decade of its establishment.

## Strengthening SIDREC's Operations

Over the last nine years, SIDREC's membership base grew; it expanded on its dispute resolution schemes; it incorporated an appeals process; and more investors and Members began to tap into SIDREC's potential as a specialised platform that resolves capital market related monetary disputes, thus enabling them to potentially avoid lengthy and costly litigation in courts.

In 2019, SIDREC undertook significant work to assess its organisational processes and structures and thereafter, embarked on programmes that had two primary aims. The first was to continue to enhance its corporate governance and integrity initiatives to be in line with the National Anti-Corruption Plan that is strongly being promoted by the SC. The second was to further strengthen the underlying

organisational infrastructure required to ensure a conducive environment for a high-performance culture within SIDREC. The work in this regard was centred on fine-tuning SIDREC's existing internal policies and procedures and developing new ones to further institutionalise and improve its existing operational processes and practices that have yet to be documented.

This work will continue well into 2020. Over and above ensuring that SIDREC's purview remains relevant to rapidly changing market developments, regulatory framework and the needs of investors, it will continue to be vigilant to ensure its processes and practices foster good governance and integrity. At the same time, SIDREC will continue to enhance the effectiveness and efficiency of its internal operations and support services, including its IT infrastructure requirements.

## Dispute Resolution

In 2019, SIDREC received 290 claims and enquiries from the investing public, a decrease of 34% as compared to the 440 claims and enquiries received in 2018. This decrease led to the following consequences:

- Out of the 290 claims and enquiries received in 2019, 58 were eligible disputes, a decrease of 30% as compared to 83 eligible disputes in 2018; and
- SIDREC resolved 45 eligible disputes in 2019, a decrease of 25% as compared to 60 eligible disputes in 2018.

The decline in the number of claims and enquiries as well as eligible disputes could possibly be attributed to a couple of factors. First, it could be an indication that, with the strong support and co-operation of SIDREC's Members, SIDREC's efforts over the years to encourage investors and Members to first resolve their disputes amicably before resorting to its resolution platform are

SIDREC will continue to be vigilant to ensure its processes and practices foster good governance and integrity.

bearing fruit. Second, SIDREC's awareness initiatives slowed down in 2019 following the drying-up of funds from CMDF that was first allocated to SIDREC in 2016. SIDREC's high-level analysis of the correlation between its awareness initiatives and the number of claims and enquiries that it receives shows that as SIDREC intensifies the former, the latter increases and *vice versa*.

This then brings me to a key priority for SIDREC in 2020 i.e. to continue its awareness initiatives within its budgetary constraints.

## Awareness Initiatives & Stakeholders' Engagement

In 2019, SIDREC relied on its stakeholders, including Members and industry associations, as well as media houses that were willing to provide it with the much needed publicity on a *pro bono* basis to bring awareness of SIDREC's dispute resolution services amongst the investing public. SIDREC also conducted some level of digital and social media campaigns. SIDREC must particularly thank its Members and other stakeholders such as Bursa Malaysia, FPAM, PPA, OFS, BNM and the SC for their support and encouragement.

SIDREC applied for a CMDF grant in 2019 to enable it to once again intensify its awareness initiatives and capacity building programmes. Unfortunately, SIDREC was unsuccessful. As such, for 2020, much of SIDREC's awareness initiatives will be content-driven and its publications will be distributed through online channels. SIDREC

will also focus on intensifying its continuous collaboration with its stakeholders. In this regard, SIDREC would truly welcome strong support from its Members to help it promote awareness of its existence amongst their clients / customers.

Since SIDREC's inception, Members have supported its work through referrals and by providing feedback on SIDREC's approach and processes as well as helping to promote awareness of SIDREC through the exhibition of its posters and/or distribution of its leaflets, pamphlets or brochures at their premises and putting hyperlinks to SIDREC's website on their own websites.

Given SIDREC's promotional budget constraints, it would truly welcome heightened efforts by Members to help promote awareness of SIDREC. In addition to the methods mentioned, Members could intensify their efforts to promote awareness of SIDREC to their clients / customers through their other existing marketing channels. This could mean that efforts to promote awareness of SIDREC may not necessarily add more cost to business. For instance, Members could share a post from SIDREC's Facebook or add a line about SIDREC in their marketing communications as part of their marketing strategy. By informing their

clients / customers, especially small investors, of SIDREC's services, it bears great potential of assuring them that Members are confident enough in their products or services, to offer them an independent, impartial and free avenue for redress, should a dispute arise.

On SIDREC's part, it will be intensifying its Members engagement in 2020. SIDREC will seek to hold Members' Briefing sessions on a quarterly basis in the different regions of Malaysia. In addition, SIDREC will find more opportunities to engage with Members directly for more feedback and to better understand each other's needs and concerns and further strengthen the rapport between the two.

## Capacity Building

Alongside SIDREC's work to further strengthen its underlying organisational infrastructure, SIDREC undertook a comprehensive review of and enhanced its human capital competency framework to ensure that SIDREC's staff continue to be equipped to provide its stakeholders with a dispute resolution service that adheres to high quality standards. The result was the documentation of a staff performance management system that would help lay the foundation for a more sustained and coherent development of SIDREC's pool of qualified and competent staff.

Apart from that, SIDREC's capacity building efforts for 2019 were very much focused on enhancing the skills, knowledge and expertise of its case managers. In this, SIDREC was fortunate to have been able to engage with Dr Jamie Orchard, former Executive General Manager (Resolution) of the Financial Ombudsman Service Australia (FOS Australia) and a member of SIDREC's Advisory Group, to tap on his experience in the ADR business. In addition, SIDREC, together with OFS, had a three-day session with Dr Orchard and Ger Deering, the Financial Services and Pensions Ombudsman's Bureau of Ireland, to learn from his experience in dispute resolution and to share SIDREC's own experiences.

SIDREC will find more opportunities to engage Members directly for more direct feedback to better understand each other's needs and concerns and further strengthen rapport with them.

In 2020, SIDREC will continue to prioritise the capacity building needs of SIDREC's staff as part of its talent development and management as well as succession planning efforts and to safeguard the sustainability and credibility of its services.

## Appreciation

I took up the helm of SIDREC on 2 December 2019. Since my appointment, it has been a rather challenging yet rewarding time for me. I look forward to implementing SIDREC's three key strategic focuses in the coming year: continuing its notable development as an independent, impartial and effective dispute resolution body for the capital market; creating greater public awareness and understanding; and building organisational capability and sustainability.

I would like to express my heartfelt appreciation to SIDREC's Chairman and Board of Directors for their tremendous support, guidance and advice during this transition period. SIDREC has been able to grow to where it is today because of a highly committed and experienced Board. It is thus with deep regret that I receive the announcement of the retirement of three Board members, namely, SIDREC's Chairman, Dato' Ranita Mohd Hussein, Dato' K C Vohrah and Mr Raymond Tang. At the same time, however, I

welcome and look forward to working with Dato' Mohd Nizam Zainordin and Encik Mahadzir Azizan who have recently been appointed to the Board.

A special note of appreciation to the SC for their continued support of SIDREC on all fronts. Their support is absolutely vital to SIDREC's efforts to remain relevant in the capital market eco-system and to provide high quality service to investors in the Malaysian capital market.

My thanks also to SIDREC's Panel of Mediators and Adjudicators as well as members of SIAC and SIDREC's Advisory Group for their commitment to SIDREC's work. I would like to warmly welcome Dato' John O' Hara who has been appointed as Chairman of SIAC.

I must also certainly convey my sincere thanks to my colleagues for being an amazing team to work with. Their passion and commitment to the cause of SIDREC shines through evidently.

Last, but certainly not the least, I would like to thank SIDREC Members for their continued support and willingness to engage with SIDREC. My direct engagements with them to date have been encouraging and I look forward to having more conversations on SIDREC's role in the capital market eco-system.



SHARMILA SHARMA  
*Chief Executive Officer*



# About SIDREC

**S**IDREC is a body approved by the SC to handle capital market related disputes involving monetary loss between individuals or sole proprietors and SIDREC Members.

SIDREC Members are holders of a Capital Markets and Services Licence (CMSL) or Registered Persons under the Capital Markets and Services Act 2007 (CMSA) who are authorised to carry out dealings in securities, derivatives, PRS and fund management services. They include banks, brokers, fund managers (excluding Real Estate Investment Trusts (REITs) managers who only manage listed REITs), unit trust management companies (UTMCs), PRS providers and distributors and two DFIs.

SIDREC was established under the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulations) as part of the SC's investor protection framework.

Consequently, SIDREC was mandated by the regulator as an ADR body to ensure that investors firstly, have access to an independent and impartial dispute resolution avenue to help resolve their investment disputes involving financial loss with market intermediaries, and secondly, are not disenfranchised from getting the help they need due to a lack of funds or sophistication.

SIDREC continuously undertakes periodic reviews of its purview by working closely with the SC to keep in step with market developments, regulatory changes and investor needs. Since SIDREC's official launch on 19 January 2011, its purview has progressively grown with each

milestone:

- In September 2015, SIDREC's scope expanded to include the regulated activity of dealing in PRS, over and above dealing in capital market products such as shares, unit trusts, bonds, structured products, derivatives and fund management services.
- In September 2016, the Regulations were amended to allow commercial banks, Islamic banks and specified DFIs, who are Registered Persons under the CMSA, to be deemed as SIDREC Members. This development allows investors to make a claim against any of these entities, if a dispute arises from the procurement of capital market products and services.
- Between 2017 and 2018, as part of efforts to provide for a broader investor base to have access to SIDREC's services, the Voluntary Scheme was introduced. This Scheme expanded SIDREC's purview and enabled it to provide the following services:
  - Mediation and adjudication services to investors and SIDREC Members with disputes relating to claims exceeding RM250,000; and
  - Mediation services for court-referred disputes.

These changes continue to reflect SIDREC's efforts to ensure relevancy and effectiveness of reach,

focusing on the regulated activity rather than the entity, as far as possible. Investors are now able to access SIDREC's services regardless of who they transact with as long as the entity is a SIDREC Member.

SIDREC's operations are currently being funded by the SC pending the finalisation of its funding structure which will be based on contributions by its Members. SIDREC has 185 members as at 31 December 2019.

## Accessibility

- SIDREC's dispute resolution services are free for investors with disputes involving claims up to RM250,000 under its Mandatory Scheme.
- SIDREC accepts disputes involving claims above RM250,000, where both parties agree to use SIDREC's services under its Voluntary Scheme.
- SIDREC also accepts court-referred mediation under its Voluntary Scheme.
- A reasonable fee is chargeable under the Voluntary Scheme.
- SIDREC's service to investors is nationality neutral, and as such, is available to both Malaysian and foreign clients / customers of SIDREC Members.
- SIDREC's office is at Menara UOA Bangsar, Kuala Lumpur, conveniently located next to the Bangsar Light Rail Transit (LRT) station, a stop away from KL Sentral, a major transportation hub for the country.
- SIDREC accepts enquiries and disputes at its office (walk-ins), as well as through the telephone, post, e-mail, fax and its website.
- SIDREC's brochures are available in four languages i.e. English, Bahasa Malaysia, Mandarin and Tamil.

Additionally, SIDREC has considerably enhanced its online presence. For instance:

- In July 2017, SIDREC launched an official Facebook page to enhance awareness of its services as well as for greater public engagement.

- In 2018, SIDREC launched several online platforms such as LinkedIn, Twitter and Instagram in a bid to reach and engage a wider demographic of online users in Malaysia.

## Dispute Resolution Schemes

SIDREC manages two dispute resolution schemes – the Mandatory Scheme and Voluntary Scheme.

### The Mandatory Scheme

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

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

Under the Mandatory Scheme:

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

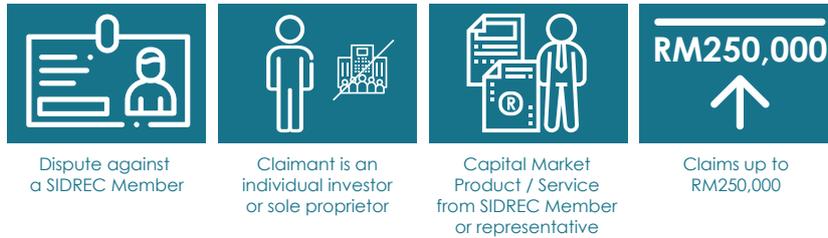
The claimant has the choice to reject the adjudicator's decision and pursue other legal recourse. However, once the claimant accepts the decision and enters into a settlement agreement, the claimant will be bound by the decision.

## SIDREC's Dispute Resolution is Available in Two Schemes



### Mandatory Scheme

A SIDREC Member is obligated to participate in SIDREC's Mandatory Scheme, if the dispute meets the following criteria:



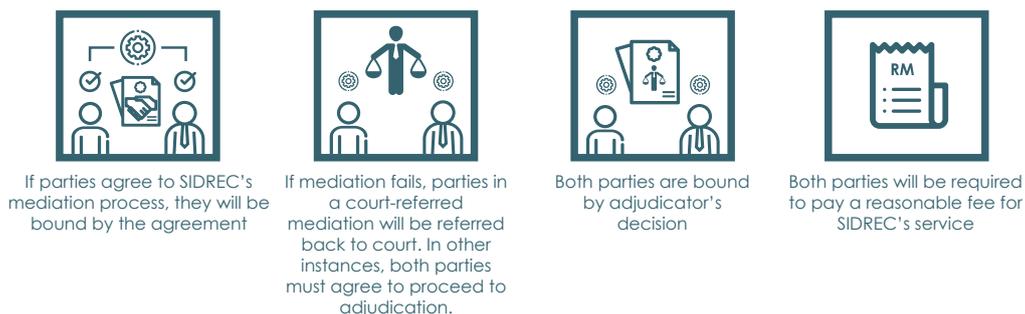
The claimant has the choice to reject the adjudicator's decision and pursue other legal recourse. However, once the claimant accepts the decision and enters into a settlement agreement, the claimant is bound by the decision.



### Voluntary Scheme

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

#### Prerequisites



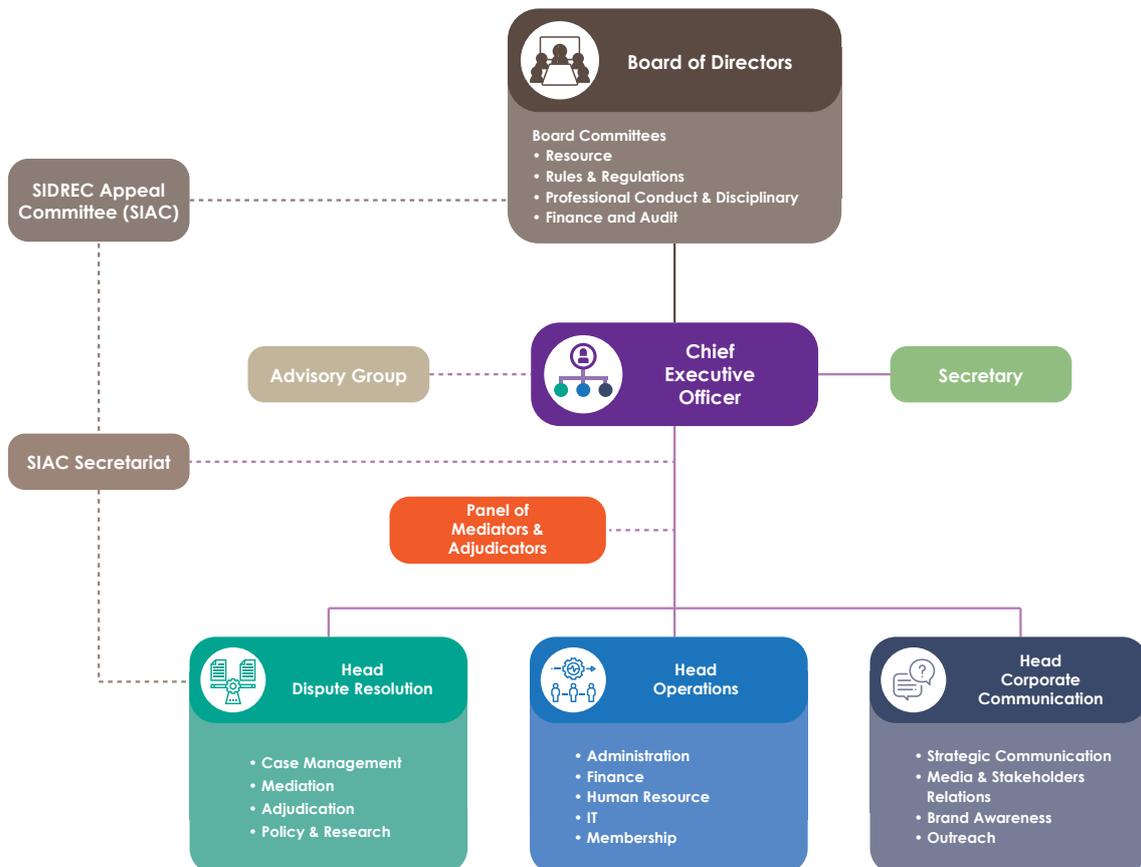
### The Voluntary Scheme

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

The following are key features of the Voluntary Scheme:

- There are two components to the Voluntary Scheme:
  - Disputes involving claims exceeding RM250,000; and
  - Court-referred mediation for any claim amount;
- If parties agree to a settlement through SIDREC's mediation process, a settlement agreement will be entered into and both parties will be bound by the agreement.
- If mediation fails, parties in a court-referred mediation will be referred back to the court. In all other instances, parties may choose to proceed to adjudication, if they both agree to do so.
- If a claim is adjudicated under the Voluntary Scheme, both the Member and the claimant will be bound by the decision, as both parties have contracted to resolve their dispute via this avenue.
- Both parties will be required to pay a reasonable fee for SIDREC's services.

### Organisational Chart



## Limited Appeal

While an award by the adjudicator is final, a limited avenue for appeal was introduced in November 2015. Through this avenue, an appeal may be made if the appellant can meet any one of the following grounds of appeal:

- A serious error of law or fact in the award; or
- Production of new evidence that would not, with reasonable diligence, have been produced during adjudication that may materially affect the award.

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

## Advisory Group

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

## Relationship Building

SIDREC believes in working together with its Members and other capital market stakeholders for the benefit of the capital market as a whole. It works with the SC, BNM, Bursa Malaysia, self-regulatory bodies, industry associations, the Malaysian Bar Council and other stakeholders including the mass media and other ADR bodies, domestic and international, to bring about greater awareness of SIDREC and the benefits of ADR.

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

## International Participation

SIDREC has been a member of the International Network of Financial Services Ombudsman Schemes (INFO Network) since 2013. SIDREC's representatives have been sitting as members of the INFO Network Committee since 2018.

INFO Network was set up for relevant ADR schemes for financial services around the world to develop their expertise in dispute resolution on a collaborative basis by exchanging experiences and information in a wide array of areas. These areas include, among others, functions and governance models, handling of systemic issues, cross border referral of complaints and training.

SIDREC also participate from time to time in international meetings and conferences organised by the SC and BNM and bodies such as the International Organisation of Securities Commissions (IOSCO), Organisation for Economic Co-operation and Development (OECD), the International Forum for Investor Education (IFIE) and the the Asian International Arbitration Centre (AIAC).

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

## SIDREC's Role in the Capital Market

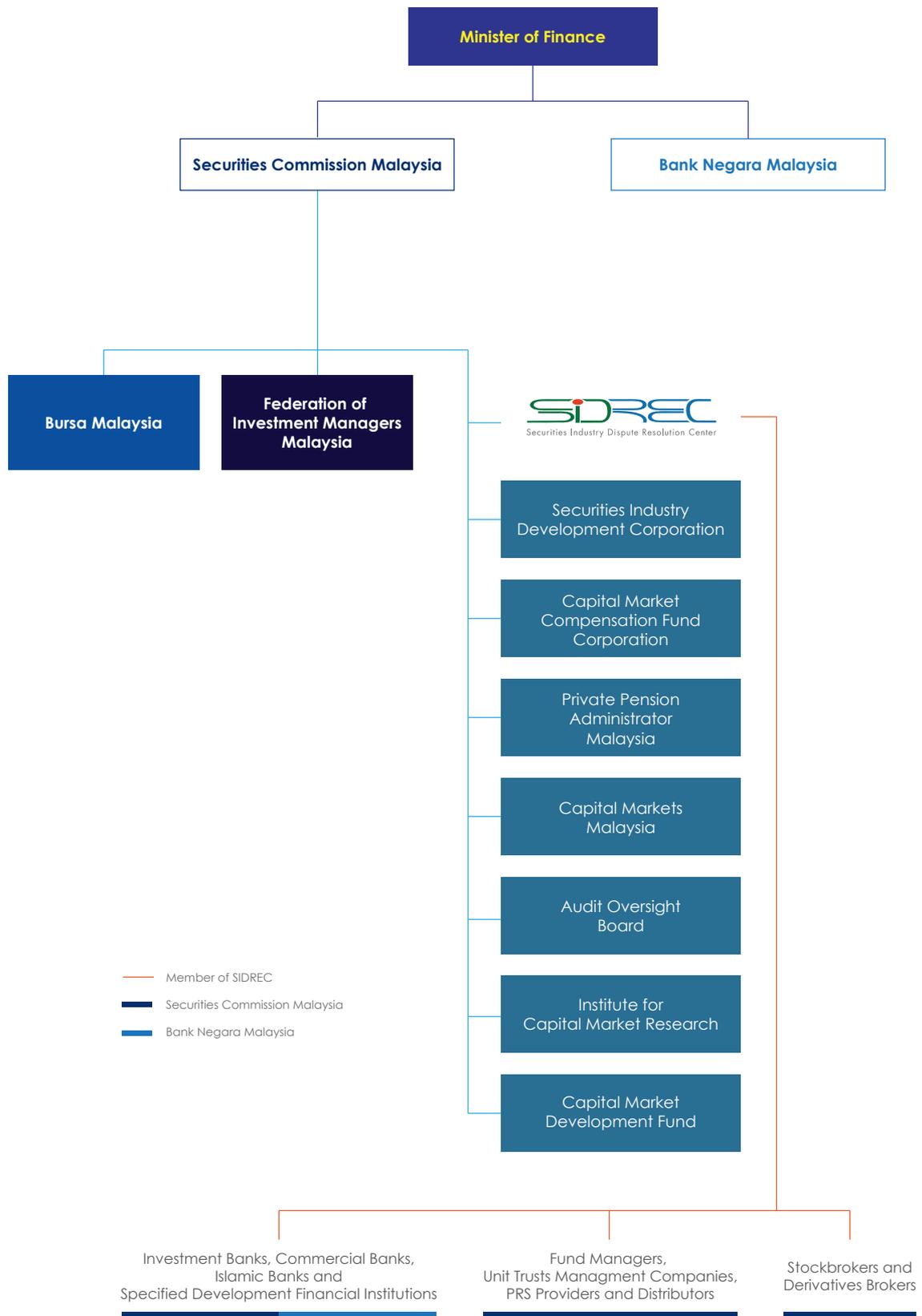
Malaysia is an active trading nation. Since trade and investment are expected to continue to be the cornerstones of Malaysia's economic development, key global developments in 2020 are likely to influence the Malaysian capital market. Even so, the domestic capital market is envisaged to remain robust and organised and will play a substantial role in sustaining economic growth through the financing of business expansion and infrastructural development to ensure Malaysia succeeds in becoming a high-income country in the coming decade.

### SIDREC Members

There are more than 200 CMSL holders and 44 Registered Persons providing access to a diverse range of products and services in the capital market.

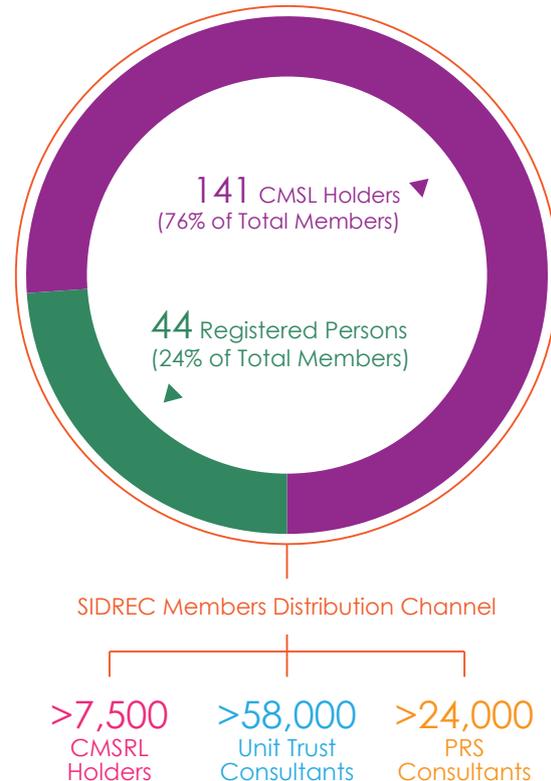
As at 31 December 2019, SIDREC's membership stood at 185, comprising 141 CMSL holders and

## SIDREC in the Capital Market Institutional Framework



44 Registered Persons. SIDREC Members carried out regulated activities that fell under its purview of dealing in securities, derivatives, PRS and fund management services. They currently consist of securities and derivatives brokers, fund managers, UTMCS, PRS providers and distributors, corporate unit trust advisers (CUTAs), corporate PRS advisers, investment banks, commercial banks, Islamic banks and specified DFIs.

### SIDREC Members as at 31 December 2019



### Members Distribution Channel

When interfacing with the investing public, SIDREC Members are supported by their distribution channels. There are over 9,500 capital markets services representative's licence (CMSRL) holders, of whom the majority are involved in dealing in securities, derivatives and fund management services. In addition to these CMSRL holders, SIDREC Members' distribution channels were also strongly supported by 58,068 UTCs and 24,728 PRS consultants who are registered with FIMM.

### Remaining Relevant: Impact of Fintech on SIDREC

The changing regulatory and market framework have facilitated the enhancement of investors' choices and access to the market. Correspondingly their access to practical and affordable help and redress must grow in tandem.

To enable this, SIDREC undertakes periodic reviews of its purview to make certain it remains relevant to market and regulatory developments as well as to ensure it efficiently play its role and lives up to its part in the capital market investor protection framework.

Alternative platforms and avenues of financing such as equity crowdfunding (ECF) and peer-to-peer (P2P) financing are making encouraging headway in the Malaysian capital market alongside the introduction of new areas of

regulated activities in the sphere of digital assets, to complement traditional sources of funding such as public equity and debt.

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

*The sources for the capital market information and statistics in this section — SC and FIMM.*

# Team SIDREC



**Board of Directors (Seated):**  
*Dato' K C Vohrah (KVC)*  
*Dato' Saiful Bahri Zainuddin (SBZ)*  
*Raymond Tang (RT)*

**Management (Standing):**  
*Steven K C Poh (SP)*





**Board of Directors (Seated):**

*Dato' Ranita Mohd Hussein (RMH)*  
*Dato' Halipah Esa (HE)*  
*Mahadzir Azizan (MA)*  
*Dato' Mohd Nizam Zainordin (MNZ)*

**Management (Standing)**

*Sharmila Sharma (SKS)*  
*Hong Siew Lai (HSL)*  
*Jenny Lim Siew Kyen (JL)*

## Board of Directors

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

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

**DATO' KARAM CHAND VOHRAH**  
*Independent Director*

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

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

**DATO' MOHD NIZAM ZAINORDIN**  
*Industry Director*

**MAHADZIR AZIZAN**  
*Independent Director*  
*(Appointed w.e.f. 29 January 2020)*

**DATO' IDRIS KECHOT**  
*Industry Director*  
*(Resigned w.e.f. 15 January 2019)*

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

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

Dato' Ranita's other previous posts include that of a Commissioner in the Human Rights Commission Malaysia (SUHAKAM), a partner of Skrine, a Judicial Commissioner in the High Court, Malaysia and an Advisor (now re-designated as Assistant Governor) to BNM. She began her career in the Judicial and Legal Services, serving in various positions ranging from Magistrate and Senior Federal Counsel at the Economic Planning Unit (EPU) and Foreign Investment Committee to Head of Advisory and International Division, Attorney General's Chambers to Chief Parliamentary Draftsman from 1969 to 1991.

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

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

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

Dato' Halipah Esa is a founding director of SIDREC. She currently serves as Independent Non-Executive Director of several public-listed companies, including Malaysia Marine and Heavy Engineering Holdings Berhad and SP Setia Berhad. She also serves on the Boards of Cagamas Berhad, Putrajaya Holdings and Malaysian Maritime Academy Sdn Bhd. She was Chairman of Pengurusan Aset Air Berhad and has also served

on the Boards of Petronas, MISC Berhad, KLCC Property Holdings Berhad, NCB Holdings Berhad, UDA Holdings Berhad, Employees Provident Fund, Pensions Trust Fund, Inland Revenue Board, FELDA, Putrajaya Corporation, Malaysia Deposit Insurance Corporation and Malaysia-Thailand Joint Development Authority.

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

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

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

### **DATO' KARAM CHAND VOHRAH**

*Independent Director*

Dato' Karam Chand Vohrah, until recently, was active in both domestic and international arbitration. He was Adjunct Professor, College of Law, Government and International Studies of University Utara Malaysia, Adjunct Professor, Faculty of Law and Government, HELP University and a consultant with Messrs Lee Hishammuddin Allen & Gledhill.

Prior to that, he was a Judge of the Court of Appeal, served in the judicial and legal service of Malaya and became Head of the Advisory Division of the Attorney-General's Chambers. He participated in many negotiations as legal advisor to international loan agreements (including those of the World Bank and the Asian Development Bank), Swiss and Japanese bond issues, and also

various conferences in relation to the Tin and the Rubber Buffer Stock Agreements. He was involved in the Law of the Sea Conferences in New York and Geneva.

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

### **DATO' 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 and he sits on all the boards of OSK Group of Companies and is an Investment Committee Member of Eastspring Investments Berhad (EIB), Independent Non-Executive Director of KAF Investment Bank Berhad where he chairs the Nomination & Remuneration Committee and sits on KAF Investment Board, Audit Committee and Risk Committee respectively.

Dato' Saiful most recent appointment was as Audit Committee Member for Universiti Sains Islam Malaysia (USIM) and Chairman of PT KAF Securitas Indonesia on 27 November 2019. He was also the Financial Advisor to the State Government of Negeri Sembilan and a member of the Negeri Sembilan State Government Think Tank. He was appointed by the Minister of Finance as Independent Non-Executive Director of Bursa Malaysia Berhad in 2008 and a Board Member of Bursa Malaysia Securities Berhad and Bursa Malaysia Securities Clearing Sdn Bhd from April 2015. He was then appointed as Senior Independent Director for his active role as a director and in addition to his board member role, he also sits on committees for market participation, risk management and nomination and remuneration.

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

## RAYMOND TANG CHEE KIN

*Industry Director*

Raymond Tang Chee Kin is a founding director of SIDREC. He is currently the CEO and a member of the Board of Directors of EIB. He has over 30 years of experience in the asset management business, managing both institutional and unit trust funds.

Prior to EIB, he was the Head of International and Institutional Business of CIMB-Principal Asset Management Berhad. He is currently also the Chairman of MAAM and Chairman of FTSE Bursa Malaysia Index Advisory Committee. He is also an invitee in the Executive Committee of Malaysia International Islamic Financial Centre (MIFC) as well as a committee member in the Market Participants Committee of Bursa Malaysia and Financial Markets Committee of BNM.

Tang is also a Fellow of the UK's Chartered Institute of Management Accountants and a Chartered Global Management Accountant. He holds a CMSRL for fund management under CMSA.

## DATO' MOHD NIZAM ZAINORDIN

*Industry Director*

Dato' Mohd Nizam Zainordin has over 30 years of professional experience in the finance industry. He is currently the Deputy President and Group Chief Financial Officer of Permodalan Nasional Berhad (PNB).

Since joining PNB, he has also held several portfolios including Senior Manager of Operations, Assistant Vice President of Unit Trust Operations, Senior Vice President of Finance & Investment Processing and Chief Financial Officer of Finance & Information Technology Division. He is also a

director in several subsidiaries within the PNB Group of Companies.

Dato' Nizam is a Fellow of the Association of Chartered Certified Accountants, member of the Malaysian Institute of Accountants and Certified Financial Planner. He holds an Executive Master of Business Administration degree from the Asian Institute of Management and has attended Huddersfield Polytechnic in the UK.

## MAHADZIR AZIZAN

*Independent Director*

*(w.e.f. 29 January 2020)*

Mahadzir Azizan has held key positions both in the private and public sectors. He joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel upon completing his legal training as a Barrister-at-Law from Lincoln's Inn in London, and was called to the English Bar in 1978.

He subsequently ventured into the private sector and served Malaysian International Shipping Corporation Berhad and Island & Peninsular Berhad, the property arm of PNB for the next 24 years. Whilst in the private sector, he also served as a MARA Council Member in addition to various other directorships in government-linked companies.

In addition to sitting on the SIDREC Board, Mahadzir is currently the Chairman of AmanahRaya REIT and also sits on the Boards of ECM Libra Group Berhad, RCE Capital Berhad, Syarikat Takaful Malaysia Keluarga Berhad and Syarikat Takaful Malaysia Am Berhad. He has also previously held directorships in Asian Healthcare Group Berhad (2014 to 2016) and Libra Invest Berhad (2007 to 2019).

# Management

## SHARMILA SHARMA

*Chief Executive Officer*

## HONG SIEW LAI

*Head of Dispute Resolution*

## JENNY LIM SIEW KYEN

*Head of Operations*

*(w.e.f. 17 February 2020)*

## STEVEN K C POH

*Head of Corporate Communication*

## SHARMILA SHARMA

*Chief Executive Officer*

Sharmila Sharma was appointed as SIDREC CEO in December 2019. She practised as an advocate and solicitor briefly before working in human rights for five years with the Human Rights Commission of Malaysia (SUHAKAM) and the United Nations High Commissioner for Refugees (UNHCR). Since then, she has had over 10 years of experience in Sustainable Finance / Investments having worked as an analyst, researcher and manager in corporate, financial and investment strategy with several organisations.

She was a key member of the Secretariat to the Financial Services Professional Board (FSPB) in 2014/15 where she led the development of the *FSPB Code of Ethics for the Financial Services Industry*.

Prior to joining SIDREC, she was the Head of Strategy, Mergers & Acquisitions of Cenergi SEA Sdn Bhd, a subsidiary of Khazanah Nasional Berhad that invests in and develops renewable energy and energy efficiency projects.

Sharmila holds a Bachelor of Arts degree in economics and law from the University of Durham. She has been called to the Bar of England & Wales and the Malaysian Bar. She has also completed all three levels of the Chartered Financial Analyst (CFA) examinations.

## SIDREC Appeal Committee (SIAC)

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



**DATO' JOHN LOUIS O' HARA**  
*Chairman & Independent Member*



**FOO LEE MEI**  
*Representative from  
Senior Management of the SC*



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



**DATUK NORIPAH KAMSO \***  
*Independent Member*



**HASNAH OMAR**  
*Independent Member*

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

# Panel of Mediators & Adjudicators

## HONG SIEW LAI

*Mediator & Adjudicator*

## SHANTI ABRAHAM MATHEW

*Mediator & Adjudicator*

## WONG LU PEEN

*Mediator*

## DATO' LIM CHEE WEE

*Mediator & Adjudicator*

## NAHENDRAN NAVARATNAM

*Mediator & Adjudicator*

## CHRISTOPHER LEONG

*Mediator & Adjudicator*

## JAS BIR KAUR

*Mediator*

## LYNETTE YEOW

*Mediator*

*(Tenure ended on 31 December 2019)*

## AISHARA ABDUL RAHIM

*Mediator*

*(Tenure ended on 20 December 2019)*

## GANESAN NETHI

*Mediator*

*(Tenure ended on 12 July 2019)*

## HONG SIEW LAI

Hong Siew Lai is responsible for the management of SIDREC's dispute resolution process. As a founding staff member of SIDREC, she has played a significant role in SIDREC's growth. She joined SIDREC in 2011 as a full-time mediator/adjudicator and has oversight over the case management of claims filed with SIDREC.

She has several years of experience in the capital market. Prior to joining SIDREC, Hong was an Assistant Vice President of Corporate Affairs, Legal & Compliance and a Registered Compliance Officer at an investment bank. From 1998 to 2004, Hong practised as an advocate and solicitor, where her scope of work included civil litigation, corporate, commercial and conveyancing matters. Her legal and capital market experience places her in good stead when mediating and adjudicating matters relating to capital market issues and to provide sound guidance to both investors and Members through the dispute resolution process.

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

## SHANTI ABRAHAM MATHEW

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

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

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

## WONG LU PEEN

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

Wong sits on the Arbitration & Alternative Dispute Resolution Committee of the Bar Council and the MMC. She is an Accredited Mediator on the panel of MMC and she also trains and assesses candidates for accreditation with the MMC.

She is also an associate accredited mediator with the Singapore Mediation Centre and a member of the advisory panel of the Australian Dispute Resolution Centre in Sydney. She has trained judges, lawyers and other professionals in mediation, and has been invited to assess students for their mediation credits in University of Malaya.

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

## DATO' LIM CHEE WEE

Dato' Lim Chee Wee has been a partner of Skrine since 2001 and has been in practice for more than 26 years. He was President of the Malaysian Bar from 2011 to 2013 and is a member of the Chartered Institute of Arbitrators. He has a broad commercial, corporate and regulatory disputes practice with experience in a wide variety of high-value and high-profile cases, including international arbitrations in Asia and Europe. He acts primarily as counsel appearing at all tiers of the Malaysian courts and his portfolio of litigation work has a particular focus towards corporate litigation.

Dato' Lim also has an established public and administrative law practice, regularly advising and acting for the Malaysian stock exchange (Bursa Malaysia), Malaysian Competition Commission (MyCC), Energy Commission, SIDREC and the SC.

He is consistently listed in various international legal directories as a leading legal practitioner. These directories include Chambers Asia-Pacific, Legal 500 Asia-Pacific, Who's Who Legal, Benchmark Litigation Asia-Pacific, and Asialaw Profiles.

He graduated with LLB and BComm (Accounting) degrees from the University of New South Wales in Australia. He was called to the Malaysian Bar as an advocate and solicitor in 1993.

## NAHENDRAN NAVARATNAM

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

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

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

### CHRISTOPHER LEONG

Christopher Leong has extensive experience in the fields of corporate, commercial, power and energy litigation and arbitration. He is well-versed with issues that customarily arise in litigation with cross-border elements. Additionally, he practises in the area of constitutional and administrative law as well as public interest litigation. He also acts as counsel in domestic and international arbitrations, both in Malaysia and overseas.

Leong is empaneled as an arbitrator with the AIAC. He was the 30th President of the Malaysian Bar and Chairman of the Bar Council of Malaysia from 2013 to 2015 and sits on Taylor's University's Law School's Legal Profession Advisory Panel. He is currently a member of the Board of Directors of the Institute for Democracy and Economic Affairs (IDEAS), a

non-profit cross-partisan think tank foundation in Malaysia. He is also the current President of the Law Association for Asia and the Pacific (LAWASIA).

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

### JAS BIR KAUR

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

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

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

## Advisory Group

SIDREC's Advisory Group is an informal group, comprising domestic and international experts, who provide SIDREC with general advice and specific input covering strategy, policy, rules reform as well as operational and structural issues.



**DOUGLAS MELVILLE**

*Principal Ombudsman & CEO  
Channel Islands Financial Ombudsman (CIFO)*



**DR JAMIE ORCHARD**

*General Counsel  
Australian Health Practitioner  
Regulation Agency*



**ANGELINA KWAN**

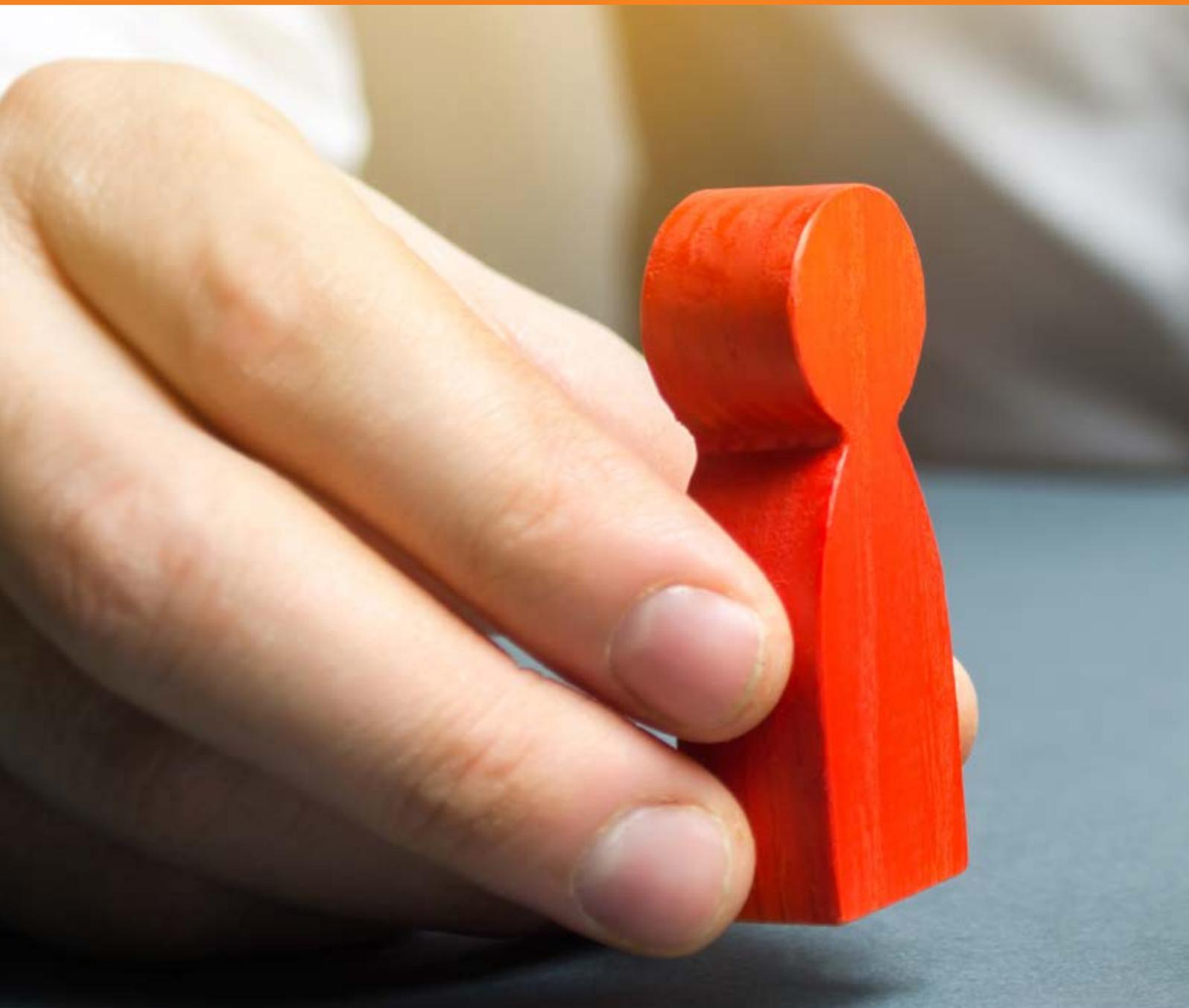
*CEO  
Stratford Finance Limited, Hong Kong*



**CHUA KONG KAI**

*Former Chief Market Operations Officer  
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# Part II





# Leveraging on the Dispute Resolution Process

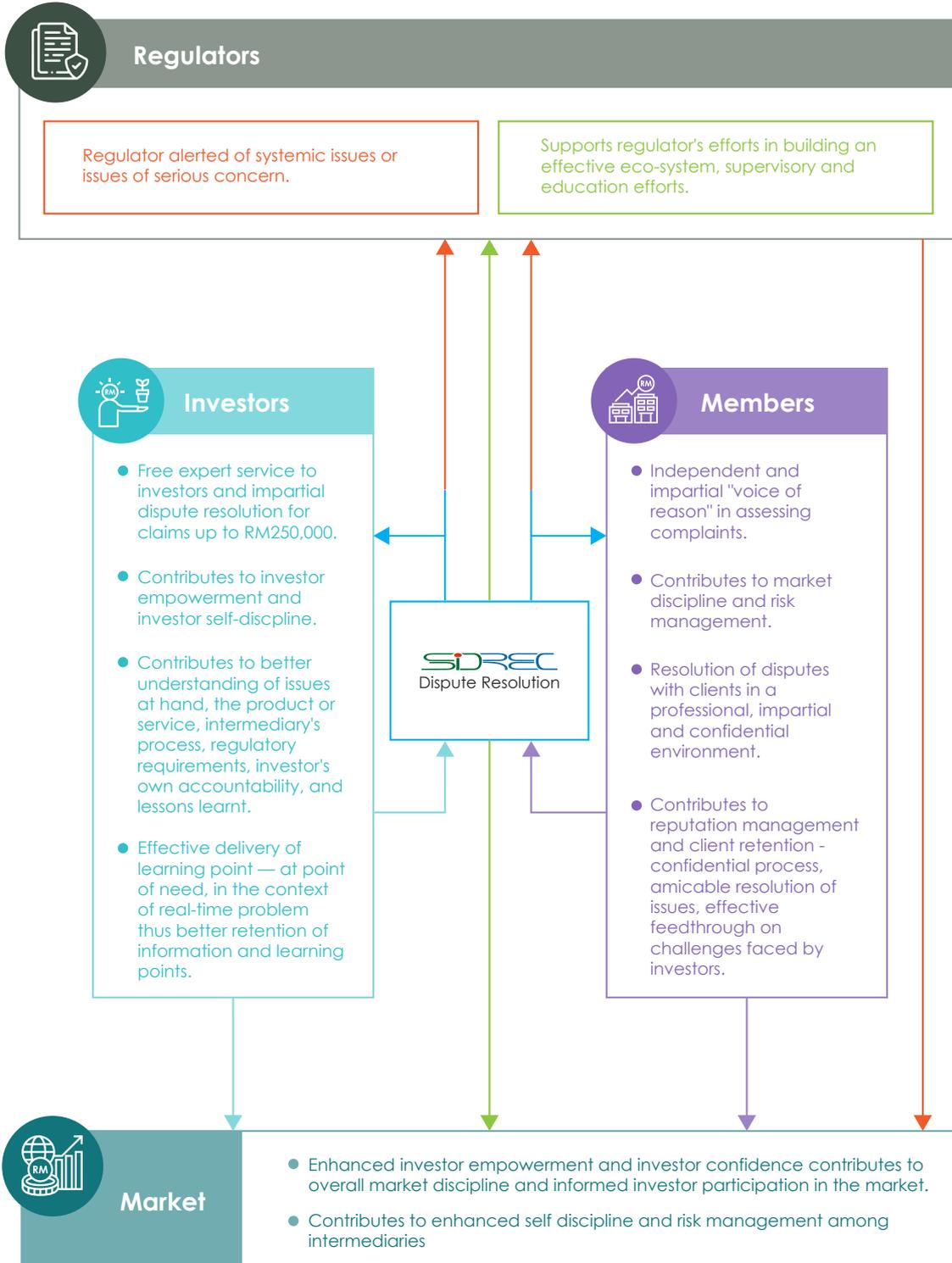
SIDREC's preferred approach to dispute resolution is inclusive, balanced and anchored on a process where confidentiality, openness and trust are observed at all times. Often times, SIDREC's resolution process takes the form of a continuation of the process initiated through a Member's in-house complaints management system but with the intervention of an independent and impartial body that has a singular goal of achieving

resolution of disputes based on facts, better appreciation of each other's perspective and some clarity of each party's own shortcomings. Communication by Members to their clients / customers about SIDREC is an assurance, especially to smaller investors, that Members are confident enough in their products and service to offer their clients / customers an independent and impartial avenue for redress, should a dispute arise.



SIDREC's Value Proposition

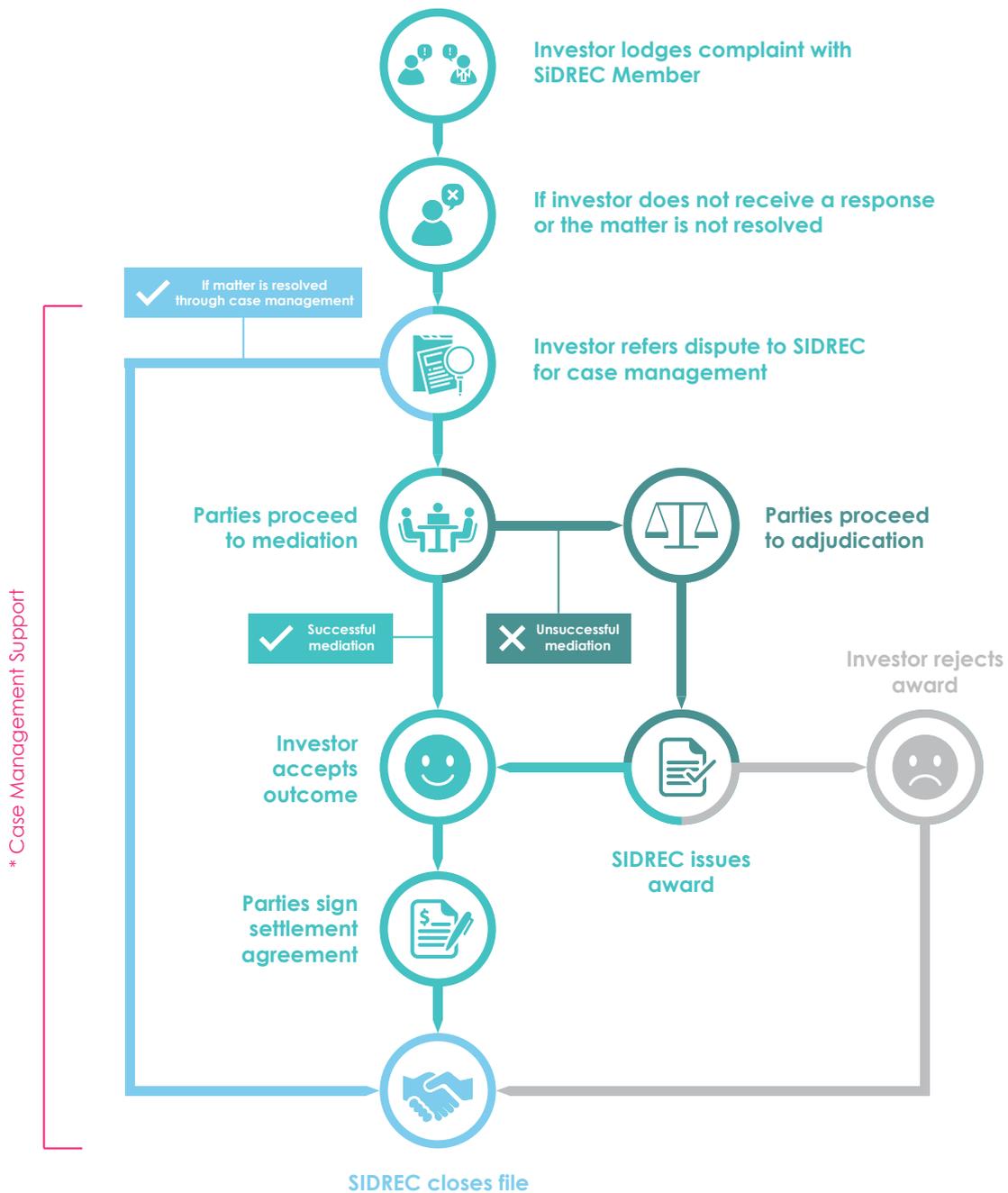
## How SIDREC Benefits the Capital Market



## How SIDREC Works

# Mandatory Scheme

For claims up to RM250,000



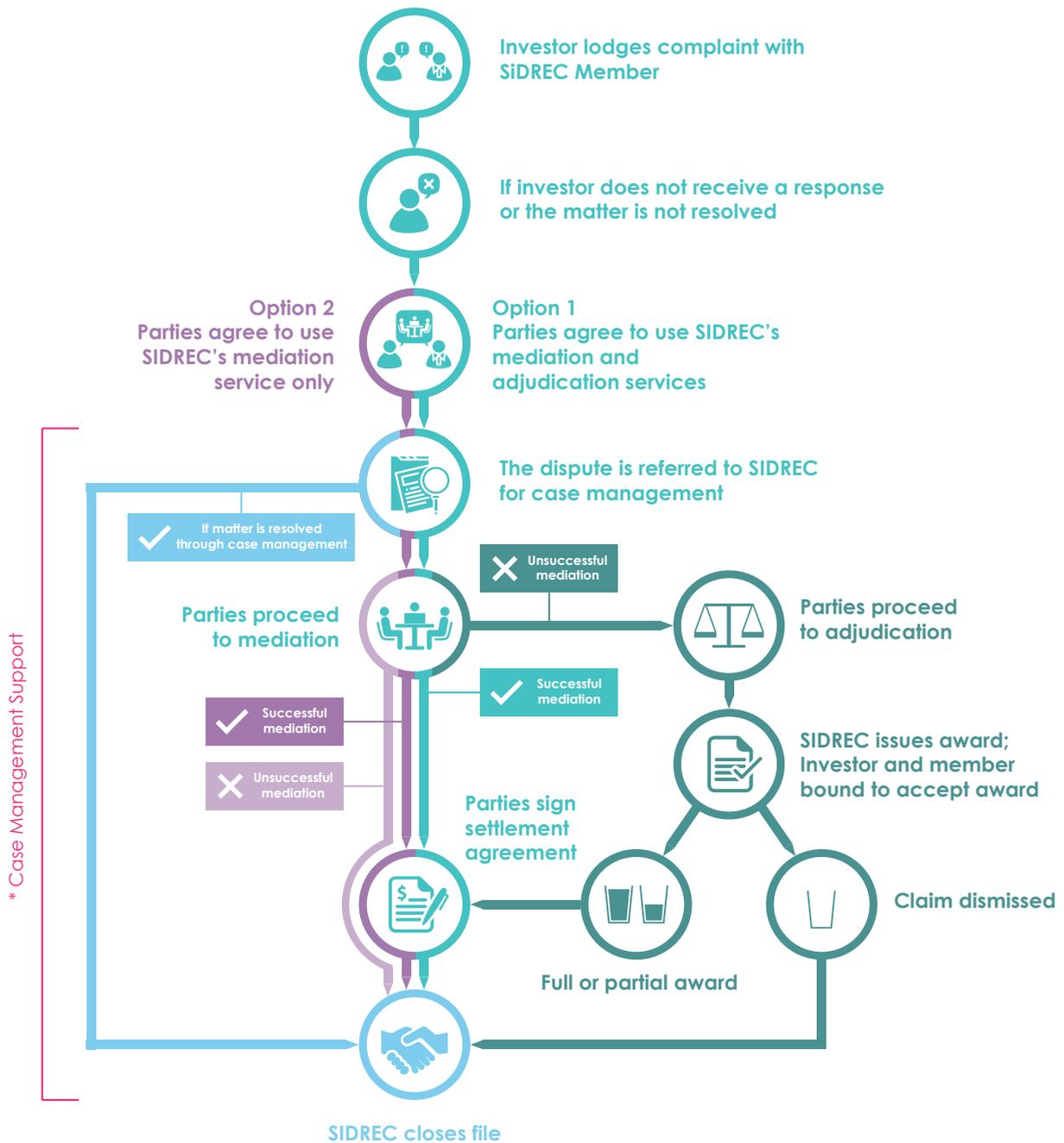
**\* Case Management Support**

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

## How SIDREC Works

# Voluntary Scheme

For claims above RM250,000

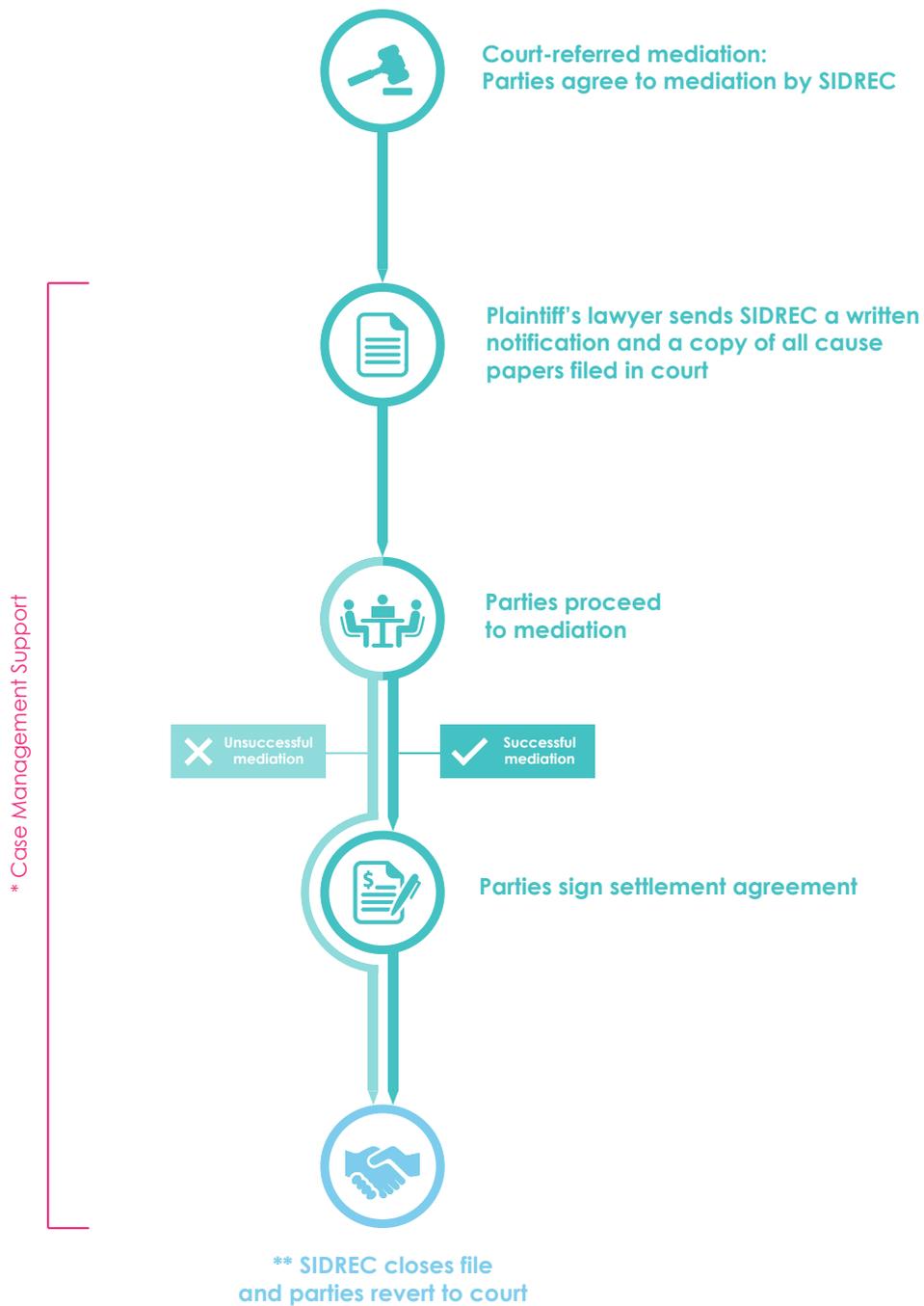


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## How SIDREC Works

# Voluntary Scheme

## Court-referred Mediation

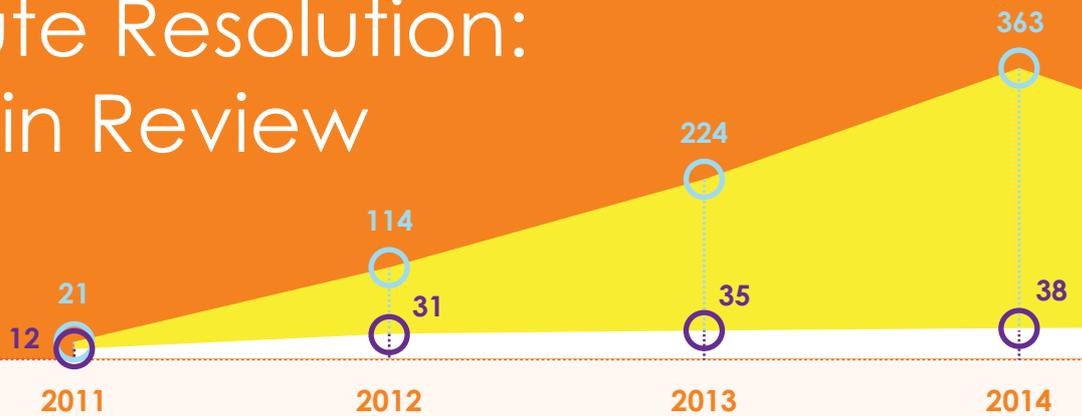


\* Case Management Support

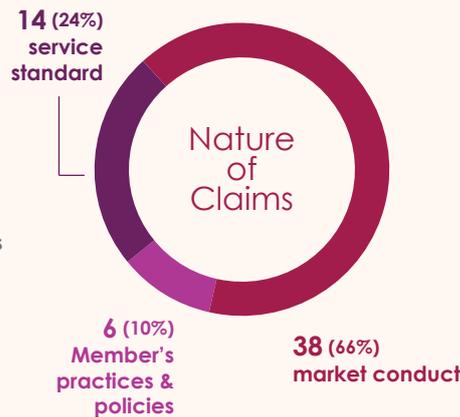
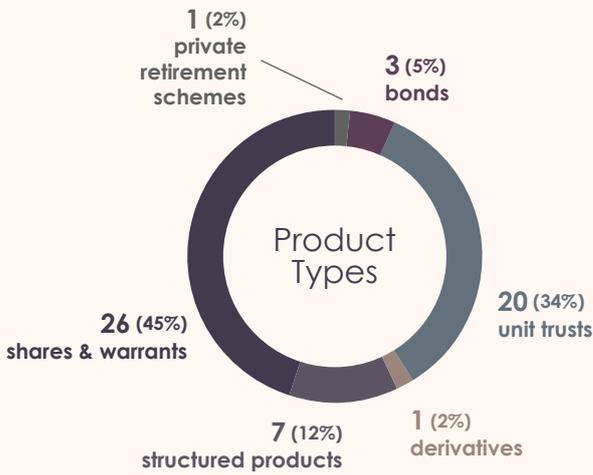
SIDREC's case managers provide administrative support to all parties and is the point of contact and communication throughout the process.

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

# Dispute Resolution: Year in Review



58 Eligible disputes



290  
Claims & Enquiries  
in 2019

## Who are SIDREC Members?

SIDREC Members are holders of a Capital Markets and Services Licence (CMSL) or Registered Persons under the Capital Markets and Services Act 2007 (CMSA) who are authorised to carry out dealings in securities, derivatives, private retirement schemes (PRS) and fund management services. They include banks, brokers, fund managers, unit trusts management companies and distributors, and two specified development financial institutions.

SIDREC's Members are bound to participate in SIDREC's dispute resolution process for claims amount of up to RM250,000.

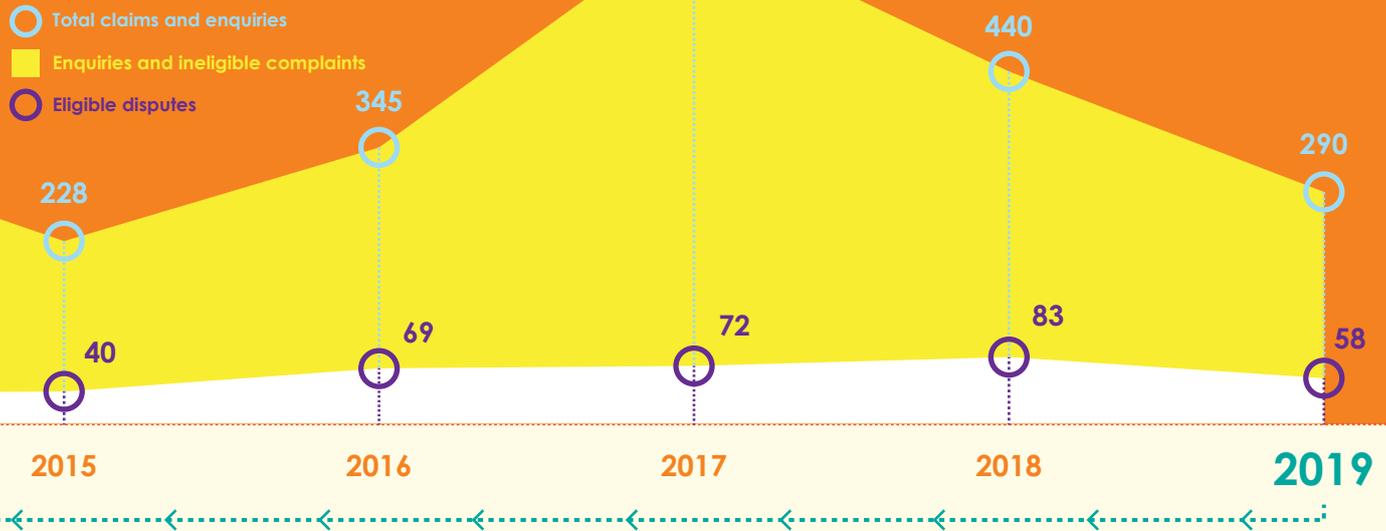
## What is an Eligible Dispute?

Upon receipt of a complaint, SIDREC will first assess its eligibility and will deem it as an eligible dispute if it meets all the criteria below:

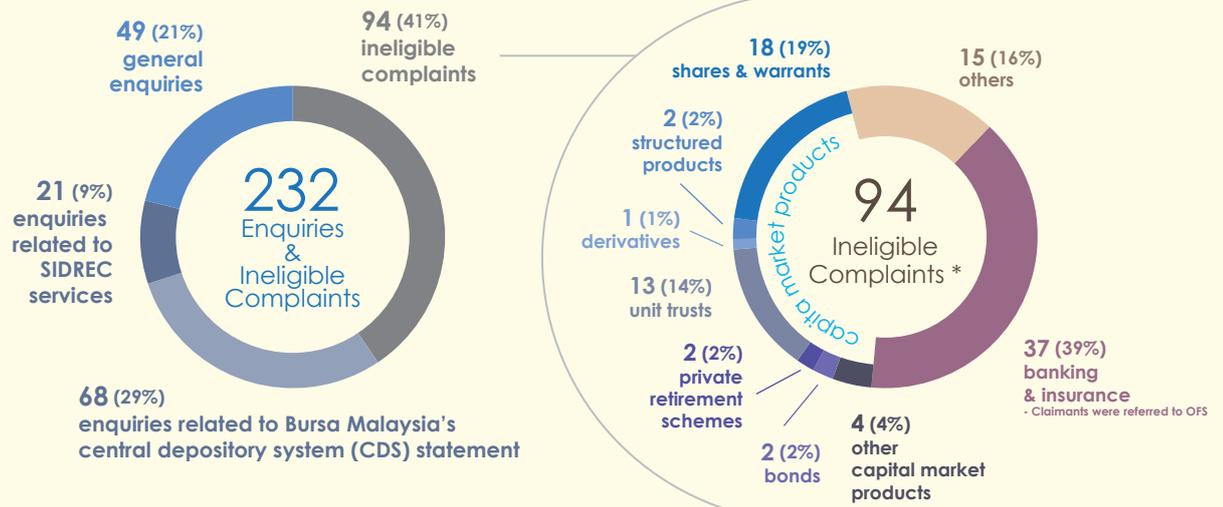
- It is made against a Member of SIDREC;
- It involves a capital market product or service under SIDREC's purview
- It is brought by an individual investor or sole proprietor; and
- It involves a claim of monetary loss.

An eligible dispute will progress through the dispute resolution process at SIDREC, which includes case management, mediation and adjudication.

# Claims & Enquiries from 2011 to 2019



## 232 Enquiries (including 94 Ineligible Complaints)



\* less than 100% due to rounding issues

### What are Enquiries?

SIDREC receives enquiries from the general public who wish to seek further clarification or assistance on:

- The dispute resolution services provided by SIDREC;
- Issues they may be experiencing in their investments; or
- General enquiries related to the financial markets or unrelated matters.

The enquiries received may not always fall within SIDREC's purview, but SIDREC seizes every opportunity to inform the public about the redress platform available at SIDREC. In the event that the matter is not within SIDREC's purview, it will assist by referring the inquirer to the relevant authorities, agencies or other points of help where possible and provided it is within SIDREC's expertise to do so.

An enquiry will be classified as an "ineligible complaint" if it meets some but not all criteria for it to be deemed as an "eligible dispute".

An ineligible complaint can be a complaint relating to capital market products and services, banking and insurance products or any other consumer products and services.

An example of an ineligible complaint is when an investor is dissatisfied with the apparent unprofessional service provided by a sales representative of a SIDREC Member. However, the investor did not suffer any monetary loss as a result of the conduct of the said sales representative. In such an instance, SIDREC will inform the investor that the complaint does not fall under SIDREC's purview and refer the investor to the relevant authority or agency if he or she wishes to file a complaint on the conduct of said sales representative.

# Dispute Resolution: Year in Review

## Overview

In 2019, SIDREC received a total of 290 claims and enquiries, comprising 58 eligible disputes, 94 ineligible complaints and 138 enquiries.

The total claims and enquiries received during the year decreased by 34% from 440 in 2018 to 290 in 2019, mainly due to the decrease in enquiries relating to Bursa Malaysia's central depository system (CDS) statements (169 in 2018 to 68 in 2019) and general enquiries (89 in 2018 to 49 in 2019). At the same time, however, enquiries about SIDREC's services increased from 11 in 2018 to 21 in 2019 while ineligible complaints recorded a slight increase from 88 in 2018 to 94 in 2019.

All 58 eligible disputes received by SIDREC in 2019 came under the Mandatory Scheme. While SIDREC did not receive any eligible disputes under the Voluntary Scheme, there were enquiries on the Scheme. In addition, there were four eligible disputes where the claimants opted to limit their claims to a maximum claim limit of RM250,000 in order to avail themselves to SIDREC's free services under the Mandatory Scheme.

## Eligible Disputes by Product Types or Services

Of the 58 eligible disputes received in 2019, 26 were related to shares and warrants, 20 to unit trusts, seven to structured products, three to bonds and one each to derivatives and PRS. SIDREC did not receive any disputes relating to fund management services in 2019.

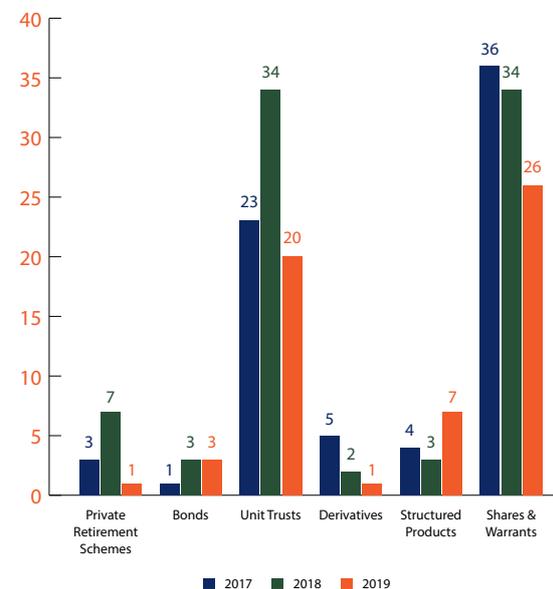
In line with historical trends since 2016, eligible disputes relating to unit trusts, shares and warrants formed the majority of eligible disputes by product type or service managed by SIDREC in 2019.

However, there was a slight drop in the number of such disputes when compared to 2018. In 2019, 79% of eligible disputes (i.e. 46 out of 58) comprised of disputes relating to unit trusts, shares and warrants as compared to 82% in 2018 (i.e. 68 out of 83).

*“More eligible disputes relating to structured products”*

Another key observation for 2019 is the increase in eligible disputes relating to structured products – from three in 2018 to seven in 2019. All seven

## Eligible Disputes by Product Types 2017 to 2019



eligible disputes relating to structured products received for the year revolved around market conduct. More specifically, they involved the sales practices of representatives of relevant Members including mis-selling, inappropriate advice, product unsuitability and inadequate disclosures.

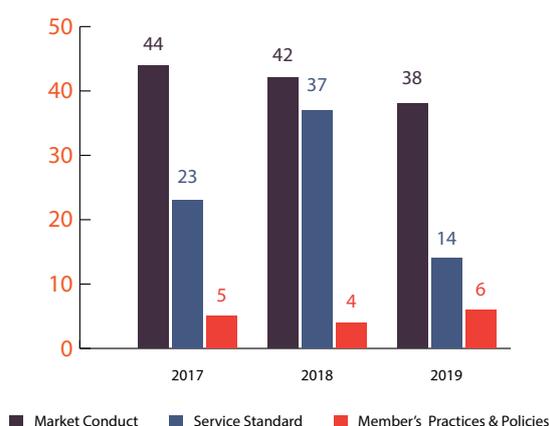
## Nature of Disputes Received by Product Types and Services in 2019

		Shares & Warrants	Structured Products	Unit Trusts	Derivatives	Bonds	Private Retirement Schemes	Total
Market Conduct	Fraud, defalcation or misappropriation	7	0	2	0	0	0	9
	Sales practice (Includes mis-selling, bad advice, product unsuitability, inadequate disclosures)	2	7	8	0	2	1	20
	Unauthorised transactions or non-compliance with instructions	4	0	5	0	0	0	9
	Others	0	0	0	0	0	0	0
	Sub-total for Market Conduct	13	7	15	0	2	1	38
Service Standard	Delays, errors or glitches of online systems	5	0	1	0	0	0	6
	Delays, errors or lapses in disclosure	0	0	1	0	0	0	1
	Other delays or errors in process	3	0	3	0	1	0	7
	Sub-total for Service Standard	8	0	5	0	1	0	14
Member's Practices & Policies	Fees and charges	2	0	0	1	0	0	3
	Disclosure policy	3	0	0	0	0	0	3
	Product development and sales policy	0	0	0	0	0	0	0
	Others	0	0	0	0	0	0	0
	Sub-total for Members' Practices and Policies	5	0	0	1	0	0	6
<b>Total</b>		<b>26</b>	<b>7</b>	<b>20</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>58</b>

## Eligible Disputes by Nature of Claims

Of the 58 eligible disputes received in 2019, 38 related to market conduct, 14 to service standards and six to Member's practices and policies.

### Eligible Disputes by Nature of Claims 2017 to 2019



Among the three main categories of nature of claims (i.e. market conduct, service standard and Member's practices and policies), eligible disputes relating to market conduct, which has consistently formed the highest number of disputes by nature

### Nature of Eligible Disputes

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

#### Market Conduct

- Fraud / defalcation / misappropriation
- Sales practices e.g. mis-selling, bad advice, product suitability, inadequate disclosures
- Unauthorised transactions / non-compliance with instructions
- Others

#### Service Standard

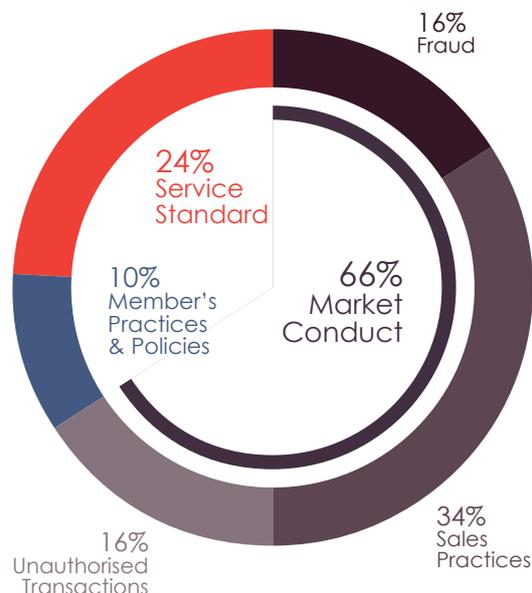
- Delays / errors / glitches in online system
- Delays / errors / lapses in disclosure
- Other delays / errors in process

#### Member's Practices / Policies

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

of claim since 2016, continues to be a leading issue in 2019. Market conduct related disputes made up approximately 66% (38 out of 58) of the total eligible disputes received in the year.

*“Market conduct related disputes continue to be a leading issue”*



Among market conduct related eligible disputes, those concerning sales practices remain the leading issue, similar to the observation made in 2018. The percentage of eligible disputes relating to sales practices increased from 24% (20 out of 83) in 2018 to 34% (20 out of 58) in 2019.

Some examples of disputes concerning sales practices include:

- (i) Making recommendations without due consideration for the investors' financial objectives and risk profiles;
- (ii) Not making full and/or inadequate disclosures of key features of the products marketed or distributed by a sales representative for investors to make an informed investment decision; and
- (iii) Making unreasonable representations on the rate of return of the investment and / or insufficient explanation on the potential risks of the investment.

Three main observations may be made through the disputes resolved in 2019. First, they suggest a need for Members to have better oversight over the sales practices of their agents in addition to

better record keeping.

Second, they indicate a lack of understanding by both the investors and sales representatives of the Members of the key features of products that are being marketed or distributed.

Third, they highlight the need for investors to be more accountable for their own investment decisions and to take a more pro-active role in monitoring their own investments.

### Eligible Disputes for Transactions Executed via Online Trading Platforms

In 2018, SIDREC reported an increase in the number of claims relating to service standards. It was observed that this was mainly attributable to an increase in claims received for transactions via online platforms. SIDREC further observed that in view of the efforts to encourage investors to trade through online platforms and mobile applications, it is increasingly important for market intermediaries to ensure that their systems are reliable, secure and robust.

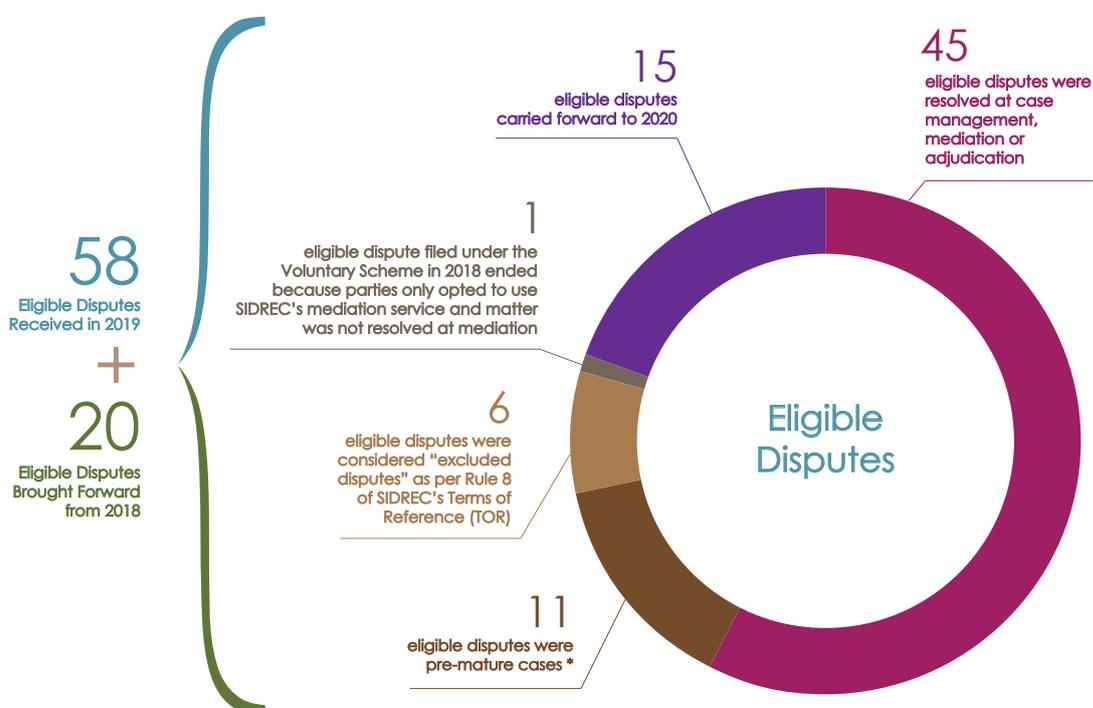
In 2019, SIDREC received a lower number of eligible disputes relating to service standards (14 in 2019 when compared to 37 in 2018). Within the sub-category of service standard, SIDREC received six eligible disputes relating to delays, errors or glitches with an online system.

Based on the disputes relating to transactions executed via online trading platforms managed by SIDREC in the year, there appears to be a pre-disposition by Members to rely on the blanket exclusion clauses in the online trading account application forms in their attempts to exonerate themselves from any liability arising from the use of their trading platforms.

Whether a Member can rely on blanket exclusion clauses depends on the facts of each case. Generally, exclusion clauses are only meant to cover the Member in the event that the failure of the system is caused by an issue that is not within the control of the Member who provided the online trading platform. It does not cover, among others, issues that can be prevented by the Member concerned through the implementation of reasonable preventive measures or issues caused by lapses on the part of the Member, particularly when the issues are recurring in nature.

## Resolution of Eligible Disputes

In 2019, SIDREC managed a total of 78 eligible disputes – 20 eligible disputes brought forward from 2018 and the 58 eligible disputes received in 2019. The status of the eligible disputes managed by SIDREC as at 31 December 2019 is illustrated in the diagram below:



\* Under SIDREC's TOR, one of the pre-conditions for filing a claim with SIDREC is that a claimant must have filed the complaint with the relevant Member prior to filing the claim with SIDREC. Therefore, if a dispute is submitted "pre-maturely" to SIDREC, it will refer the claimant to the relevant Member in order to provide an opportunity for the parties to first resolve their dispute without third-party intervention.

All disputes carried forward from year 2018 have been resolved in 2019, save for a claim filed without sufficient details on the issues concerned and the amount of loss involved. As such, SIDREC was unable to progress on the matter any further. This matter has been re-categorised as submitted "prematurely" to SIDREC. The investor has been informed that SIDREC has closed the file but would re-look into the matter when the disputed transactions could be identified.

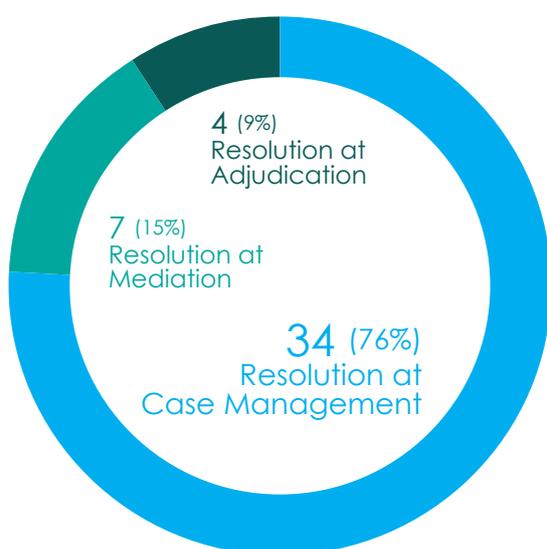
### Defining Excluded Disputes

A claim assessed as an eligible dispute by SIDREC may be deemed as an excluded dispute after receiving more information and documents from the parties to a dispute during the dispute resolution process. Rule 8 of SIDREC's Terms of Reference (TOR) states that certain eligible disputes are outside the scope of SIDREC even though they meet the eligibility requirements.

The following is a condensed version of Rule 8. The full TOR is available on SIDREC's website:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>(i) Disputes which involve a Member against which a winding up order has been made, or where the Member has been declared insolvent, or is a subject of a declaration of an event of default pursuant to the Rules of the Capital Market Compensation Fund Corporation;</li> <li>(ii) Disputes arising from a commercial decision by the Member, e.g. product pricing, fees and charges or rejection of credit/margin applications;</li> <li>(iii) Disputes related to product or investment performance (except for alleged non-disclosure of risks / misrepresentation);</li> </ul> | <ul style="list-style-type: none"> <li>(iv) Disputes that have been referred to a court or for arbitration, and the case has been decided; or is pending in the court or arbitration unless the matter is stayed for the purpose of referral to SIDREC;</li> <li>(v) Disputes involving matters under investigation by the SC or other enforcement authority, where SC has issued a direction to SIDREC not to proceed with its dispute resolution process; and</li> <li>(vi) Any claim that is time barred under the Limitation Act 1953 or Limitation Ordinance (Sabah) (Cap. 72) or Limitation Ordinance (Sarawak) (Cap. 49).</li> </ul> |
|--|---|

*“91% resolved at case management or mediation”*



SIDREC’s dispute resolution process includes case management, mediation and adjudication. Generally, a claim may be resolved at any stage in the process. Of the 78 eligible disputes managed by SIDREC in 2019, 45 were resolved either at case management (34 eligible disputes or 76%), mediation (seven eligible disputes or 15%) or adjudication (four eligible disputes or 9%). The remaining 33 were either pre-mature cases (11 disputes), excluded disputes (six disputes) or carried forward to 2020 (15 disputes). In addition, one claim that was lodged with SIDREC under the Voluntary Scheme in 2018 ended following an unsuccessful mediation, and the parties did not wish to proceed to the next stage of the dispute resolution process i.e. adjudication.

SIDREC adopts a mediative approach from the commencement to closure of every case. This

approach has proven to be effective in the resolution of cases as 91% (41 out of 45) of the eligible disputes were resolved at the case management stage (which involves an in-depth assessment of a claim) or subsequently through mediation.

### Resolution at Case Management

When a claimant files a complaint with SIDREC, it will be assigned to a case manager who will determine whether the complaint falls within SIDREC’s purview. Upon a thorough review of the available facts of the complaint, the case manager will then proceed to discuss the matter with the claimant to better understand the issues from the claimant’s point of view. At this point, the case manager may request for any relevant documents or information that the claimant has not already submitted to SIDREC. Simultaneously, the case manager will discuss the matter with the Member concerned to solicit their response on the complaint as well as obtain any relevant documents or information in order to facilitate a better appreciation of the case.

Of the 34 eligible disputes resolved through case management in 2019:

- 31 eligible disputes were resolved (or withdrawn by the claimant) during case management. These 31 eligible disputes were resolved (or withdrawn by the claimant) based on differing factual circumstances as illustrated in the table below.
- Three claims were dismissed after a review at case management stage as they were considered clearly unsustainable against the Member concerned.

Circumstances of Resolution During Case Management	Number of Eligible Disputes
Resolved after SIDREC intervention or claimant accepted SIDREC’s explanation	12
Pre-mature disputes where SIDREC referred claimants back to Members - Resolved without further intervention by SIDREC	3
Claimant decided to forgo claim	5
Claimant decided to pursue another avenue	2
Claimant decided to re-file claim with SIDREC	1
Complaint deemed withdrawn; no response from claimant	8
Claim dismissed	3
<b>Total Eligible Disputes Resolved During Case Management</b>	<b>34</b>

### What are Eligible Disputes resolved after SIDREC's Intervention at Case Management?

A total of 12 eligible disputes (or 35% of total claims resolved at the case management stage) were settled after SIDREC's intervention or satisfactory explanation by SIDREC of the relevant issues to the parties concerned.

Most of SIDREC's claims are resolved at case management without further escalation to the next stage in the dispute resolution process, i.e. mediation and adjudication.

During this stage, SIDREC's case manager thoroughly reviews available information to gain a better insight of the issues from the perspective of both parties and thereafter tries to bridge the gap between them.

SIDREC finds that parties are more prepared to settle a claim after better understanding of its surrounding issues. SIDREC's case manager will first try to obtain information

and seek clarification from the parties in order to understand the facts involved. Thereafter, the case manager will help the parties to better understand the pertinent issues and facilitate the communication between them with the aim of reaching a mutually acceptable settlement.

The successful resolution of an eligible dispute during the case management stage can be attributed to the co-operation received from parties to a dispute as well as their willingness and ability to view the issues from each other's perspectives with the assistance of SIDREC's case managers.

SIDREC's case managers are trained mediators and are equipped with the knowledge of capital market products and services. Such combined expertise enables an informed discussion for the resolution of a case during the case management stage.

### Resolution at Mediation

During mediation, the claimant and representatives of the Member concerned will have an open discussion to explore possibilities of settlement with the help of a mediator. It is important to note that a mediator does not make a decision. It is up to the parties to decide how they wish to settle the dispute.

The mediation session is an informal one, where parties can ask each other questions and respond to or clarify any points. Should the mediation be successful, the parties will proceed to sign a settlement agreement.

In 2019, SIDREC successfully mediated seven eligible disputes where parties agreed to enter into settlement agreements, one of which was a claim filed under its Voluntary Scheme in 2018 and brought forward to 2019.

### Resolution at Adjudication

When parties are unable to resolve a dispute through mediation, the case would proceed to adjudication if the dispute is submitted under the Mandatory Scheme. Under the Voluntary Scheme, the matter will progress to adjudication, only if both parties agree to use SIDREC's adjudication service.

### Resolution of Adjudication in 2019



In 2019, SIDREC adjudicated and issued decisions on four eligible disputes under the Mandatory Scheme comprising of three partial awards and one dismissal in favour of the Member. All claimants accepted the decisions, including the dismissal of a claim.

### Appeal to SIAC

SIDREC did not receive any appeals to SIAC in 2019.

## Efficiency & Effectiveness of SIDREC's Dispute Resolution Process

SIDREC aims to resolve all disputes within the mandated timeline of 90 working days from the receipt of complete documentation and information from the disputing parties.

Of the 45 eligible disputes resolved in 2019, 89% (40 out of 45 eligible disputes) were resolved within the mandated timeline of 90 working days.

Duration	No. of Eligible Disputes
Within 90 working days	40
Between 91 and 120 working days	3
Over 120 working days	2

Claims that required over 90 days to resolve were faced with the following main challenges:

- (i) Lack of co-operation from the parties to the dispute during the dispute resolution process, including delayed response time from the parties;

- (ii) New information surfaced during the dispute resolution process which required amendments to the claim. Consequently, more time was required to request for relevant documents and information pertaining to the amended claim;
- (iii) Co-ordination of mediation sessions and adjudication hearings involving parties from countries with different time zones.

## Conclusion

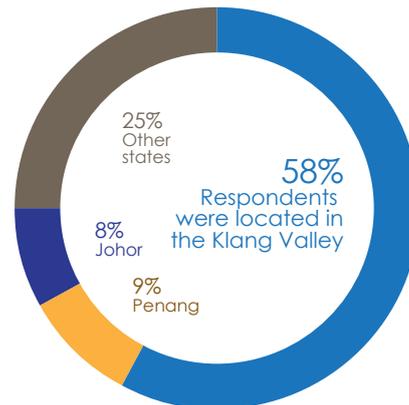
The fact that 91% of the eligible disputes that were resolved in 2019 were resolved during case management or mediation and 89% were resolved within the mandated timeline of 90 working days points to the effectiveness and efficiency of the dispute resolution services provided by SIDREC.

SIDREC remain steadfast in its commitment to meet its mandate to provide investors and Members with a specialised dispute resolution service through an independent and impartial platform. An effective and affordable avenue for redress contributes to the enhancement of investor confidence to participate in the capital market.

# Awareness & Capacity Building

**S**IDREC's 2019 awareness initiatives primarily comprised direct engagements with Members and other stakeholders. At the same time, SIDREC seized on any opportunity to gain exposure in the traditional media (print and broadcast) and undertook some level of digital initiatives. Its capacity building programmes for the year, meanwhile, took the form of training programmes that were targeted at strengthening the core competencies of SIDREC's staff, particularly its dispute resolution team.

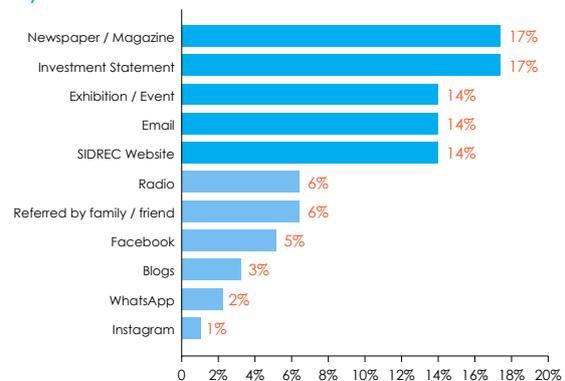
Respondents' Geographic Location



## An Instructive Survey

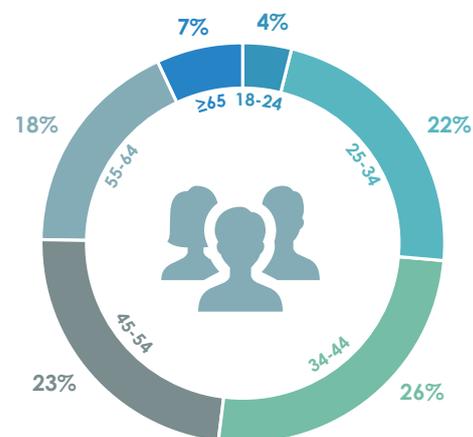
In the later part of 2019, SIDREC was prompted by the CMDF Board of Trustees to conduct a survey aimed at ascertaining the investing public's level of awareness of its services. SIDREC conducted the survey in-house. With the assistance of the SC and Bursa Malaysia, a survey questionnaire was distributed via e-mail to almost one million investors. As at 10 September 2019, SIDREC received 10,196 response through both channels. The majority of the respondents were between 25 and 54 of age (71%), lived in the Klang Valley (58%), invested in shares (followed by unit trusts and PRS), invested less than RM50,000 annually, and do so on an infrequent basis (followed by monthly and quarterly basis).

Respondents' Awareness of SIDREC by Source



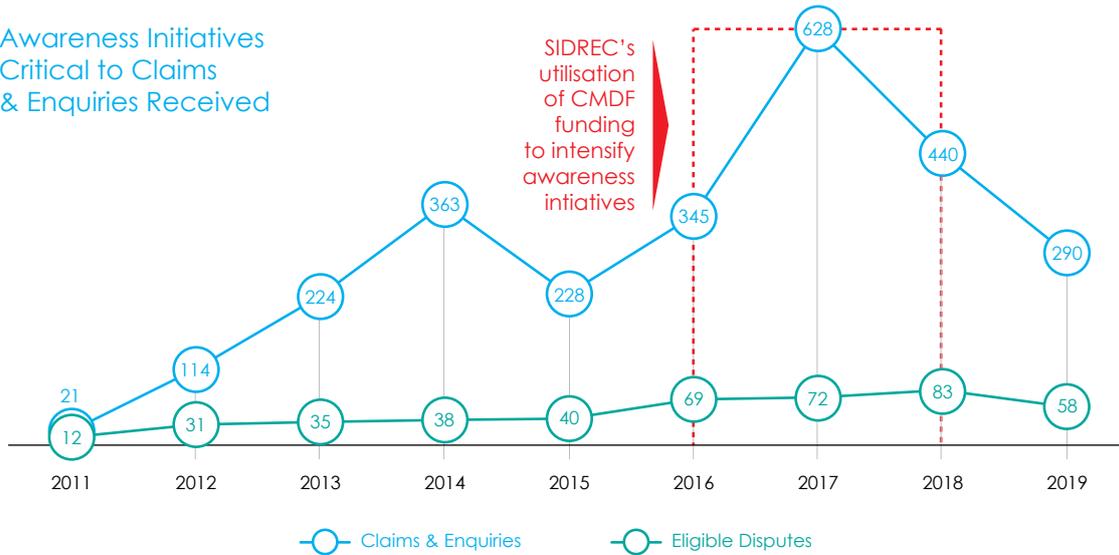
In spite of all of SIDREC's awareness efforts over the last nine years, out of the 10,196 respondents, only 18.5% have heard of SIDREC. The respondents heard of SIDREC through the following top five media channels: newspapers / magazines (17%), investment statements (17%), exhibitions / events (14%), e-mails (14%) and SIDREC's website (14%).

Respondents' Age Group



The results of the survey thus indicate the need for SIDREC to increase its efforts to raise the level of awareness of SIDREC amongst the investing public. The challenge is to find the right outreach strategy to encourage investors, particularly retail investors, to be interested in knowing their rights as an investor and the available avenues for redress

**Awareness Initiatives  
Critical to Claims  
& Enquiries Received**



should they have a legitimate claim against their capital market intermediary prior to them having such a claim and when things are going smoothly. It is common human behaviour to only begin to scramble to seek for a solution when a problem arises. On this note, while the survey results were disappointing, it is at least heartening that amongst the respondents who have not heard of SIDREC, 77% are interested to know more about what it does.

Given the fact that SIDREC's 2019 applications for a grant from the CMDF to fund its awareness initiatives and capacity building programmes for 2020-2021 were unsuccessful, much of its work in this regard for 2020 will be content-driven and shall be focused on intensifying its collaboration with Members and other stakeholders throughout the year.

**Awareness Initiatives**

The following were SIDREC's key awareness initiatives in 2019:

**Members' Briefings**

In addition to SIDREC's larger scale Annual Members' Briefing that is traditionally held in Kuala Lumpur, SIDREC held Members' Briefing on a smaller scale in Kota Kinabalu and Kuching on 1 July and 2 July, respectively. SIDREC took the opportunity to touch base with its Members in East Malaysia when it participated in the SC's Bersama InvestSmart @ Borneo in Kota Kinabalu that was held from 29 to 30 June. The briefing sessions were used to primarily engage with representatives of Members in that region on SIDREC's purview and services.



*SIDREC's Annual Members' Briefing.*

SIDREC's Annual Members' Briefing which took place on 27 August, saw representatives from Members receiving updates on SIDREC's operations and TOR. In addition, new representatives were introduced to its purview and services.

In a variation to the Annual Members' Briefing programme, SIDREC invited two members from its Panel of Mediators and Adjudicators (Shanti Abraham Mathew and Wong Lu Peen) to provide some insights into SIDREC's dispute resolution processes, including suggested practices for a smoother process between all parties. The session was extended due to the high number of questions from Members who were interested to know more about the process.



*Shanti and Wong shared their insights at the Briefing in KL.*

### Investor Engagements

SIDREC participated in the PJ Start-Up Festival 2019, two InvestSmart @ SC events, Bersama InvestSmart @ Borneo in Kota Kinabalu, Sabah and the SC's annual flagship event – InvestSmart Fest 2019. For the second year running, SIDREC invited its counterpart in the financial services – OFS – to jointly participate in the InvestSmart Fest held at the Mid Valley Exhibition Centre.

The joint participation was a combined effort to provide visitors with a holistic one-stop booth for all their enquiries on disputes relating to financial services and the capital market involving monetary claims.

On 10 October, SIDREC participated in FIMMAC (Federation of Investment Managers Malaysia Annual Convention) as a panelist on one of the convention's discussion forums entitled: "Transformation of the Modern Sales Pitch," which discussed, among others, the pros and cons of the rapid digitalisation of the investment landscape.

On 4 November, SIDREC participated in the Kenanga Fraud Awareness Week Games, organised by Kenanga Investment Bank Berhad.



*Bersama InvestSmart @ Borneo in Kota Kinabalu.*

### Other Stakeholder Engagements

SIDREC collaborated with KDU University College (now UOW Malaysia-KDU) in two installments (one in January and the other in September) on a pilot project which incorporated elements of financial literacy into the university college's undergraduate CSR course.

This SIDREC-led pilot project was put together in partnership with Bursa Malaysia and PPA. It is a strategic initiative aimed at providing students with foundational knowledge of investing for their future as well as the importance of financial and retirement planning and having a more organised financial life.

SIDREC, Bursa Malaysia and PPA each gave a one-hour lecture to the students to provide them with an overview of their respective roles and purview in the capital market eco-system. The students were quizzed on the three lectures in addition to their understanding on CSR based on their class lectures.

The coursework culminated in a competition where students presented an awareness campaign proposal and a video to increase public awareness on the importance of savings and investment, retirement planning as well as the availability of a redress avenue for disputes. Students were assigned to work in groups to conceptualise promotional campaigns.

Also, as part of their awareness campaigns, each group was given the task of producing a video encompassing SIDREC, Bursa Malaysia and PPA which they would incorporate into their proposed campaigns. The students presented their campaign concepts and videos before judges representing the respective stakeholders. The winning teams took away RM9,000 worth of prizes, sponsored by SIDREC, Bursa Malaysia and PPA. In the two installments of the programme, SIDREC, Bursa Malaysia and PPA connected with close to 300 students and was prominently featured in *Nanyang Siang Pau* on 26 June.

In its quest to broaden its awareness beyond the shores of the peninsula, SIDREC connected with the Rotary Clubs of Kota Kinabalu, Sabah.

SIDREC delivered a presentation on its role in the capital market eco-system and dispute resolution processes to the Rotary Club of Luyang and connected with a few other Rotary Club presidents

in the city in addition to making a courtesy call to the president of the Kota Kinabalu Chinese Chamber of Commerce & Industry (KKCCCI).

The effort received extensive non-paid newspaper coverage in Kota Kinabalu with the facilitation of the Rotary Club of Luyang. Stories of these liaisons were published in five different newspapers, namely the *Daily Express*, *Sin Chew Jit Poh*, *Asia Times*, *See Hua Daily News* and *Overseas Chinese Daily*.

Finally, as part of its engagement with industry stakeholders, SIDREC jointly organised a talk with the FPAM on 13 September to familiarise 16 licensed financial planners (LFPs) with its services, the mediation and adjudication processes and the steps involved in submitting a monetary claim. At the same time SIDREC answered queries from the floor.



SIDREC-FPAM joint talk for licensed financial planners.

### Print, Broadcast & Social Media Exposure

In 2019, SIDREC gained 15 exposures in the print and broadcast (radio) media.

SIDREC's print media exposure began in 2019 with a piece on the formation of Ombudsman Malaysia in the 5-11 January issue of *Focus Malaysia*. SIDREC, together with OFS were interviewed for the piece. This news piece was followed by a *Nanyang Siang Pau* interview on the dispute resolution process and how it benefits retail investors. SIDREC shared examples of the types of monetary loss in which it could help. The interview was featured as an exclusive front-page story on 15 April with a follow-up piece published the following day.

Thereafter, SIDREC appeared in other print media outlets such as *China Press*, *The Malaysian Reserve* and *Sin Chew Jit Poh* throughout the year.

As for radio broadcast, on 14 August, SIDREC was interviewed "live" on CityPlus 106FM, a Chinese business station, where SIDREC explained its role



SIDREC's exposure in the print media.

SIDREC's Print and Broadcast Media Exposure in 2019

No.	Date	Media Channel	Type	Title
1.	5 Jan	Focus Malaysia	Print	Ombudsman Malaysia to Boost Transparency, Accountability
2.	15 Apr	Nanyang Siang Pau	Print	SIDREC Provides Solutions for Investment Disputes
3.	16 Apr	Nanyang Siang Pau	Print	Five Pitfalls of which Retail Investors Need to Be Aware
4.	7 May	The Malaysian Reserve	Print	SIDREC May Have Got Its Formula Right
5.	12 Jun	China Press	Print	Do Not Give Away Online Passwords
6.	12 Jun	Asia Times	Print	SIDREC to Promote ADR in Sabah
7.	12 Jun	Overseas China Daily	Print	SIDREC Seeking Tie-Ups with the KKCCCI to Promote ADR
8.	13 Jun	Sin Chew Jit Poh	Print	SIDREC to Promote ADR in Conjunction with Bersama InvestSmart @ Borneo
9.	13 Jun	See Hua Daily News	Print	SIDREC Engaging with Rotary Clubs and the KKCCCI to Promote ADR
10.	15 Jun	Daily Express	Print	Towards Smart Investing
11.	26 Jun	Nanyang Siang Pau	Print	Malaysia's First Investment Literacy CSR Programme
12.	13 Jul	China Press	Print	SIDREC CEO Overcomes Challenges to Go Forward
13.	14 Aug	CityPlus FM106	Broadcast	He Accidentally Sold My Shares!
14.	11 Sept	Sin Chew Jit Poh	Print	More Than 400 Disputes and Enquiries in 2018
15.	9 Dec	The Malaysian Reserve	Print	SIDREC Appoints New CEO

and jurisdiction in the capital market along with examples of situations in which SIDREC can assist retail investors to resolved their disputes. The session is available for listening as a podcast on the radio station's website.

SIDREC is extremely grateful for the willingness of media houses to promote its dispute resolution services to the retail investors on a *pro bono* basis and hope to be able to collaborate with them in 2020.

### Digital & Social Media Campaign

On the digital front, in conjunction with the annual IOSCO's WIW, SIDREC launched a seven-day social media campaign (on Facebook, Instagram, Twitter and LinkedIn) from 30 September to 6 October which provided investors with helpful investment tips and information.



*SIDREC's WIW postings on social media.*

WIW's key message for 2019 centred on initial coin offerings (ICOs), digital assets and online investing. Going along with this theme, SIDREC's social media postings promoted tips on safe practices when investing online while reminding investors that they are more than welcome to connect with SIDREC through its website or phone should they need help.

SIDREC's e-publication, **dr**, was circulated in March, July and December 2019. The e-publications offered readers a glimpse into some of SIDREC's public engagement activities for the year.



*SIDREC's dr newsletters that were circulated in 2019.*

## Capacity Building Programmes

Building the capacity of SIDREC's case managers was given priority in 2019; dispute resolution, being SIDREC's core business.

On 27 February, SIDREC's dispute resolution team participated in a workshop organised by the Securities Industry Development Corporation (SIDC) where they were shown the characteristics of market misconduct for better case analysis guided by the regulator's expectations. The workshop discussed in detail the nature and severity of market misconduct which includes activities such as insider trading, market manipulation, false trading, price rigging, disclosure of information about prohibited transactions and disclosure of false or misleading information. Workshop participants were also alerted to the disciplinary actions imposed and penalties meted by regulators.

On 24-25 June, as part of SIDREC's effort to ensure that its dispute resolution service is at least at par with its regional and global peers, in terms of quality, relevance, practice and approach, it engaged Dr Jamie Orchard, a member of SIDREC's Advisory Group who is also the former Executive General Manager (Resolution) of the Financial Ombudsman Services of Australia (FOS Australia) to tap on his experience in the ADR business.

During the two-day engagement with Dr Orchard at SIDREC's office, its dispute resolution team deep-dived into various ADR areas and shared insights and challenges faced throughout its dispute resolution process while learning of issues and concerns faced by FOS Australia and their approach in dealing with them.

In the same week, on 26-28 June, SIDREC and OFS also learned from another peer when they undertook a joint consultation programme and sharing session with Ger Deering, the Ombudsman of Financial Services and Pension Ombudsman (FSPO)'s Bureau of Ireland.

During the three-day session, both SIDREC and OFS learned from the FSPO's experiences while sharing the Malaysian experience from SIDREC's and OFS' perspectives. Dr Orchard was also invited to this joint consultation and sharing session to provide comparisons between FSPO's and FOS Australia's dispute resolution approaches. SIDREC's dispute resolution team also discussed insights,



*SIDREC and OFS shared their findings from the group activity.*



*Deering at the joint consultation programme.*

current issues and emerging trends based on case studies relating to actual insurance, banking and investments cases.

The learning experience was further enhanced with the incorporation of role plays where issues and learning points from mediation sessions were discussed. The consultation and sharing session benefitted not only the dispute resolution team, but also the operations and corporate communication teams of both SIDREC and OFS, as it encompassed the practice of a dispute resolution body as a whole.

On 11 July, SIDREC attended the CRO Lecture Series on cost benefit analysis (CBA) in policy-making to better understand how CBA, built on strong market knowledge, helps in policy-making. CBA is a holistic and structured way to assess the costs and benefits that a policy is expected to generate. It is also a systematic and scientific method to assess the impact of policies, which provides greater transparency and accountability of policy decisions.

On the same day i.e. 11 July, the corporate communication team, attended the Malaysian PR Summit 2019, organised by the Public Relations & Communications Association of Malaysia (PRCA) to update communication practitioners on building reputation in the world of information overload and fake news. Reputation and trust are issues that are extremely challenging in marketing in today's digital world. Industry experts and leaders from major Malaysian and multinational companies shared their communication and leadership strategies which were instrumental in helping them build winning brands and corporate reputation.

On 30 September to 2 October, SIDREC participated in the 12th International Network of Financial

Services Ombudsman Schemes Conference (INFO 2019) in Johannesburg, South Africa to connect with industry peers from around the world as well as to be updated with the latest best practices of the various schemes. SIDREC and OFS will be jointly hosting the 13th International Network of Financial Services Ombudsman Schemes Conference (INFO 2020) from 27 to 30 September 2020 in Kuala Lumpur. This joint undertaking will be a boon to both ADR bodies' efforts in capacity building. On SIDREC's part, its case managers will benefit from the experiences of its peers from other jurisdictions.

Finally, just as SIDREC consults and benefits from the sharing with its more advanced peers, it also shares its experiences with other jurisdictions that are looking to establish their own dispute resolution centres. In November 2019, SIDREC was invited by the SEC Thailand to share the value proposition of a specialist ADR body to industry players as well as good practices in this regard with the SEC Thailand.

The engagement was split into two sessions. The first session consisted of a direct briefing session between SIDREC and the SEC Thailand. During this session, SIDREC shared its regulatory framework, governance structure, dispute resolution approaches and processes and the challenges that it faced and how they were addressed.

The second session comprised an engagement with the SEC Thailand's industry stakeholders. SIDREC explained the benefits of the establishment of an independent and impartial body to assist with the resolution of disputes relating to monetary claims that may arise between industry players and their clients / customers. This engagement was conducted with the aim of garnering the support of industry players for such a scheme based on SIDREC's experiences.

# 2019 In Brief

First SIDREC-KDU CSR Programme  
20 February, 28 March



SIDREC & OFS jointly organised a Knowledge Sharing Programme with the Financial Services and Pensions Ombudsman, Ireland and Dr Jamie Orchard  
26 June



SIDREC Engagement with the Kota Kinabalu Rotary Clubs and KK Chinese Chamber of Commerce & Industry  
21 May



January

February

March

April

May

June

Exhibition at the PJ Startup Fest  
22 February



9th Annual General Meeting  
10 April



Exhibition at the InvestSmart @ SC  
13 April



CEO Guest Lecture on ADR at UKM Bangi  
23 April



Exhibition at Bersama InvestSmart @ Borneo in Kota Kinabalu  
29-30 June



Engagement with the Sabah Law Society  
29 June

SIDREC went live on CityPlus 106FM  
14 August



SIDREC-FPAM Joint Talk for Licensed Financial Planners (LFPs)  
13 September



SIDREC joined Kenanga's FAW Games  
4 November



Exhibition at the InvestSmart @ SC  
9 December



SIDREC joined SC's Family Day at FRIM  
24 August

Annual Members' Briefing  
27 August



Attended the INFO Network Conference in South Africa  
30 September - 2 October

SIDREC shared the Value Proposition of a Specialist Dispute Resolution Platform with the SEC Thailand and Industry Stakeholders  
20 November



July

August

September

October

November

December

Members' Briefing in Kota Kinabalu & Kuching  
1-2 July

Courtesy Visit to Bank Negara Malaysia's Kota Kinabalu Office  
1 July

Meeting with the Rotary Clubs of Kota Kinabalu and Kuching  
1-2 July



Public Engagement at KKCCCI  
25 July

Second SIDREC-UOWMKDU CSR Programme  
25 September, 13 November



SIDREC invited to the FIMM Annual Convention  
10 October



Exhibition and Public Engagement at SC's InvestSmart Fest in Mid Valley Exhibition Centre  
18-20 October



SIDREC attended the SC's Annual Dinner  
29 November

## Members

SIDREC Members comprise entities, who are either licensed or registered by the SC pursuant to the CMSA, to deal in the following regulated activities:



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

The following are the lists of Members as at 31 December 2019 according to these categories:

- a. **Capital Markets Services Licence holders;** and
- b. **Registered Persons**

Capital Markets Services Licence Holders		Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
1	A.D. Financial Sdn Bhd		✓			✓
2	Aberdeen Standard Investments (Malaysia) Sdn Bhd	✓				
3	Aberdeen Standard Islamic Investments (Malaysia) Sdn Bhd	✓	✓			
4	AE Research Management Sdn Bhd	✓				
5	Affin Hwang Asset Management Berhad	✓	✓			✓
6	Affin Hwang Investment Bank Berhad			✓	✓	
7	AIA Pension And Asset Management Sdn Bhd	✓				✓
8	AllMAN Asset Management Sdn Bhd	✓	✓			
9	AIMS Asset Management Sdn Bhd	✓				
10	Alliance Investment Bank Berhad			✓		
11	Alpha REIT Managers Sdn Bhd	✓				
12	Amanahraya Investment Management Sdn Bhd	✓	✓			
13	Amanah Saham Nasional Berhad		✓			
14	Amanah Saham Sarawak Berhad		✓			
15	Amara Investment Management Sdn Bhd	✓				
16	AmFunds Management Berhad	✓	✓			✓
17	AmInvestment Bank Berhad	✓		✓	✓	
18	AmIslamic Funds Management Sdn Bhd	✓				
19	Amundi Islamic Malaysia Sdn Bhd	✓				
20	Amundi Malaysia Sdn Bhd	✓				
21	Apex Investment Services Berhad	✓	✓			
22	Areca Capital Sdn Bhd	✓	✓			
23	Assar Asset Management Sdn Bhd	✓				
24	Bill Morrisons Wealth Management Sdn Bhd		✓			✓
25	BIMB Investment Management Berhad	✓	✓			
26	BIMB Securities Sdn Bhd			✓		
27	Blueprint Planning Sdn Bhd		✓			✓
28	BNP Paribas Asset Management Malaysia Sdn Bhd	✓				
29	BNP Paribas Asset Management Najmah Malaysia Sdn Bhd	✓				
30	CC Advisory Sdn Bhd		✓			✓
31	Capital Dynamics Asset Management Sdn Bhd	✓				
32	CGS-CIMB Futures Sdn Bhd <i>(formerly known as CIMB Futures Sdn Bhd)</i>				✓	
33	CGS-CIMB Securities Sdn Bhd <i>(formerly known as Jupiter Securities Sdn Bhd)</i>			✓		
34	CIMB Investment Bank Berhad			✓		
35	Citigroup Global Markets Malaysia Sdn Bhd			✓		
36	CLSA Securities Malaysia Sdn Bhd			✓		
37	Corston-Smith Asset Management Sdn Bhd	✓				
38	Credit Suisse Securities (Malaysia) Sdn Bhd			✓	✓	
39	Eastspring Al-Wara' Investments Sdn Bhd	✓				
40	Eastspring Investment Berhad	✓	✓			

continued on the following page

	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
41	Etalage Sdn Bhd		✓			✓
42	Excellentte Consultancy Sdn Bhd		✓			✓
43	FA Advisory Sdn Bhd		✓			✓
44	FA Securities Sdn Bhd			✓		
45	Fedrums Sdn Bhd				✓	
46	Finwealth Management Sdn Bhd		✓			✓
47	FIN Freedom Sdn Bhd		✓			✓
48	Fortress Capital Asset Management (M) Sdn Bhd	✓				
49	Franklin Templeton Asset Management (Malaysia) Sdn Bhd	✓				
50	Franklin Templeton GSC Asset Management Sdn Bhd	✓	✓			
51	GAX MD Sdn Bhd	✓				
52	Genexus Advisory Sdn Bhd		✓			✓
53	Golden Touch Asset Management Sdn Bhd	✓				
54	Goldman Sachs (Malaysia) Sdn Bhd	✓				
55	Guidance Investments Sdn Bhd	✓				
56	Harveston Wealth Management Sdn Bhd		✓			✓
57	Hong Leong Asset Management Berhad	✓	✓			
58	Hong Leong Islamic Asset Management Sdn Bhd <i>(formerly known as Hong Leong Fund Management Sdn Bhd)</i>	✓				
59	Hong Leong Investment Bank Berhad			✓	✓	
60	iFAST Capital Sdn Bhd	✓	✓			✓
61	i-VCAP Management Sdn Bhd	✓				
62	Inter-Pacific Asset Management Sdn Bhd	✓	✓			
63	Inter-Pacific Securities Sdn Bhd			✓	✓	
64	JF Apex Securities Berhad			✓	✓	
65	JPMorgan Securities (Malaysia) Sdn Bhd			✓	✓	
66	KAF Investment Funds Berhad	✓	✓			
67	KAF Equities Sdn Bhd <i>(formerly known as KAF-Seagroaff &amp; Campbell Securities Sdn Bhd)</i>			✓		
68	Kedah Islamic Asset Management Berhad	✓	✓			
69	Kenanga Futures Sdn Bhd				✓	
70	Kenanga Investment Bank Berhad			✓		✓
71	Kenanga Investors Berhad	✓	✓			✓
72	Kenanga Islamic Investors Berhad	✓				
73	Kumpulan Sentiasa Cemerlang Sdn Bhd	✓				
74	Legacy Advisory Sdn Bhd		✓			✓
75	Libra Invest Berhad	✓	✓			
76	LT International Futures (M) Sdn Bhd				✓	
77	M & A Securities Sdn Bhd			✓		
78	Macquarie Capital Securities (Malaysia) Sdn Bhd			✓		
79	Magnisave Group Sdn Bhd		✓			✓
80	Malacca Securities Sdn Bhd			✓		

Capital Markets Services Licence Holders		Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
81	Manulife Asset Management Services Berhad	✓	✓			✓
82	Maybank Asset Management Sdn Bhd	✓	✓			
83	Maybank Investment Bank Berhad			✓	✓	
84	Maybank Islamic Asset Management Sdn Bhd	✓				
85	Mercury Securities Sdn Bhd			✓		
86	MIDF Amanah Asset Management Berhad	✓	✓			
87	MIDF Amanah Investment Bank Bhd			✓		
88	MTC Asset Management (M) Sdn Bhd	✓				
89	Muamalat Invest Sdn Bhd	✓	✓			
90	Navis Management Sdn Bhd	✓				
91	Navis Management (I) Sdn Bhd	✓				
92	Nomura Asset Management Malaysia Sdn Bhd	✓				
93	Nomura Islamic Asset Management Sdn Bhd	✓	✓			
94	Nomura Securities Malaysia Sdn Bhd			✓		
95	Opus Asset Management Sdn Bhd	✓	✓			
96	OUA Asset Management Sdn Bhd	✓				
97	Pacific Mutual Fund Berhad	✓	✓			
98	PCB Asset Management Sdn Bhd	✓				
99	Pengurusan Kumipa Berhad	✓	✓			
100	Permodalan BSN Berhad	✓	✓			
101	Permodalan Nasional Berhad	✓				
102	Pheim Asset Management Sdn Bhd	✓				
103	Pheim Unit Trusts Berhad		✓			
104	Phillip Capital Management Sdn Bhd	✓				
105	Phillip Futures Sdn Bhd				✓	
106	Phillip Mutual Berhad		✓			✓
107	PineBridge Investments Malaysia Sdn Bhd	✓				
108	PM Securities Sdn Bhd			✓		
109	PMB Investment Berhad	✓	✓			
110	Principal Asset Management Berhad <small>(formerly known as CIMB-Principal Asset Management Bhd)</small>	✓	✓			✓
111	Principal Islamic Asset Management Sdn Bhd <small>(formerly known as CIMB-Principal Islamic Asset Management Bhd)</small>	✓				
112	PTB Unit Trust Berhad	✓	✓			
113	Public Investment Bank Berhad			✓		
114	Public Mutual Berhad	✓	✓			✓
115	Rakuten Trade Sdn Bhd			✓		
116	RHB Asset Management Sdn Bhd	✓	✓			✓
117	RHB Investment Bank Berhad			✓	✓	
118	RHB Islamic International Asset Management Berhad	✓	✓			
119	Saham Sabah Berhad		✓			
120	Saturna Sdn Bhd	✓	✓			

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Capital Markets Services Licence Holders		Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
121	SDB Asset Management Sdn Bhd	✓				
122	Singular Asset Management Sdn Bhd	✓				
123	SJ Securities Sdn Bhd			✓		
124	SP Investment Management Sdn Bhd	✓				
125	Standard Financial Adviser Sdn Bhd		✓			✓
126	StashAway Malaysia Sdn Bhd	✓				
127	TA Futures Sdn Bhd				✓	
128	TA Investment Management Berhad	✓	✓			✓
129	TA Securities Holdings Berhad			✓		
130	UBS Securities Malaysia Sdn Bhd			✓		
131	UOB Asset Management (Malaysia) Berhad	✓	✓			
132	UOB Islamic Asset Management Sdn Bhd	✓				
133	UOB Kay Hian Securities (M) Sdn Bhd			✓	✓	
134	Value Partners Asset Management Malaysia Sdn Bhd	✓				
135	VCAP Asset Managers Sdn Bhd	✓				
136	VKA Wealth Planners Sdn Bhd		✓			✓
137	Wahed Technologies Sdn Bhd	✓				
138	Wealth Vantage Advisory Sdn Bhd		✓			✓
139	Whitman Independent Advisors Sdn Bhd		✓			✓
140	Yes Financial Sdn Bhd		✓			✓
141	Yutaka Shoji Malaysia Sdn Bhd				✓	

	Registered Persons	Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
1	Affin Bank Berhad		✓	✓	✓	✓
2	Affin Islamic Bank Bhd	✓	✓	✓	✓	✓
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	Bangkok Bank Berhad		✓	✓	✓	✓
9	Bank Islam Malaysia Berhad	✓	✓	✓	✓	✓
10	Bank Kerjasama Rakyat Malaysia Berhad		✓		✓	✓
11	Bank Muamalat Malaysia Berhad	✓	✓	✓	✓	✓
12	Bank of America Malaysia Berhad		✓	✓	✓	✓
13	Bank of China (Malaysia) Berhad		✓	✓	✓	✓
14	Bank Simpanan Nasional		✓		✓	✓
15	BNP Paribas Malaysia Berhad		✓	✓	✓	✓
16	China Construction Bank (Malaysia) Berhad		✓	✓	✓	✓
17	CIMB Bank Berhad		✓	✓	✓	✓
18	CIMB Islamic Bank Berhad	✓	✓	✓	✓	✓
19	Citibank Berhad		✓	✓	✓	✓
20	Deutsche Bank (Malaysia) Berhad		✓	✓	✓	✓
21	Hong Leong Bank Berhad		✓	✓	✓	✓
22	Hong Leong Islamic Bank Berhad	✓	✓	✓	✓	✓
23	HSBC Amanah Malaysia Berhad	✓	✓	✓	✓	✓
24	HSBC Bank Malaysia Berhad		✓	✓	✓	✓
25	India International Bank (Malaysia) Berhad		✓	✓	✓	✓
26	Industrial and Commercial Bank of China (Malaysia) Berhad		✓	✓	✓	✓
27	J.P. Morgan Chase Bank Berhad		✓	✓	✓	✓
28	Kuwait Finance House (Malaysia) Berhad	✓	✓	✓	✓	✓
29	Malayan Banking Berhad		✓	✓	✓	✓
30	Maybank Islamic Berhad	✓	✓	✓	✓	✓
31	MBSB Bank Berhad	✓	✓	✓	✓	✓
32	Mizuho Bank (Malaysia) Berhad		✓	✓	✓	✓
33	MUFG Bank (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	United Overseas Bank (Malaysia) Berhad		✓	✓	✓	✓



# Part III





Center No:  
909583 - H

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

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

Center No:  
909583 - H

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

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Center No:  
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 2019.

### **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**

Surplus for the financial year

**RM**

-

### **DIVIDEND**

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

### **RESERVES AND PROVISIONS**

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

### **DIRECTORS**

The Directors who have held office during the financial year and up to the date of this report are as follows.

Dato' Ranita binti Mohd Hussein

Dato' Saiful Bahri bin Zainuddin

Dato' Halipah binti Esa

Tang Chee Kin

Dato' Karam Chand Vohrah

Dato' Mohd Nizam bin Zainordin (Appointed 12 December 2019)

Encik Mahadzir Azizan (Appointed 29 January 2020)

Dato' Idris bin Kechot (Resigned on 15 January 2019)

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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.

### **DIRECTORS' REMUNERATION**

Remuneration paid and payable to the Directors of the Center for the financial year ended 31 December 2019 amounted to RM153,500 in respect of Directors' allowances.

### **INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

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

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

### **OTHER STATUTORY INFORMATION REGARDING THE CENTER**

#### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Center were prepared, 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.

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**OTHER STATUTORY INFORMATION REGARDING THE CENTER (continued)**

**(I) AS AT THE END OF THE FINANCIAL YEAR (continued)**

- (b) In the opinion of the Directors, the results of operations of the Center during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Center which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Center which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this 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 PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Center for the financial year ended 31 December 2019 amounted to RM8,000.

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



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



.....  
Tang Chee Kin  
Director

Kuala Lumpur, Malaysia  
28 February 2020

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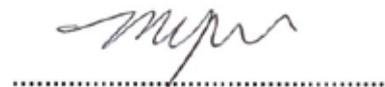
**SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 10 to 23 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Center as at 31 December 2019 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  
28 February 2020

**STATUTORY DECLARATION**

I, Sharmila Kumari Sharma, being the officer primarily responsible for the financial management of Securities Industry Dispute Resolution Center, do solemnly and sincerely declare that the financial statements set out on pages 10 to 23 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 )  
28 February 2020 )

  
Sharmila Kumari Sharma

Before me:



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

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

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

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Securities Industry Dispute Resolution Center ('Center'), which comprise the statement of financial position as at 31 December 2019 of the Center, and the statement of profit or loss and other comprehensive income and statement of cash flows of the Center for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Center as at 31 December 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

**Basis for Opinion**

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

**Independence and Other Ethical Responsibilities**

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

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

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

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

In preparing the financial statements of the Center, the Directors are responsible for assessing the ability of the Center 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.

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

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

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

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

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

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

**Other Matters**

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

*BDO PLT*

**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

*Rejeesh A/L Balasubramaniam*

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

28 February 2020  
Kuala Lumpur

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	79,284	134,319
Right-of-use asset	5	402,122	-
		481,406	134,319
<b>Current assets</b>			
Receivables	6	198,502	134,214
Cash and bank balances	7	2,513,050	1,931,017
		<u>2,711,552</u>	<u>2,065,231</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	8	264,796	232,320
Lease liability	5	243,633	-
		508,429	232,320
<b>Net current assets</b>		<u>2,203,123</u>	<u>1,832,911</u>
		<u>2,684,529</u>	<u>1,967,230</u>
<b>Represented by:</b>			
Contribution from members	9	-	-
<b>Non-current liabilities</b>			
Deferred income	10	2,495,931	1,967,230
Lease liability	5	188,598	-
		<u>2,684,529</u>	<u>1,967,230</u>

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>Revenue</b>	11	21,500	31,500
<b>Income</b>			
Other income	12	<u>3,157,014</u>	<u>3,474,311</u>
		3,178,514	3,505,811
<b>Expenditure</b>			
Staff costs	13	(2,125,283)	(1,869,939)
Auditors' remuneration		(8,000)	(8,000)
Tax agent fees		(2,500)	(2,500)
Office and equipment rental		(31,714)	(292,187)
Professional fees		(87,500)	(155,750)
Depreciation of property and equipment	4	(64,905)	(89,734)
Depreciation of right-of-use asset	5	(210,635)	-
Directors' meeting allowances		(153,500)	(114,000)
Capacity building		(27,210)	(220,438)
Education and Awareness		(124,896)	(494,778)
Other expenses	14	(310,419)	(258,485)
Interest expense	5	<u>(31,952)</u>	<u>-</u>
		<u>(3,178,514)</u>	<u>(3,505,811)</u>
<b>Surplus before taxation</b>		-	-
Taxation	15	<u>-</u>	<u>-</u>
Net surplus for the financial year, representing total comprehensive income		<u>-</u>	<u>-</u>

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

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RM	2018 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus before taxation		-	-
Adjustments for:			
Depreciation of property and equipment	4	64,905	89,734
Depreciation of right-of use asset	5	210,635	-
Amortisation of grants received	10	(3,021,299)	(3,371,604)
Interest expense	5	31,952	-
Interest income from deposits with a licensed bank	12	(135,715)	(102,707)
Operating loss before working capital changes		(2,849,522)	(3,384,577)
Decrease /(Increase) in receivables		2,165	(9,992)
Increase/(Decrease) in payables		32,476	(7,792)
Cash used in operations		(2,814,881)	(3,402,361)
Interest received		69,262	85,883
Net cash used in operating activities		(2,745,619)	(3,316,478)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Purchase of property and equipment	4	(9,870)	(26,057)
Net cash used in investing activity		(9,870)	(26,057)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease liability		(212,478)	-
Proceeds from grants	10	3,550,000	3,550,000
Net cash from financing activities		3,337,522	3,550,000
Net increase in cash and cash equivalents		582,033	207,465
Cash and cash equivalents at beginning of financial year		1,931,017	1,723,552
Cash and cash equivalents at end of financial year	7	2,513,050	1,931,017

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2019**

**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 28 February 2020.

**2. PRINCIPAL ACTIVITIES**

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

**3. BASIS OF PREPARATION**

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

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 20 to the financial statements.

The center applied MFRS 16 *Leases* and IC Interpretation 23 for the first time during the current financial year, using the cumulative effect method as at 1 January 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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.

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#### 4. PROPERTY AND EQUIPMENT

2019	Balance as at 1.1.2019 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2019 RM
<b>Carrying amount</b>				
Computer equipment	54,679	5,670	(37,696)	22,653
Renovation	22,956	-	(8,886)	14,070
Furniture and fittings	35,375	-	(10,968)	24,407
Office equipment	21,309	4,200	(7,355)	18,154
	134,319	9,870	(64,905)	79,284

	[----- At 31.12.2019 -----]		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computer equipment	533,526	(510,873)	22,653
Renovation	422,505	(408,435)	14,070
Furniture and fittings	109,688	(85,281)	24,407
Office equipment	37,872	(19,718)	18,154
	1,103,591	(1,024,307)	79,284

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

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

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

After initial recognition, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to write down 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. LEASES

##### Right-of-use asset

	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 (Note 20.1) RM	Depreciation RM	Balance as at 31.12.2019 RM
<b>Carrying amount</b>				
Building	-	612,757	(210,635)	402,122

##### Lease liability

	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 (Note 20.1) RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
<b>Carrying amount</b>					
Building	-	637,773	(237,494)	31,952	432,231

Represented by:

	<b>2019 RM</b>
Current liability	243,633
Non-current liability	188,598
	432,231

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**5. LEASES (continued)**

- (a) The right-of-use asset is initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use asset is stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liability.

The right-of-use asset is depreciated on a straight-line basis over its lease term of four (4) years.

- (b) The Center has elected not to recognise right-of-use asset and lease liability for a short-term lease that has a lease term below twelve (12) months and leases of low-value assets. The Center recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- (c) The following are the amounts recognised in profit or loss:

	<b>2019 RM</b>
Depreciation charge of right-of-use asset	210,635
Interest expense on lease liability	<u>31,952</u>
	<u><u>242,587</u></u>

- (d) At the end of the financial year, the Center had total cash outflow for leases of RM212,478.

- (e) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liability of the Center that are exposed to interest rate risk:

<b>31 December 2019</b>	<b>Weighted average incremental borrowing rate per annum %</b>	<b>Within 1 year RM</b>	<b>1 - 2 years RM</b>	<b>Total RM</b>
<b>Lease liability</b>				
Floating rates	6.65	<u>243,633</u>	<u>188,598</u>	<u>432,231</u>

- (f) The table below summarises the maturity profile of the lease liability of the Center at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

<b>31 December 2019</b>	<b>On demand or within one year RM</b>	<b>One to two years RM</b>	<b>Total RM</b>
Lease liability	<u>263,577</u>	<u>192,685</u>	<u>456,262</u>

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## 6. RECEIVABLES

	<b>2019 RM</b>	<b>2018 RM</b>
Mediation fee receivables	5,000	11,500
Interest receivable	66,453	38,632
Advances to INFO 2020	36,344	-
Deposits	83,584	76,961
Prepayments	<u>7,121</u>	<u>7,121</u>
	<u>198,502</u>	<u>134,214</u>

- (a) Receivables excluding prepayments classified as financial assets are measured at amortised cost.
- (b) Receivables are denominated in Ringgit Malaysia.
- (c) There is no expected credit loss recognised during the financial year on receivables as it is negligible.

## 7. CASH AND BANK BALANCES

	<b>2019 RM</b>	<b>2018 RM</b>
Cash and bank balances	33,050	51,017
Deposits with a licensed bank	<u>2,480,000</u>	<u>1,880,000</u>
	<u>2,513,050</u>	<u>1,931,017</u>

- (a) Included in deposits with a licensed bank is a deposit amounting to RM30,000 pledged to a licensed bank as a security for banking facility (Visa Corporate Card Facility) granted to the Center.
- (b) There is no expected credit loss recognised during the financial year arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (c) Cash and bank balances are denominated in Ringgit Malaysia.

## 8. PAYABLES

	<b>2019 RM</b>	<b>2018 RM</b>
Payables	103,296	117,343
Accruals	<u>161,500</u>	<u>114,977</u>
	<u>264,796</u>	<u>232,320</u>

- (a) Payables are classified as financial liabilities measured at amortised cost.
- (b) Payables are denominated in Ringgit Malaysia.
- (c) The maturity profile of the Center's liabilities at the end of the reporting period based on contractual undiscounted repayment obligation is within one (1) year.

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## 9. 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.

## 10. DEFERRED INCOME

	2019 RM	2018 RM
At 1 January	1,967,230	1,788,834
Received during the financial year	3,550,000	3,550,000
Amortised to profit or loss	<u>(3,021,299)</u>	<u>(3,371,604)</u>
	<u>2,495,931</u>	<u>1,967,230</u>

The Center received a grant from the Securities Commission Malaysia ("SC"), a statutory body established under Securities Commission Act 1993, for working capital purposes.

## 11. REVENUE

Revenue from mediation fee charged is recognised at a point in time upon rendering of services.

## 12. OTHER INCOME

	2019 RM	2018 RM
Amortisation of grants	3,021,299	3,371,604
Interest income from deposits with a licensed bank	<u>135,715</u>	<u>102,707</u>
	<u>3,157,014</u>	<u>3,474,311</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.

## 13. STAFF COSTS

	2019 RM	2018 RM
Salaries and bonuses	1,630,547	1,496,925
Statutory contribution to Employees Provident Fund and social security	265,836	231,945
Other allowances	<u>228,900</u>	<u>141,069</u>
	<u>2,125,283</u>	<u>1,869,939</u>

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#### 14. OTHER EXPENSES

	2019 RM	2018 RM
Advertising and promotion	-	2,753
Communication and utilities	54,042	49,818
Entertainment	757	8,917
External mediator fees	36,500	32,000
Filing, stamping and disbursements	16,378	9,788
Good Services Tax ("GST") and Sales Service Tax ("SST")	14,562	21,602
INFO 2020 conference expenses	16,129	-
Maintenance	90,422	72,204
Meeting expenses	7,271	12,335
Online journals and equipment rental	1,668	1,335
Stationeries, printing and sundry expenses	27,568	28,506
Subscription and membership fees	11,249	9,188
Others	33,873	10,039
	<u>310,419</u>	<u>258,485</u>

#### 15. TAXATION

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

On 19 December 2019, the tax exemption status has been extended to year of assessment 2022.

#### 16. FAIR VALUES

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

#### 17. COMMITMENTS

##### Center as a lessee

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

From 1 January 2019, the Center has recognised right-of-use asset for this lease, except for short-term and low-value leases.

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

	2019 RM	2018 RM
Not later than one year	-	236,577
Later than one year but not later than five years	-	-
	<u>-</u>	<u>236,577</u>

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## 18. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

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

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

## 19. CAPITAL MANAGEMENT

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

## 20. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 20.1 New MFRSs adopted during the financial year

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

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

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## 20. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

### 20.1 New MFRSs adopted during the financial year (continued)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Center except for the adoption of MFRS 16 as described in the following section.

#### **MFRS 16 Leases**

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117.

The Center applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Center recognised lease liability in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. This liability was measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Center as of 1 January 2019. The incremental borrowing rates of the Center applied to the lease liability on 1 January 2019 is 6.65%.

For leases previously classified as finance leases, the Center recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Center has used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
- (c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 and do not contain a purchase option as short-term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## 20. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

### 20.1 New MFRSs adopted during the financial year (continued)

#### MFRS 16 Leases (continued)

On transition to MFRS 16, the Center recognised right-of-use asset and lease liability, recognising the difference in retained earnings. The impact on transition is summarised below:

	Note	As at 31 December 2018 RM	Adjustment on adoption of MFRS 16 RM	As at 1 January 2019 RM
Right-of-use asset	(a)	-	612,757	612,757
Lease liability	(b)	-	637,773	637,773
Retained earnings		-	25,016	25,016

(a) Right-of-use assets was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018.

(b) Lease liability is measured as follows:

	<b>RM</b>
Operating lease commitments at 31 December 2018 as disclosed under MFRS 117	999,856
Incremental borrowing rate as at 1 January 2019	6.65%
Discounted operating lease commitments as at 1 January 2019	<u>880,838</u>
Finance lease liability recognised as at 31 December 2018	<u>(243,065)</u>
<b>Lease liability recognised at 1 January 2019</b>	<u><b>637,773</b></u>

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**20. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**

**20.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020**

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate 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.



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