

# Seeking redress against capital market players

Investors can turn to SC's Investor Affairs and Complaints Department and SIDREC

**W**HEN you have a disappointing experience with a capital market intermediary, the first instinct is to complain to your family and friends. These days, some of us like to air our grievances on social media, too. Assuming you have tried to resolve the issue with the relevant party but to no avail, there is a better way of getting your point heard and addressed.

Aside from educating investors, the Securities Commission's (SC) Investor Affairs and Complaints Department deals with complaints and enquiries concerning capital markets and the intermediaries.

The regulator also approved the Securities Industry Dispute Resolution Centre (SIDREC) to handle investors' capital market-related disputes against stockbrokers, futures brokers, fund managers, unit trust management companies, private retirement scheme providers and distributors. Last year, the purview of SIDREC was enhanced.

## SIDREC steps in to bridge the gap

What, then, sets the two SC-related organisations apart?

According to Khairul Ridzwan Abdul Kuddus, SC's deputy general manager and head of Investor Affairs and Complaints, the regulator will first investigate a complaint based on whether there has been a breach of guidelines or laws.

The department has evolved to accept both complaints and enquiries with regard to the capital markets. "When the department



Investors seeking a monetary claim against capital market intermediaries can go to SIDREC



by Lim Siew May

first started out, the main thing was to deal with any issues relating to transgression by capital market intermediaries. Over the years, it's evolved into a centre where any kind of enquiries on the capital markets can be addressed.

"For example, you can come to us [during office hours] if you have questions on the licensing status of any company, or if you have issues with aspects of the capital markets you don't understand," he says.

However, the regulator soon realised many complainants often wanted some kind of monetary compensation. SC's role, however, doesn't extend to this area, and this



Ordinary cases can be resolved within 15 days, says Khairul



SIDREC will first assess the loss suffered by a complainant, says Sujatha

## How SIDREC's purview has been enhanced

- ▶ Scope broadened to include the regulated activity of dealing in private retirement scheme (PRS)
- ▶ Claim limit increased to RM250,000 from RM100,000
- ▶ Allowing for mediation when a claim exceeds the claim limit, provided both the claimant and SIDREC member request for SIDREC's assistance

Source: Securities Commission  
Malaysia Annual Report 2015

is where SIDREC bridges the gap.

SIDREC offers a free, independent and impartial mediation and adjudication avenue for investors seeking a monetary claim against capital market players. The maximum claim that may be awarded by SIDREC is RM250,000.

In stressing that SIDREC is part of the regulator's investor protection fabric, its CEO Sujatha Sekhar Naik says it will assess a complaint for monetary loss, and see if there is a connection between the conduct, omission or glitch on the part of the intermediary, and the loss.

"In this process, we approach it from the perspective of mediation first. We will manage the case by investigating it, looking into a lot of details and getting information from the claimant or investor," she says.

## Time taken to address issues

How long does it take to resolve an investor's complaint? In the case of SC, Khairul notes that non-complex cases can be resolved within 15 days.

According to the 2015 Securities Commission Malaysia Annual Report, 69% or 548 complaints/enquiries were resolved/answered within 15 days and the remaining took longer. Last year, the regulator received 349 complaints and 446 enquiries.

"It may take longer when issues are more complex, such as when we may need to reach out to other people, and there's this process of getting information and waiting for other people to respond. That's when it can drag on," Khairul says.

In the case of SIDREC, it has a time charter to adhere to. "From receiving complete information from both sides, we try to complete the whole process within 90 days," says Sujatha.

Again, the process can be delayed by such factors as a party being unable to find time to attend the mediation meeting or is taking his time to provide information, she adds. **FocusM**

## Protecting your interests as an investor

**BEING** clear about one's instructions, keeping track of investments and leaving a paper trail of the investments are some of the key measures that can protect one should a transaction turn sour.

"Make sure that important things, such as the instructions you've given to your agent or remiser, are put in writing and captured," says Sujatha Sekhar Naik, CEO of the Securities Industry Dispute Resolution Centre (SIDREC).

A paper trail can come in formal means, such as statements from the stockbroker or unit trust management

companies, or informal like the communication you have with the parties concerned via email, WhatsApp or text messages, she says.

"Otherwise, it becomes a 'he says, she says' scenario, which we often get. This makes it difficult for us to piece a story together. There is no evidence whatsoever, and it's impossible for us to take it further."

## Do a reverse confirmation

Khairul Ridzwan Abdul Kuddus, deputy general manager and head of Investor Affairs and Complaints at the Securities Commission (SC) concurs. "Sometimes you call your broker and say I want to buy X amount of shares, and there might be no time to keep a written instruction at that point. Send a text or WhatsApp message [shortly after] to do a reverse confirmation," he advises.

On this note, investors should never pay for a transaction by cash as it leaves no trail of payment. SIDREC has seen cash payments posing a huge issue to investors. "When you pay by cash, there is no evidence of receipt, and even if you get a receipt from an individual, what does it mean?" says Sujatha.

The rule applies whether you meet the person offsite or at the premises of a capital market intermediary. "Even if you go to the office of a bank and you meet the person there, you must make sure you get the receipt or right documentation upon making a payment. Don't take it for granted that just because you are at the premises of a licensed company, that person will necessarily do the right thing," cautions Khairul.

Make sure that legitimate statements from the company are mailed directly

to your own address, so that you're aware of the activities in your account. "Some people use the address of their remiser. They want to wash their hands off and leave everything to the remiser. They think that the remiser should do everything for them, like monitoring their investment, which should never be the case," warns Khairul.

When issuing a cheque, Sujatha believes it is a good practice to write your name, or write that the cheque is for the benefit of your account at the back of it. This is so that no one can bank it into their account for their benefit.

Another very basic tip is to make sure that you're dealing with an individual or organisation that is appropriately licensed by the SC, says Sujatha. This can be achieved by performing a keyword search under "licensed intermediary search" on the SC's website.