

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

ANNUAL REPORT 2020

STAYING THE COURSE
THROUGH WINDS OF CHANGE

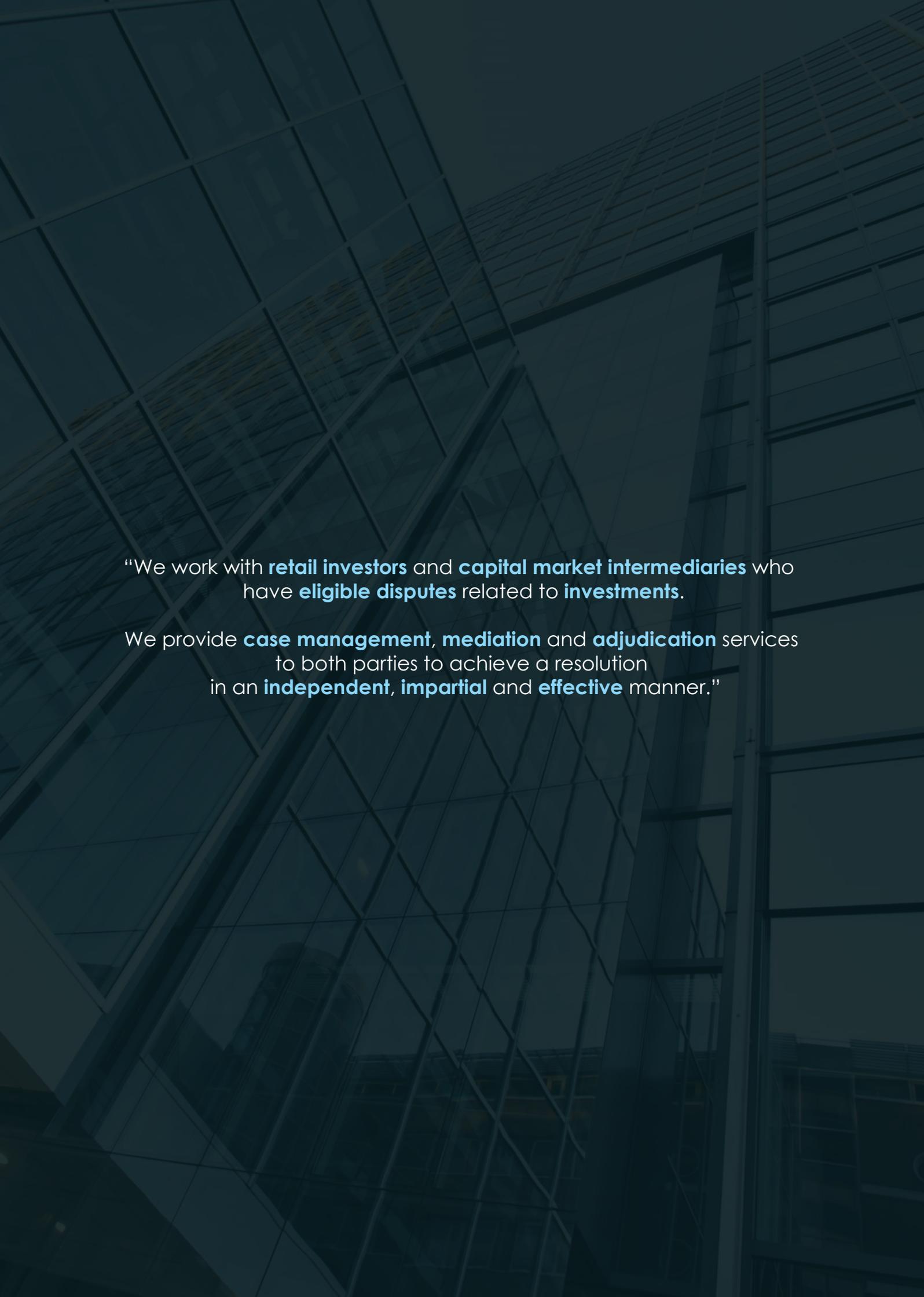


Vision

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

Mission

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 **case management**, **mediation** and **adjudication** services to both parties to achieve a resolution in an **independent, impartial** and **effective** manner.”

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Part I

Chairman's Message

Staying the Course Through Winds of Change

The year 2020 was certainly one that challenged each of us to stay the course through winds of change. As COVID-19 escalated to a pandemic, Malaysia, like the rest of the world, imposed movement restrictions that brought to a halt many routine human interactions and activities. This resulted in the need to very quickly adapt to change and rely more heavily on technology to continue to function as normally as possible. SIDREC's experience was no different.

When the pandemic struck, SIDREC adapted quickly to ensure that it continued to serve as an independent, impartial and effective body for the resolution of monetary disputes in the capital market. Staff worked from home and in split teams at varying ratios to ensure business continuity. Stakeholders, particularly retail investors and SIDREC Members, were served through a dedicated mobile hotline and various online channels.

Spearheading Online Dispute Resolution

The year 2020 also witnessed SIDREC accelerating its plan to spearhead the provision of a more structured online dispute resolution (ODR) service in the capital market in Malaysia. The enhanced provision of dispute resolution services through the internet or digital applications has thus far formed part of SIDREC's efforts to progressively increase the accessibility and efficiency of its dispute resolution services. In 2020, it became a critical component of SIDREC's strategy to ensure



Dato' Halipah Esa
Chairman

that it continued to serve its stakeholders while adhering to stringent precautionary measures to curb the spread of COVID-19.

ODR is not a new experience for SIDREC. Since its establishment, SIDREC has relied on online channels to facilitate the resolution of disputes in situations where claimants reside outside of Malaysia. Thus, leveraging its past experience in this field, mediation sessions and adjudication hearings were conducted either fully virtually or on a hybrid basis via available video-conferencing platforms. Our sincere gratitude to all who worked alongside us as we adjusted our operations and dispute resolution processes to meet the demands of operating in a pandemic.

Despite operating under unprecedented circumstances, when compared to the year before, in 2020, SIDREC witnessed a 78% increase in the number of eligible disputes it received and a 62% increase in the number of eligible disputes it resolved. In 2020, SIDREC received a total of 259 claims and enquiries (2019: 290), comprising 103 eligible disputes (2019: 58) and 156 enquiries (2019: 232). In addition, SIDREC resolved 73 eligible disputes (2019: 45).

Eligible disputes in 2020 made up 40% of SIDREC's total claims and enquiries when compared to the 10-year average of 19% (2019: 20%). This perhaps indicates an increased level of understanding among the public of the role of SIDREC in the capital market. If so, it is a positive development in the tireless journey to enhance investor protection.

Leveraging Technology to Increase Visibility

As SIDREC leveraged technology to accelerate its plans to enhance its ODR services, it similarly leveraged technology to actively reach out to its stakeholders throughout the year.

First, in addition to holding direct engagements with Members via online platforms, an Online Members' Briefing (OMB) was held on 26 October 2020. Second, SIDREC pushed ahead with the planned upgrade of its **dr** (Dispute Resolution) newsletter to a digital magazine. Third, as part of its efforts to increase its visibility among retail investors, SIDREC actively relied on its website and various social media platforms for different causes. This included:

- Consistently keeping the public updated on SIDREC's operations and services throughout the year and especially during the height of the Movement Control Order (MCO) in March and April 2020; and
- Participating in online awareness campaigns in conjunction with International Women's Day in March 2020 and World Investor Week of the International Organisation of Securities Commissions (IOSCO) in October 2020 as part of SIDREC's efforts to reach out to a broader audience.

“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.”

Finally, SIDREC organised its first public webinar in collaboration with the Ombudsman for Financial Services (OFS) and Singapore's Financial Industry Disputes Resolution Centre (FIDReC). The webinar, which was held on 27 November 2020, formed part of SIDREC's expanded effort to create awareness among retail investors on the dispute resolution service that it generally provides for free to them as an alternative to the courts.

SIDREC thanks all Members for their support in helping to create awareness of SIDREC's services among retail investors and for their participation in SIDREC's awareness initiatives. Special thanks also to OFS and FIDReC for their contribution towards the success of the public webinar and all organisations who lent their support in its promotion among their stakeholders. They include Bursa Malaysia, the Association of Stockbroking Companies Malaysia (ASCM), the Federation of Investment Managers Malaysia (FIMM), the Financial Planning Association of Malaysia (FPAM), the Malaysian Financial Planning Council (MFPC), the Private Pension Administrator Malaysia (PPA), the Association of Banks in Malaysia (ABM), Association of Islamic Banking and Financial Institutions Malaysia (AIBIM), Association of Development Finance Institutions in Malaysia (ADFIM) and the Asian International Arbitration Centre (AIAC).

Forging Ahead with a Specialist Talent Pool

SIDREC turns 10 in 2021. Since its official launch on 19 January 2011, it has been a strong proponent of taking a mediative approach to dispute resolution. 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. Such an approach has proven to be effective over the past 10 years with the co-operation of all stakeholders and especially, the disputing parties. In 2020, 93% of eligible disputes that went through SIDREC's dispute resolution process were resolved before reaching the stage of adjudication (2019: 91%, 2018: 97%, 2017: 91%). This was achieved despite SIDREC having to rely more heavily on online modes of communication in the case management process and when conducting mediation sessions.

A key trend in the field of dispute resolution that has emerged as a result of the COVID-19 pandemic is the greater use of mediation to resolve disputes. The COVID-19 Mediation Centre (PMC-19) that opened its doors in Putrajaya in November 2020 is very much in line with this trend. With the anticipated rise in the number of disputes across the board because of the pandemic, it is encouraging that mediation is increasingly being adopted as a means to resolve disputes. Mediation allows for disputes to be resolved in a confidential, time-efficient, cost-effective and less intrusive manner.

It is against this backdrop that SIDREC enters into the next decade of its work. As it does so, SIDREC will continue to support the capital market by striving to provide dispute resolution services that are consistently of a high standard.

For this purpose, in 2020, SIDREC completed the development of an enhanced and more structured competency framework for its case managers. The framework aims to map out the professional growth of SIDREC's case managers from handling of cases towards becoming a member of SIDREC's Panel of Mediators & Adjudicators. At the same time, it seeks to safeguard the sustainability and credibility of its dispute resolution services. It is also worth reiterating that SIDREC's Panel of Mediators & Adjudicators are professionally neutral and highly experienced in both the legal and capital market fields.

Appreciation

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

To my fellow directors, thank you for your active and enthusiastic participation as well as steadfast commitment to SIDREC and its vision and mission. I would also like to take this opportunity to warmly welcome onto the SIDREC Board, Ms Angelia Chin-Sharpe, Dato' Mah Weng Kwai and Ms Pushpa Nair. Ms Chin-Sharpe is the CEO and Country Head for Malaysia for BNP Paribas Asset Management. She replaces Mr Raymond Tang as industry director. Dato' Mah is a retired Judge of the Court of Appeal Malaysia. He replaces Dato' Ranita Mohd. Hussein as independent director. Ms Pushpa, who brings along with her a solid legal background, was a former Commissioner of the Malaysian Communications & Multimedia Commission. She replaces the late Dato' Karam Chand Vohrah as independent director.

As I welcome the new directors, it is with poignancy that I announce the retirement in 2021 of Dato' Saiful Bahri Zainuddin and myself, the two remaining founding directors of SIDREC. Thank you to all Members for giving us the opportunity to serve you and for your support and co-operation throughout our rewarding journey as SIDREC Board members.

“ ... SIDREC will continue to support the capital market by striving to provide dispute resolution services that are consistently of a high standard. ”

Let me also take this opportunity to welcome Encik Mahadzir Azizan, Tan Sri Aziah Ali and Ms Chee Fei Meng to the SIDREC Appeals Committee (SIAC). Encik Mahadzir, Tan Sri Aziah and Ms Chee replace the late Dato' Vohrah, Datuk Noripah Kamso and Ms Foo Lee Mei, respectively. May I sincerely thank Datuk Noripah and Ms Foo for their commitment and contribution as SIAC members.

A sincere appreciation also to SIDREC's Panel of Mediators & Adjudicators for their dedication and hard work in 2020 and for supporting SIDREC's work amidst the challenges of the COVID-19 pandemic. It is my pleasure to introduce two new members of the Panel – Mr Foo Joon Liang, an advocate and solicitor, and Tan Sri David Wong Dak Wah who retired as the fifth Chief Judge of the High Court of Sabah and Sarawak.

To the SIDREC management and staff, my heartfelt thanks to all of you for your commitment and hard work over the past year to realise SIDREC's vision and fulfill its mission despite the COVID-19 pandemic.

To all SIDREC Members, thank you for your relentless support and commitment. To new Members who became part of the SIDREC family in 2020, we look forward to your support and co-operation.

The upcoming year will likely be an equally challenging one for all of us. However, I believe we will all once again rise up to the challenge. May I wish you well for now and into 2021.

DATO' HALIPAH ESA
Chairman

CELEBRATING

10
YEARS

OF LEADING DISPUTE RESOLUTION
IN THE CAPITAL MARKET

CASE MANAGEMENT · MEDIATION · ADJUDICATION

Since opening our doors on 19 January 2011, SIDREC has adopted a mediative approach to dispute resolution that is inclusive, balanced and anchored on a process where confidentiality, openness and trust are observed at all times.

Ten years on, we remain committed as ever in supporting the Malaysian capital market through the provision of dispute resolution services in an independent, impartial and effective manner.

We thank all those before us whose hard work and guidance have laid the foundation and shaped the organisation to become what it is today.

To everyone, thank you for your continuous support over the years. We look forward to partnering all stakeholders to further advance SIDREC's role as the leading specialist dispute resolution platform for the capital market in Malaysia.

From all of us at SIDREC.



Sharmila Sharma
Chief Executive Officer

CEO's Report

The 2019 CEO's Report set out SIDREC's three main strategic focuses for 2020 as follows:

- To continue to carry out its function as an independent, impartial and effective body to resolve monetary disputes between investors and SIDREC Members;
- To continue to create greater public awareness of SIDREC and its services; and
- To continue to prioritise the building of its organisational capability and sustainability.

Despite the many changes that resulted from the COVID-19 pandemic, SIDREC remained steadfast in the implementation of all three strategic focuses.

Dispute Resolution

In 2020, SIDREC received a total of 259 claims and enquiries. While this is a decrease of 11% from the 290 claims and enquiries received in 2019, the number of eligible disputes received

in 2020 increased by 78% when compared to the year before. In 2020, SIDREC received 103 eligible disputes (40% of 2020 total claims and enquiries). In 2019, it received 58 (20% of 2019 total claims and enquiries).

The increase in the number of eligible disputes received in 2020 is in line with the steady rise in the number of eligible disputes received by SIDREC since its inception in 2011, with the exception of 2019. From 2011 to 2020, SIDREC has received 2,912 claims and enquiries, comprising 541 eligible disputes or 19% of the total claims and enquiries received.

During the year, SIDREC managed 118 eligible disputes in total, including 15 that were brought forward from 2019. This represents an increase of 51% from the 78 eligible disputes managed in 2019.

In addition, of the 118 eligible disputes managed in 2020, 73 eligible disputes were resolved. This in turn represents an increase of 62% when compared to the 45 that were resolved in 2019.

Furthermore, in line with past trends, eligible disputes at SIDREC continued to be resolved at

the case management or mediation stage without the need for adjudication. Of the 78 eligible disputes resolved in 2020, 64 (88%) were resolved through case management, four (5%) through mediation and five (7%) through adjudication. By way of comparison, from 2011 to 2020, SIDREC resolved 356 eligible disputes, of which 267 (75%) were resolved through case management, 55 (15%) through mediation and 34 (10%) through adjudication.

“ *Despite the many changes that resulted from the COVID-19 pandemic, SIDREC remained steadfast in the implementation of its strategic focuses.* ”

The year 2020 witnessed SIDREC spearheading ODR. Of the 11 mediation sessions that SIDREC conducted during the year, seven were conducted either fully virtually (i.e. parties participated in the sessions from different locations via a video conferencing platform) or on a hybrid basis (i.e. parties participate in the session from separate rooms on SIDREC's premises via video conferencing). Similarly, seven out of the eight adjudication hearings that were conducted at SIDREC in 2020 were conducted either fully virtually or on a hybrid basis.

Outreach

SIDREC's awareness initiatives for 2020 focused on engagements with its Members, investors as well as other stakeholders; the publication of its **dr** e-magazine; and online awareness campaigns. At the same time, SIDREC seized the opportunity to gain media exposure through a vernacular daily – *Nanyang Siang Pau*.

As regards engagements with Members, plans were put in place to organise four physical Members Briefings in the different regions of Malaysia. However, as COVID-19 escalated to a pandemic, all physical engagements with Members, including the Members' Briefing that was scheduled to be held on 9 March 2020 in

Kuching, Sarawak, were put on hold. Instead, engagements with Members were held online.

Apart from holding direct engagements with Members via online platforms, SIDREC organised an OMB that was held on 26 October 2020. The OMB targeted officers who handle client complaints and disputes within their respective organisations. It attracted positive response, with 92% of registered participants attending the OMB. SIDREC thanks all Members for continuing to support its work through referrals and by providing feedback on its approach and dispute resolution process, as well as helping to promote awareness of SIDREC through the exhibition of its posters and / or distribution of its brochures at their premises and putting hyperlinks to SIDREC's website on their own websites.

As part of SIDREC's content-driven awareness initiatives, SIDREC upgraded its **dr** newsletter to a digital magazine. During the year, two publications of the e-magazine were uploaded on SIDREC's website and circulated online. The publications contained interviews with industry captains, articles on investor education and thought leadership pieces on dispute resolution. SIDREC thanks both contributors and readers for their enthusiastic response to the e-magazine.

During the year, SIDREC heavily relied on its online presence to reach out to all its stakeholders, particularly, retail investors. Announcements of SIDREC's operations were continually uploaded on SIDREC's website and its Facebook, LinkedIn, Instagram and Twitter accounts throughout the year. In addition, SIDREC's website and social media accounts were utilised to hold two awareness campaigns in conjunction with International Women's Day in March 2020 and IOSCO's World Investor Week in October 2020.

“ *SIDREC thanks all Members for continuing to support its work through referrals and by providing feedback on its approach and dispute resolution process, as well as helping to promote awareness of SIDREC.* ”

The highlight of SIDREC's general outreach initiatives for 2020 was its 27 November public webinar that was organised by SIDREC in collaboration with its counterparts in Malaysia and Singapore, namely, OFS and FIDReC. SIDREC, OFS and FIDReC are the only three specialist alternative dispute resolution bodies for the capital market and financial services industry in the ASEAN region. A sincere thanks to both Marina Baharuddin, CEO of OFS, and Eunice Chua, CEO of FIDReC, who graciously agreed to speak at the webinar which was very well received.

At the tail end of 2020, *Nanyang Siang Pau* accorded SIDREC a front-page story detailing the ODR service it provided in light of the movement restrictions that were put in place to mitigate the spread of COVID-19. The leading Chinese daily also published an extensive write-up on the dispute resolution services that SIDREC provides retail investors for free, including how to lodge a complaint with SIDREC, what is an eligible dispute and the difference between mediation and adjudication. SIDREC sincerely thanks *Nanyang Siang Pau* for its continuous support of SIDREC's work.

Organisational Capability and Sustainability

In 2020, SIDREC continued to undertake significant work 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 work culminated in the development of SIDREC's Organisational Anti-Corruption Plan, 2020-2023, which will serve as the foundation for all SIDREC's initiatives in this area in the coming years.

“ SIDREC continued to undertake significant work 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 accelerating pace of change in the capital market coupled with the rise of the digitisation of finance will affect the type of disputes that SIDREC receives in the future. It is therefore vital for SIDREC's case managers, mediators and adjudicators to not only possess the required dispute resolution skills but also be knowledgeable in the diverse areas of the capital market and keep abreast with their developments.

“ It is vital for SIDREC's case managers, mediators and adjudicators to not only possess the required dispute resolution skills but also be knowledgeable in the diverse areas of the capital market and keep abreast with their developments. ”

To this end, in 2020, SIDREC completed two key initiatives that are aimed at safeguarding the credibility and sustainability of its disputes resolution services:

- First, the development of an enhanced and more structured competency framework for its case managers. Comprising of two components (dispute resolution and capital market), the framework maps out the professional growth of SIDREC case managers from the management of cases to adjudication.
- Second, the development of an enhanced continuous professional development programme (PDP) for SIDREC's Panel of Mediators & Adjudicators. The enhanced PDP includes mandatory components to be completed by newly appointed members to the Panel. In addition, members of the Panel will also be a part of an annual roundtable. Among others, the roundtable seeks to facilitate discussions on trends in dispute resolution involving retail capital market products and services as well as ways in which to continuously enhance SIDREC's dispute

resolution services and strengthen its process. The inaugural roundtable was held online on 17 December 2020.

Appreciation

SIDREC's achievements in 2020 were a collective effort. I would like to express my heartfelt appreciation to SIDREC's Chairman and Board of Directors for their tremendous support and guidance throughout this unprecedented year. It is with deep regret that I receive the announcement of the retirement of two founding directors of SIDREC, namely, Dato' Halipah Esa, SIDREC's Chairman and Dato' Saiful Bahri Zainuddin. At the same time, however, I welcome and look forward to working with Ms Angelia Chin-Sharpe, Dato' Mah Weng Kwai and Ms Pushpa Nair to the Board.

“ In 2021, SIDREC will continue to build on efforts to enhance its dispute resolution services, create greater public awareness of its services and prioritise the building of its organisational capability and sustainability. ”

A special note of appreciation to the SC for their continuing support of SIDREC on all fronts. The SC's support is absolutely vital to SIDREC's efforts to remain relevant in the capital market ecosystem and to provide high quality service to retail investors in the Malaysian capital market.

My sincere thanks also to SIDREC's Panel of Mediators & Adjudicators, SIAC members and SIDREC's Advisory Group for their commitment to SIDREC's work. As I warmly welcome Mr Foo Joon Liang and Tan Sri David Wong Dak Wah, to the Panel and Encik Mahadzir Azizan, Tan Sri Aziah Ali and Ms Chee Fei Meng to SIAC, may I also take this opportunity to thank Datuk Noripah Kamso and Ms Foo Lee Mei who retired from SIAC for their commitment to SIDREC's work through SIAC.

To my amazing colleagues, my deepest gratitude for your steadfast commitment to ensure that SIDREC stayed its course in 2020 despite the COVID-19 pandemic presenting many challenges and uncertainties.

Last, but certainly not least, I would like to thank all SIDREC Members for their continued support and willingness to engage with SIDREC. I look forward to having more conversations with Members on SIDREC's role in the capital market and how we can work together to contribute towards promoting greater confidence among retail investors in the capital market.

In 2021, SIDREC will continue to build on efforts to enhance its dispute resolution services, create greater public awareness of its services and prioritise the building of its organisational capability and sustainability. I look forward to continue working hand-in-hand with all stakeholders to ensure that SIDREC is well-positioned to fulfil its organisational objectives as it enters into the next decade of its work.

SHARMILA SHARMA
Chief Executive Officer



About SIDREC

SIDREC is a body approved by the SC pursuant to Section 379 of the Capital Markets and Services Act 2007 (CMSA) and the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulations) to handle capital market-related disputes involving monetary claims between individual investors or sole proprietors and SIDREC members.

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

Officially launched on 19 January 2011, SIDREC provides retail investors and SIDREC Members with a specialist

avenue to resolve monetary disputes between them in an independent and impartial manner through mediation and adjudication. Its dispute resolution services are free for investors with claims that do not exceed RM250,000.

Provision of effective and affordable access to redress to retail investors as an alternative to the courts is in line with international best practices and forms part of SC's investor protection and empowerment initiatives. Critically, retail investors are not to be disenfranchised from getting the help they need due to the lack of funds.

As a specialist alternative dispute resolution (ADR) body for the capital markets, SIDREC continuously undertakes periodic reviews of its purview by working closely with the SC to keep in step with capital market developments, regulatory changes and investor needs. It also undertakes periodic reviews of its operations in order to ensure that its dispute resolution services remain accessible to retail investors over time.

SIDREC's Purview for Dispute Resolution



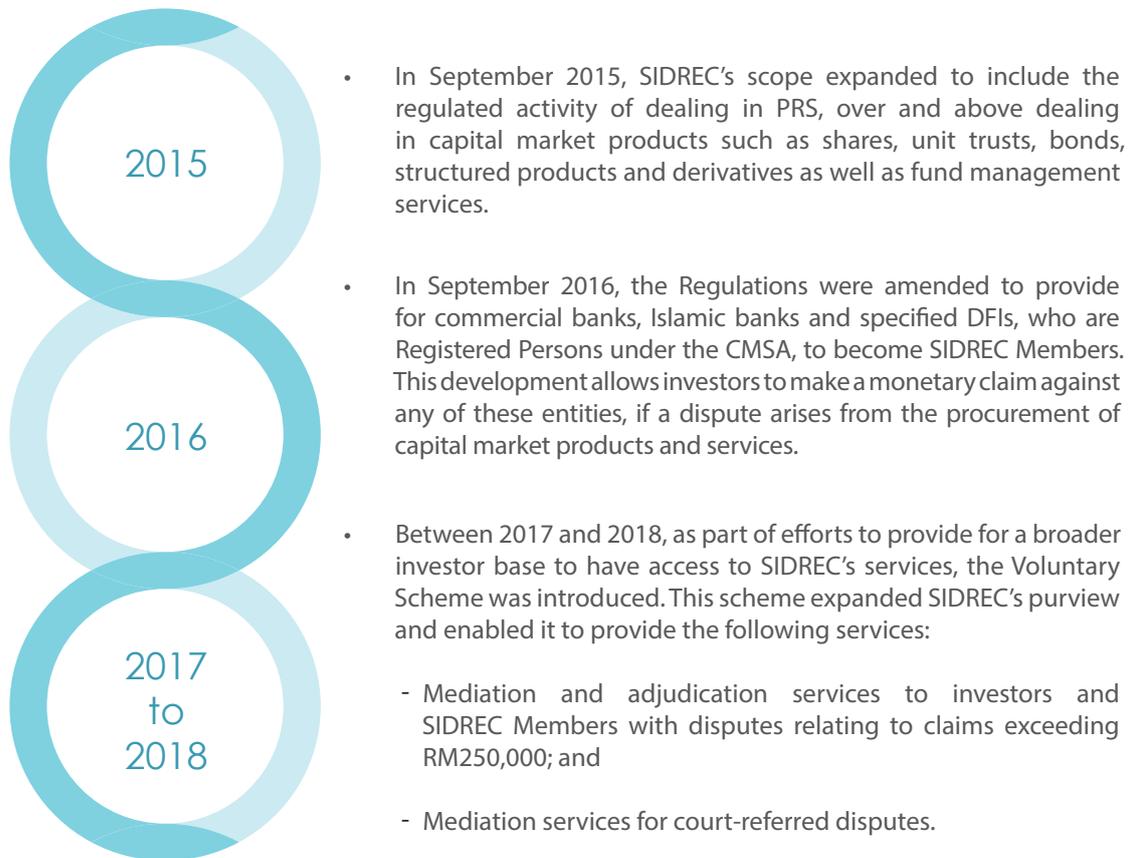
189

Members
licensed by or
registered with
the SC

(As of 31 December 2020)

Milestones

Below are some of SIDREC's milestones with regard to the expansion of its purview:



These changes reflect SIDREC's continuous efforts to ensure relevancy and effectiveness of reach, focusing on the regulated activity rather than the entity, as far as possible.

SIDREC's operations are currently being funded by the SC pending the finalisation of its funding structure.

SIDREC had 189 Members as at 31 December 2020.

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 accepts court-referred mediation under its Voluntary Scheme.
- A reasonable fee is chargeable under the Voluntary Scheme.
- SIDREC's dispute resolution services to investors is nationality neutral. As such, they are available to both Malaysian and foreign clients / customers of SIDREC Members.
- SIDREC's office is at Menara UOA Bangsar, Kuala Lumpur. It is conveniently connected to the Bangsar Light Rail Transit (LRT) station, a stop away from KL Sentral, a major transportation hub for the country.
- SIDREC accepts claims and enquiries at its office (walk-ins), as well as through the telephone, post, email, fax and its website.

Additionally, in 2020, SIDREC accelerated its plans to provide a more structured ODR service as part of its efforts to enhance the accessibility and efficiency of its dispute resolution services. During the year, leveraging its past experiences in ODR, SIDREC conducted the majority of its mediation sessions and adjudication hearings either fully virtually or on a hybrid basis. This was to ensure that SIDREC's dispute resolution services remain available to investors and Members while adhering to precautionary measures to mitigate the spread of COVID-19 that had escalated to a pandemic. In a fully virtual mediation session or adjudication hearing, the claimant, Member and mediator or adjudicator were all situated in different locations and communicated via a video conferencing platform. In a hybrid mediation session or adjudication hearing, the claimant, Member and mediator or adjudicator were provided with their respective rooms on SIDREC's premises while communication was facilitated through video conferencing among the three parties.

brochures on the flow of its dispute resolution process and frequently asked questions (FAQs) as well as information videos are downloadable from its website in four languages i.e. Bahasa Malaysia, English, Mandarin and Tamil.

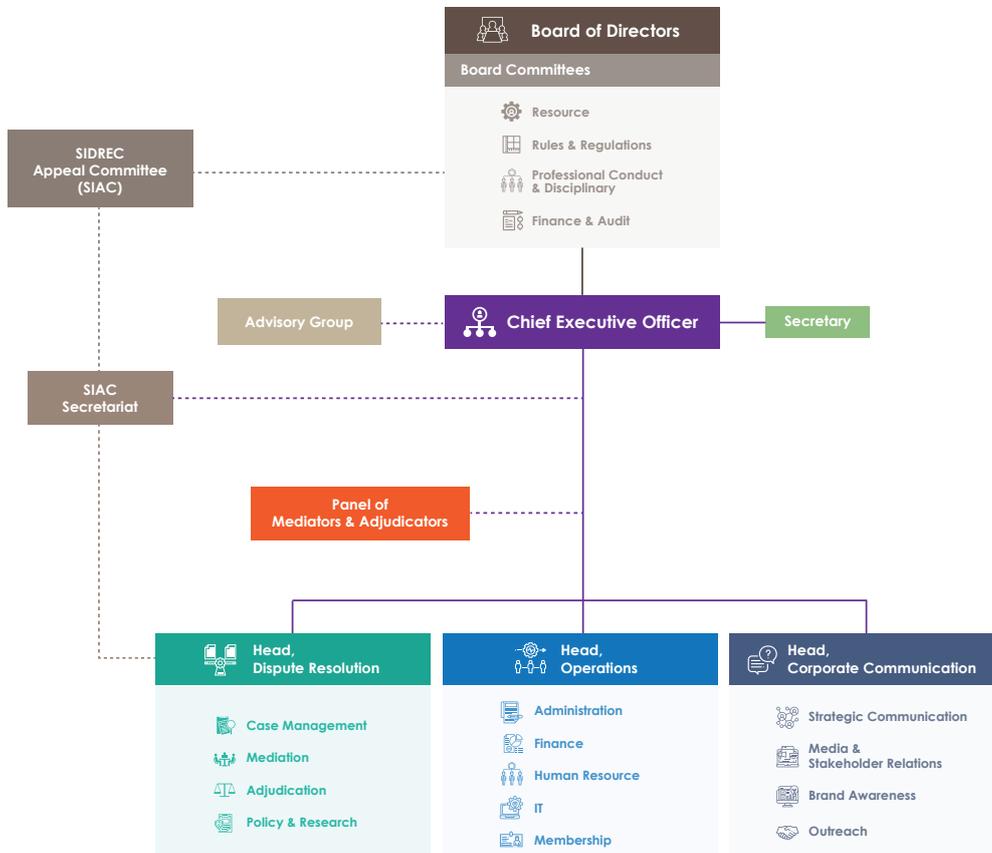
- In 2017, SIDREC launched its Facebook page to enhance awareness of its services as well as for greater public engagement.
- In 2018, SIDREC launched several online platforms such as Twitter and Instagram in a bid to better reach and engage a wider demographic of online users in Malaysia. At the same time, it also launched its LinkedIn page to reach out to the professional audience.
- In 2020, SIDREC revamped its website significantly to make it more informative and user-friendly.

Furthermore, SIDREC has an online presence:

- Since the early days of SIDREC's establishment,

SIDREC will continue to accelerate leveraging technology to enhance the accessibility and efficiency of its dispute resolution services and the dissemination of information.

Organisational Chart



Dispute Resolution Schemes

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



A Member is obliged to participate in SIDREC's dispute resolution process 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:

- SIDREC's 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 or her claim;
- If the matter proceeds to adjudication, the Member is required to participate; and
- The Member is bound by the decision of the adjudicator should it be accepted by the claimant.

The claimant has the choice to reject the adjudicator's decision and pursue other legal

recourse. However, once the claimant accepts the decision of the adjudicator and enters into a settlement agreement, the claimant will be bound by the decision.



SIDREC may also mediate and adjudicate disputes involving investment-related monetary claims under its Voluntary Scheme. Unlike the Mandatory Scheme, a Member is not obliged to participate in SIDREC's dispute resolution process under the Voluntary Scheme. SIDREC will only accept a case under the Voluntary Scheme if both the claimant and Member agree to seek SIDREC's assistance.

The following are key features of the Voluntary Scheme:

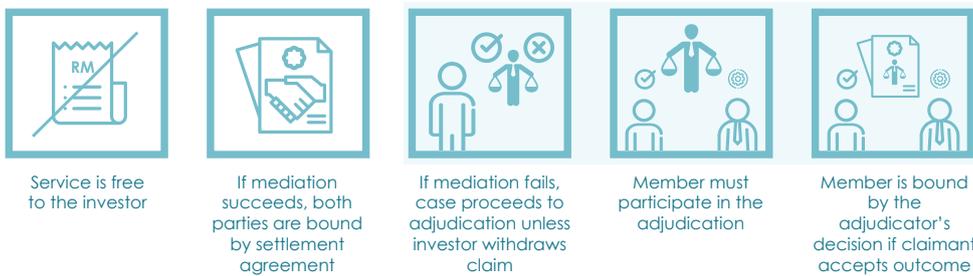
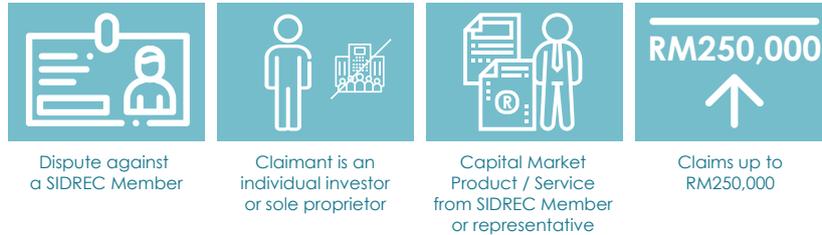
- There are two components to the Voluntary Scheme:
 - Disputes involving claims exceeding RM250,000
 - Court-referred mediation for any claim amount
- If parties agree to a settlement through SIDREC's mediation process, a settlement agreement will be entered into and both parties will be bound by the agreement.
- If mediation fails, parties may choose to proceed to adjudication, if they both agree to do so.
- If a claim is adjudicated under the Voluntary Scheme, both the claimant and the Member 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 dispute resolution services.

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:



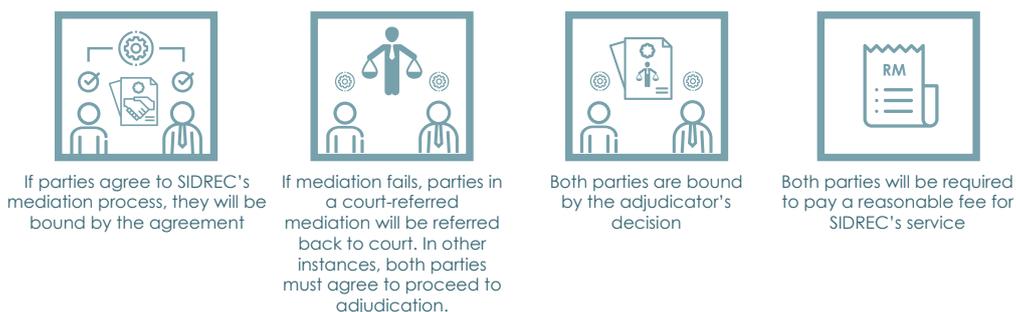
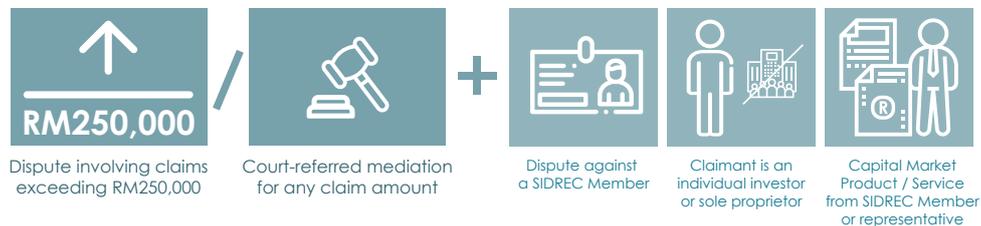
The claimant has the choice to reject the adjudicator's decision and pursue other legal recourse. However, once the claimant accepts the decision and enters into a settlement agreement, the claimant is bound by the decision.



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



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 claimant or Member 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 comprising domestic and international experts who provide SIDREC with general advice and specific input on strategy, policy as well as operational and structural issues, including process improvement.

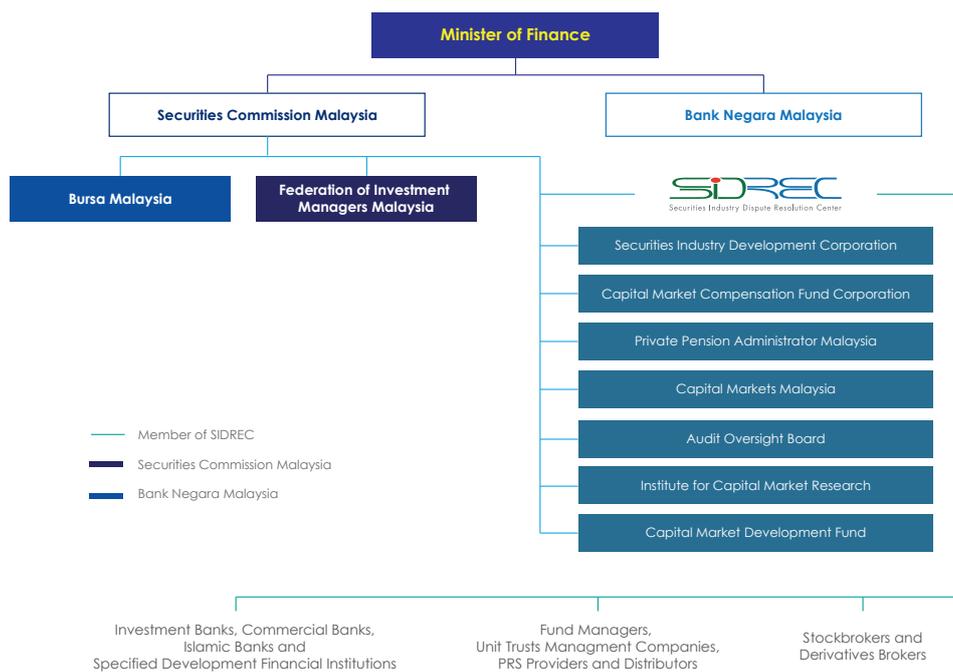
Relationship Building

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, Bank Negara Malaysia (BNM), Bursa Malaysia, self-regulatory organisations, industry associations, OFS and other ADR bodies, the Malaysian Bar Council, the media and other domestic and international stakeholders to bring about greater awareness of SIDREC and the benefits of ADR. SIDREC also seeks to learn from dialogue with industry players as well as other ADR bodies, both local and international, in its 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. INFO Network was established to enable ADR schemes for financial services around the world to work together to enhance their expertise in dispute resolution through the exchange of experiences and information in a wide array of areas. These areas include functions and governance models, handling of systemic issues, cross border referral of complaints and capacity building.

SIDREC in the Capital Market Institutional Framework



The Malaysian Capital Market in 2020¹

The Malaysian capital market continued to play an important role in financing the Malaysian economy in 2020 despite operating under challenging circumstances arising from the COVID-19 pandemic.

The total size of the capital market for 2020 was RM3.4 trillion (2019: RM3.2 trillion), where RM1.6 trillion (2019: RM1.5 trillion) was contributed by debt securities outstanding and the remaining RM1.8 trillion (2019: RM1.7 trillion) contributed by equity market capitalisation.

Size of Malaysian Capital Market, RM trillion, 2018-2020

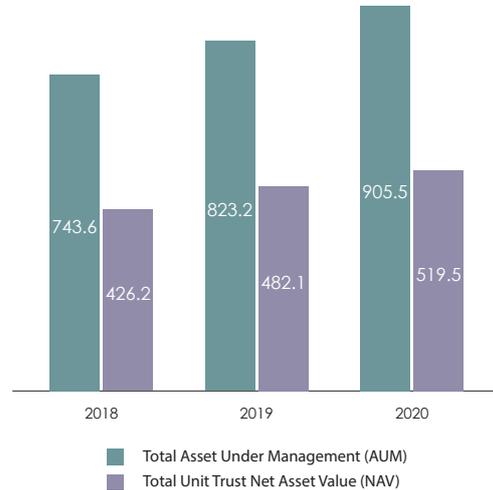


During the year, total funds raised in the bond and equity market as well as alternative fundraising avenues amounted to RM115.2 billion (2019: RM139.8 billion). Of the RM115.2 billion raised, RM104.6 billion (2019: 132.8 billion) was raised in the corporate bond market, RM10.0 billion (2019: RM6.6 billion) in the equity market and RM631.0 million (2019: RM441.6 million) raised through alternative fundraising avenues, especially equity crowd funding and peer-to-peer financing. Of the RM10.0 billion raised through the equity market, RM2.0 billion (2019: RM2.0 billion) was raised via new equity listings through a total of 19 (2019: 30) Initial Public Offerings and RM8.0 billion (2019: RM4.6 billion) was raised via secondary fundraising.

The fund management industry in 2020 recorded total assets under management (AUM) of RM905.5 billion compared to RM823.2 billion in 2019. The largest source of funds towards the AUM came from the unit trust industry with a net asset value (NAV) of RM519.5 billion (2019: RM482.1 billion), representing about 28.6 percent of

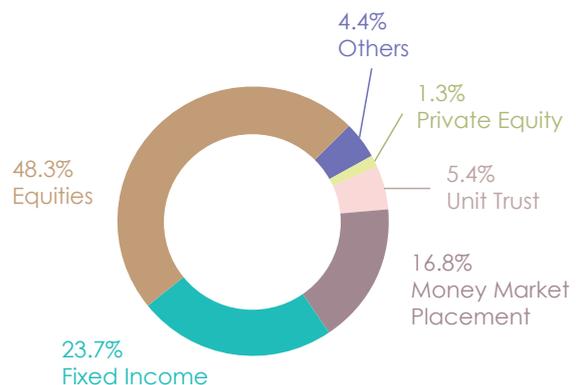
Bursa Malaysia's market capitalisation (2019: 28.2 percent). This is followed by Employees Provident Fund (RM150.8 billion), corporate bodies (RM86.5 billion) and wholesale funds (RM67.7 billion).

Total AUM and Unit Trust NAV, RM billion, as at 31 December 2020



Funds were invested in various asset classes locally and outside Malaysia. As at end of 2020, about 48.3 percent (2019: 48.6 percent) of total investment was allocated in equities, followed by fixed income: 23.7 percent (2019: 22.1 percent) and investment in money market placements: 16.8 percent (2019: 19.8 percent). A similar trend was observed on assets allocation inside and outside Malaysia.

Fund Allocation by Asset Class, as at 31 December 2020



*percentages may be less than 100% due to rounding issues

Total gross sales value of the unit trust funds industry in 2020 was about RM353.4 billion (2019: RM249.9 billion). UTMCs continued to be the major distributors, recording RM195.7 billion or 55.4 percent of total gross sales (2019: RM131.5 billion or 52.6 percent), followed by unit

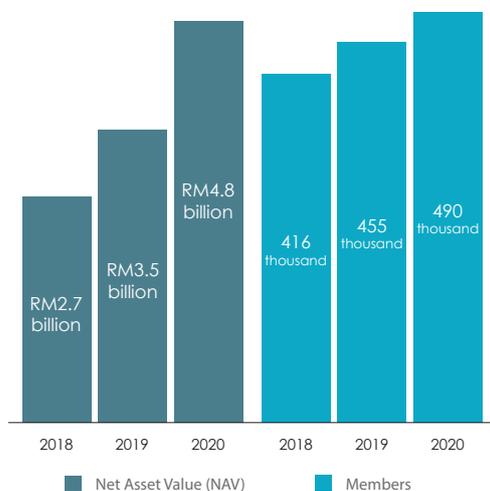
trust consultants (UTCs) RM81.4 billion or 23.0 percent (2019: 51.1 billion or 20.4 percent) and institutional unit trust advisers RM71.9 billion or 20.4 percent (2019: RM64.0 billion or 25.6 percent).

For wholesale funds, a total of 357 wholesale funds was in operation in 2020 with an NAV of RM67.7 billion as at 31 December 2020 (2019: 323 funds, RM58.1 billion). In the REITs segment, 18 REITs (2019: 18) were listed on the Main Market of Bursa Malaysia with a total market capitalisation of RM39.3 billion (2019: RM43.8 billion) and total asset size of RM56.4 billion (2019: RM54.4 billion) as at 31 December 2020. Only one unlisted REIT was offered to sophisticated investors during the year.

For investment products, in 2020, six structured warrants issuers offered a total of 58.5 billion structured warrants amounting to 1,235 term sheets registered with the SC (2019: six structured warrant issuers, 56.9 billion structured warrants, 1,106 registered term sheets). In the same year, 18 new structured product programmes with a variety of underlying references that had an aggregate size of RM90.0 billion with each programme having a size limit up to RM5.0 billion were lodged by nine issuers (2019: six new programmes, RM30.0 billion aggregate size, up to RM5.0 billion size limit, five issuers).

On the PRS front, the total NAV for PRS funds as at 31 December 2020 was RM4.8 billion (2019: RM3.5 billion). To date, there are 490,000 PRS members and more than 700 participating employers that make voluntary contributions for their employees under PRS.

Private Retirement Schemes: NAV & No. of Members, 2018-2020



SIDREC's Role in the Capital Market¹

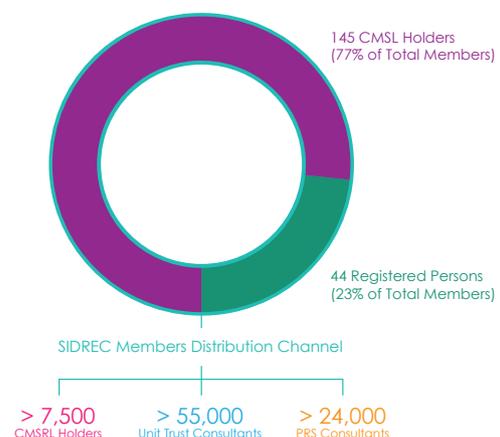
Against this backdrop, as at 31 December 2020, market intermediaries providing investors access to a diverse range of capital market products and services comprised 238 CMSL holders and 44 Registered Persons.

SIDREC's role is to provide investors, particularly retail investors, with a specialist alternative avenue to the courts to resolve monetary-related disputes involving a SIDREC Member that arose from a dealing or transaction relating to a capital market product or service that falls within the regulated activities under SIDREC's purview in an independent, impartial and effective manner. Regulated activities that fall within SIDREC's purview are dealing in securities, derivatives and PRS as well as fund management services.

SIDREC Members and Distribution Channel

As at 30 December 2020, SIDREC's membership stood at 189, comprising 145 CMSL holders (62% of total holders) and 44 Registered Persons. In delivering their services to the investing public, SIDREC Members are supported by their distribution channel. As at 31 December 2020, there were 9,734 Capital Market Services Representative's Licence (CMSRL) holders, of whom around 78 percent were involved in dealing in securities, derivatives and fund management. In addition to these CMSRL holders, SIDREC Members are also supported by 55,179 unit trust consultants and 24,916 PRS consultants who are registered with FIMM.

SIDREC Members as at 31 December 2020



Keeping in line with the Principles of Best Practice

On 27 January 2021, the Board of IOSCO published a report entitled *Complaint Handling and Redress System for Retail Investors*. The report sets out nine *Sound Practices (SPs)* covering the following themes that are aimed at assisting IOSCO members in developing and improving their complaint handling procedures and mechanisms for retail investors:

- **SP1:** Establishing a system for handling retail investor complaints.
- **SP2:** Taking steps to raise investor awareness of various available complaint handling systems.
- **SP3:** Making available as many channels as possible for retail investors to submit complaints.
- **SP4:** Taking steps to support complaint handling systems.
- **SP5:** Encouraging financial service providers to offer a wide range of resolutions to retail investor complaints.
- **SP6:** Using complaint data to identify areas for new or enhanced investor education initiatives.
- **SP7:** Using complaint data for regulatory and supervisory purposes.
- **SP8:** Seeking input from retail investors about their experience with complaint handling systems.
- **SP9:** Making ADR facilities operated by or affiliated with a regulator more accessible for retail investors.

The report explains the importance of retail investors in the development of a robust capital market and the critical role that ADR bodies such as SIDREC play in contributing towards their participation in it:

Retail investors are important participants in the capital markets and the protection of their rights and interests is fundamental to the healthy and stable development of capital markets. When an investor or financial consumer is harmed by misconduct or illegal practices, the existence of effective mechanisms for addressing the issue is important not only for the aggrieved individual, but also for producing positive externalities such as improving market discipline and promoting investor confidence in financial markets.²

Retail investors participate in the capital market for many reasons. These include wealth creation, maintaining purchasing power and funding their retirement in the future. At the same time, increased retail participation in the capital market, contribute towards greater market dynamism and resilience. Redress mechanisms such as SIDREC are central to increasing investor confidence and participation in the capital market by retail investors. To this end, SIDREC constantly strive to adopt best practices in the provision of its dispute resolution services and is committed to continuously work closely with all stakeholders to ascertain areas that may require investors to have access to SIDREC's help through its dispute resolution service.

¹ *The sources for the capital market information and statistics — SC and FIMM.*

² *IOSCO, Complaint Handling and Redress System for Retail Investors, January 2021, Page 1.*

Operating in a Pandemic: The SIDREC Experience

On 16 March 2020, the Prime Minister of Malaysia announced the enforcement of an MCO with effect from 18 March. The MCO and the variations that were implemented throughout 2020 brought to a halt many routine human interactions and activities. This led to a need for everyone, including SIDREC, to very quickly adapt to change.

Below is an illustration of how SIDREC adapted to ensure that it continued to serve as an independent, impartial and effective body for the resolution of capital market-related monetary disputes between investors and SIDREC Members.

Dispute Resolution	
 <p>Claimants encouraged to submit Dispute / Claim Forms via email or SIDREC website.</p>	 <p>Case management conducted via phone and online platforms</p>
 <p>Onsite Online Mediation Sessions & Adjudication Hearings (Hybrid)</p>	 <p>Offsite Online Mediation Sessions & Adjudication Hearings (Fully Virtual)</p>
Operations	
 <p>Activation of Mobile Hotline</p>	 <p>Policies & Procedures to Safeguard Safety of Staff & Visitors</p>
 <p>Split operations with staff working from the office and home at varying ratios</p>	 <p>Regular Disinfection of Office Premises</p>
Corporate Communication	
 <p>Online Awareness Campaign</p>	 <p>Investor Outreach Through Webinar & Virtual Exhibition</p>
 <p>Virtual Annual General Meeting</p>	 <p>Online Members' Briefing</p>

SIDREC Board and Team



Dato' Halipah



Mahadzir



Angelia



Pushpa



Suhana



Jenny



Steven



Moli



Krisha



Sharil



Jered



Azlina



Ismail



Dato' Saiful



Dato' Nizam



Dato' Mah



Sharmila



Jelisa



Asha



Noel



Lavina



Geetha



Phuah

Participants (22)

Find a participant

- Dato' Halipah Esa
Chairman & Independent Director
- Dato' Saiful Bahri Zainuddin
Industry Director
- Dato' Mohd Nizam Zainordin
Industry Director
- Mahadzir Azizan
Independent Director
- Angelia Chin-Sharpe
Industry Director
- Pushpa Nair
Independent Director
- Dato' Mah Weng Kwai
Independent Director
- Sharmila Sharma
Chief Executive Officer
- Suhana Mokhtar
Head of Dispute Resolution
- Jenny Lim
Head of Operations
- Steven K C Poh
Head of Corporate Communication
- Jelisa Tan
Senior Case Manager
- Asha Balakrishnan
Case Manager
- Kanimoli Balakrishnan
Case Manager
- Krishantini Palaraja
Case Manager
- Sharil Ramli
Case Manager
- Noel Chang
Manager, Corporate Communication
- Lavina Rani Rattan Kumar
Finance Manager
- Jered Prakash Robert
Assistant Manager, Operations
- Azlina Abdul Wahab
Secretary to the CEO
- Ismail Boyak
Executive Administrator
- Geetha Krishnen
Administrative Assistant
- Phuah Choon Aun
Senior Finance Manager (Retired 31 December 2020)

A Tribute to All Healthcare Workers and Other Frontliners



Our heartfelt gratitude and appreciation to all healthcare workers and other frontliners who have worked tirelessly and selflessly in service to the rest of us during these taxing times.

Your noble contributions and sacrifices have made it possible for all of us to continue on with our lives throughout the COVID-19 pandemic, and for us at SIDREC to also continue serving retail investors in need of our dispute resolution service.

We at SIDREC salute you!

Board of Directors

Dato' Halipah Esa Chairman & Independent Director

Dato' Halipah Esa is the Chairman of SIDREC and a founding director. She currently serves as Independent Non-Executive Director of SP Setia Bhd and Sime Darby Plantation Bhd, both public-listed companies. She also serves on the Board of Cagamas Bhd. She was Chairman of Pengurusan Aset Air Bhd and has also served on the Boards of Petronas, MISC Bhd, KLCC Property Holdings Bhd, NCB Holdings Bhd, UDA Holdings Bhd, Employees Provident Fund, Pensions Trust Fund, Inland Revenue Board, FELDA, Malaysia Marine and Heavy Engineering Holdings Bhd, Putrajaya Corporation, Putrajaya Holdings Sdn Bhd, Malaysia Deposit Insurance Corporation and the Malaysia-Thailand Joint Development Authority.

Dato' Halipah started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department and went on to hold various senior positions in the civil service, including the Director General of EPU and Deputy Secretary General at the Ministry of Finance, before she retired in 2006.

Dato' Halipah 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 and a MEcons degree from the University of Malaya.

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 Bhd and sits on all the boards of OSK Group of Companies. He is an Investment Committee Member of Eastspring Investments Bhd and an Independent Non-Executive Director of KAF Investment Bank Bhd where he chairs the Nomination & Remuneration Committee and sits on the Investment Board, Audit Committee and Risk Committee.

Dato' Saiful's 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 Adviser 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 Bhd in 2008 and a Board Member of

Bursa Malaysia Securities Bhd and Bursa Malaysia Securities Clearing Sdn Bhd from April 2015. He was then appointed as Senior Independent Director of Bursa Malaysia Berhad for his active role as a director. 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.

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 Bhd (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 a 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 United Kingdom.

Mahadzir Azizan *Independent Director*

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 Bhd and Island & Peninsular Bhd, the property arm of Permodalan Nasional Bhd for the next 24 years. While 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 Bhd and RCE Capital Bhd. He has previously held directorships in Syarikat Takaful Malaysia Keluarga Bhd (2007-2020), Syarikat Takaful Malaysia Am Bhd (2017-2020), Asian Healthcare Group Bhd (2014 to 2016) and Libra Invest Bhd (2007 to 2019).

Angelia Chin-Sharpe *Industry Director*

Angelia Chin-Sharpe is a seasoned capital market professional with over 20 years of experience in banking, capital markets and asset management. She is currently the CEO and Country Head for Malaysia for BNP Paribas Asset Management.

Angelia joined BNP Paribas Asset Management in 2007 and was responsible for the successful set up of its businesses in Malaysia. She was also Head of Institutional Sales for Southeast Asia when posted to Singapore in 2010 before moving back to Malaysia in 2012.

She is the Treasurer of the Malaysian Association of Asset Managers (MAAM), a Member of the Joint Climate Change Committee of the SC and Bank Negara Malaysia and a member of the Reviewing Committee for the Continuing Professional Certification with the Securities Industry Development Corporation (SIDC). When not wearing her corporate hat, Angelia serves the community through The Lost Food Project where she is the President and Founding Committee member.

Angelia holds a Bachelor of Commerce, majoring in Accounting from Curtin University of Technology, Western Australia. She has completed her Chartered Islamic Finance Professional exams with INCEIF and is registered as a Chartered Professional in Islamic Finance (CPIF) with the Chartered Institute of Islamic Finance Professionals.

Pushpa Nair *Independent Director*

Pushpa Nair was called to the Malaysian Bar in 1986 and since then has had a varied career. She started her career as a legal practitioner with Messrs Zain & Co before moving on to teach at the Faculty of Law, Universiti Malaya for three years. Thereafter, she joined Fraser & Neave (M) Sdn Bhd as the first Legal Adviser based in Malaysia. She subsequently joined the Usaha Tegas group and among others, was involved in the initial stages of the establishment of Maxis and Astro.

After leaving Usaha Tegas, she ventured into the field of telecom regulation as the first Legal Adviser of the then newly set up Malaysian Communications and Multimedia Commission (MCMC) in 1999. She served in the MCMC in various capacities including Head, Monitoring and Compliance and Head, Economic Regulation which saw her participating in World Trade Organisation negotiations as the MCMC representative.

In 2007, she left for the United Arab Emirates (UAE) to take up the post of Director, Licensing at the Telecom Regulatory Authority (TRA). At the TRA, she was tasked with drafting the Licensing Regulations and operationalising the licensing framework for telecoms in the UAE. Her scope of work was subsequently widened to include e-commerce-related matters. On her return to Malaysia, Pushpa acted as an independent consultant on legal and regulatory matters plus part-time academic

in University Malaya while furthering her studies in the field of Competition Law at King's College, London.

Subsequently in 2015, Pushpa took up the position of Director, Regulatory Affairs in Ooredoo Myanmar Limited, one of the two new telecom licensees in Myanmar. She returned to Malaysia upon completing her term in Myanmar. With her exposure to both the regulator and operator world views of telecom regulation, Pushpa was appointed as a member of the MCMC in September 2018. Her tenure ended in April 2020.

Pushpa is a member of LeadWomen and The 30% Club, both of which advocate gender diversity in corporate boards.

Pushpa graduated in 1985 from Universiti Malaya with an LL.B (Hons) First Class and also has a Master's degree in law from the University of Cambridge. She also has a Post Graduate Diploma in Competition Law and in Economics for Competition Law from King's College, London.

Dato' Mah Weng Kwai *Independent Director*

Dato' Mah Weng Kwai joined the Judicial and Legal Services of Malaysia in 1973 and held various positions including Magistrate, President of the Sessions Court and Senior Assistant Registrar of the High Court. He also served as a Deputy Public Prosecutor and Senior Federal Counsel in the Attorney General's Chambers.

Upon leaving the Judicial and Legal Services in 1985, Dato' Mah commenced private practice as an advocate and solicitor at Mah Weng Kwai & Associates where he was the sole proprietor. He is a past-President of the Malaysian Bar and of LAWASIA (the Law Association for Asia and the Pacific). He was also a member of the Legal Profession Qualifying Board and the Advocates and Solicitors Disciplinary Board both established under the Legal Profession Act 1976.

Dato' Mah was appointed a Judicial Commissioner of the High Court of Malaya in January 2010 and in August 2011, a Judge of the High Court of Malaya in Kuala Lumpur. He was elevated to the Court of Appeal, Malaysia in September 2012.

Upon his retirement as a Court of Appeal Judge in February 2015, Dato' Mah returned to MahWengKwai & Associates as a consultant. He is certified as a mediator by the Malaysian Mediation Centre and is currently on the panel of arbitrators and mediators of the AIAC. He is also an arbitrator with the Singapore International Arbitration Centre (SIAC).

Dato' Mah is a Commissioner of the Human Rights Commission of Malaysia (SUHAKAM), having been appointed since 2016 and following the 14th Malaysian General Election in 2018, he was appointed as a member of the Institutional Reform Committee. At the same time, between September 2018 and 2020, he was a member of the Judicial Appointments Commission (JAC). Dato' Mah

is also a Commissioner of the Malaysian Aviation Commission (MAVCOM).

Dato' Mah was called to the English Bar as a Barrister-at-Law in 1971 and to the Malaysian Bar as an Advocate and Solicitor of the High Court of Malaya in July 1972. He obtained his Master of Laws degree with honours in 1985 from Australia's University of Sydney and was appointed a Fellow of the Senate of the University of Sydney in 1999.

Management

SHARMILA SHARMA
Chief Executive Officer

SUHANA MOKHTAR
Head of Dispute Resolution

JENNY LIM
Head of Operations

STEVEN K C POH
Head of Corporate Communication

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 BA 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 Appeals 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



CHEE FEI MING
*Representative from
Senior Management of the SC*



MAHADZIR AZIZAN
Representative from SIDREC's Board of Directors



TAN SRI AZIAH ALI
Independent Member



HASNAH OMAR
Industry Member

Panel of Mediators & Adjudicators

Shanti Abraham Mathew

Shanti Abraham of Messrs Shanti Abraham & Associates has been called to the Singapore and Malaysian Bars and has been in practice for over 25 years. She is a litigator, arbitrator, adjudicator and mediator. Her areas of practice include corporate and restructuring work, contractual, commercial and construction disputes as well as healthcare and private wealth management.

Shanti is the chair of the International Mediation Institute Investor-State Mediation Taskforce and a mediator of the Global Mediation Panel at the Office of the Ombudsman for United Nations Funds and Programmes.

She is a SIMI (Singapore International Mediation Institute) Certified Mediator (Level 4) and has a public profile

on the SIMI Mediator website. She is a mediator on the panels of SIDREC, Malaysian Mediation Centre (MMC) and the Singapore Mediation Centre (SMC) and is an ambassador of Singapore International Mediation Centre. She is also on the panel of arbitrators, adjudicators and mediators with AIAC.

She completed the Programme on Mediation and Advanced Mediation training – Mediating Complex Disputes at Harvard Law School and Investor-State Mediation by the Department of Justice of Hong Kong and the International Centre for Settlement of Investment Disputes.

She has trained a broad range of professionals in mediation skills including the Brunei and Myanmar judiciary. She regularly mediates both in Malaysia and in Singapore in many industries and has conducted technology-enabled cross-border / online mediations.

Nahendran Navaratnam

Nahendran Navaratnam is the principal partner at Navaratnam Chambers. He is a Chartered Arbitrator and a Fellow of the Chartered Institute of Arbitrators and the Malaysian Institute of Arbitrators. He is also a trained and accredited mediator and adjudicator.

Nahendran has over 30 years of experience as a trial and appellate lawyer. He currently handles only advocacy work in 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 holds a BSc (Materials Science) and LLB from Australia's Monash University. He was called to the Malaysian Bar in 1988.

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 sits on the Arbitration & Alternative Dispute Resolution Committee of the Bar Council and the MMC. She was the chairperson of the disciplinary committee for disciplinary proceedings brought by the Bar Council Disciplinary Board.

Wong is an Accredited Mediator on the panel of MMC and also trains and assesses candidates for accreditation with the MMC. Additionally, she is 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 Malaya.

Wong 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 obtained an MBA degree from University Malaya in 2014.

Dato' Lim Chee Wee

Dato' Lim Chee Wee is the Senior Partner of Lim Chee Wee Partnership and has been in practice for over 26 years. He was a partner of Skrine from 2001 to 2020 and President of the Malaysian Bar from 2011 to 2013. He is a member of the Chartered Institute of Arbitrators.

Lim 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 on corporate litigation.

Lim also has an established public and administrative law practice, regularly advising and acting for the Malaysian stock exchange (Bursa Malaysia Bhd), 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.

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

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 empanelled as an arbitrator with the AIAC and a member of the Hainan International Arbitration Court. He is also a member of the AIAC Advisory Council. He was the 30th President of the Malaysian Bar and Chairman of the Bar Council of Malaysia from 2013 to 2015 and is the Immediate Past President of LAWASIA – the Law Association for Asia and the Pacific. He sits on Taylor's University's Law School's Legal Profession Advisory Panel, and is a member of the Industry Advisory Board of Monash University's Bachelor of Politics, Philosophy and Economics. He is also currently a member of the Board of Directors of the Institute for Democracy

and Economic Affairs, a non-profit, cross-partisan think tank foundation in Malaysia.

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. He is also a recipient of the University of Nottingham Alumni Laureate Lifetime Achievement Award 2018.

Jas Bir Kaur

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

While 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 position at the SC was as Deputy Director.

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

Foo Joon Liang

Foo Joon Liang spent the past 20 years building upon an active dispute resolution practice in arbitration, litigation and more recently in adjudication. He regularly appears as counsel in arbitration as well as at all levels of the Malaysian courts. He has advised and acted in a broad spectrum of disputes, from engineering, construction, power, contract, securities, to company and shareholder disputes.

Foo spent a significant number of years of his practice in advisory, defence and recovery dispute resolution work in the securities and banking industries, and continues to maintain this portfolio as part of his broader practice. He was also involved in the mergers of financial and insurance institutions.

In the past several years, Foo's focus has increasingly been in engineering-related incidents in construction projects. Among the more notable matters that he was involved in include the highly publicised failure of a hill slope in Penang, Malaysia, a bridge collapse in the Klang Valley where bridge experts from Asia and Europe testified, the first Construction Industry Payment & Adjudication Act 2012 (CIPAA) matter heard at the Federal Court in Malaysia, the first constitutional challenge to the adjudication regime under CIPAA and AIAC in Malaysia which is now pending before the Court of Appeal in Malaysia.

Tan Sri David Wong Dak Wah

Tan Sri David Wong Dak Wah has had an illustrious legal and judicial career. He graduated with degrees in accountancy and law from Australia's University of New South Wales in 1976 and 1977 respectively. Prior to being admitted as a barrister-at-law of the New South Wales Supreme Court in 1979, he was attached to a public accounting firm in Sydney as a qualified auditor. He was admitted to the Sabah Bar in 1980 and practised as an advocate and solicitor in Sandakan until 1992 before returning to Sydney to practise law there until 1996. Upon his return to Sandakan in 1997, Wong continued practising as an advocate and solicitor until 2005 when he was appointed as Judicial Commissioner of the High Court of Sabah and Sarawak in Kuching.

Wong was elevated as a Judge of the High Court of Sabah and Sarawak in 2007, Court of Appeal in 2013 and the Federal Court of Malaysia in 2018. On 18 July 2018, he was sworn in by Yang Di-Pertuan Agong as the fifth Chief Judge of the High Court of Sabah and Sarawak, a position he held until he officially retired on 19 February 2020 upon reaching the mandatory retirement age. A firm believer that the legal fraternity must embrace technology in its work, Wong was largely credited for his role in the digitisation of the courts in Sabah and Sarawak.

Advisory Group

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



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
Bursa Malaysia Berhad*

Part II

Leveraging on SIDREC's Dispute Resolution Process

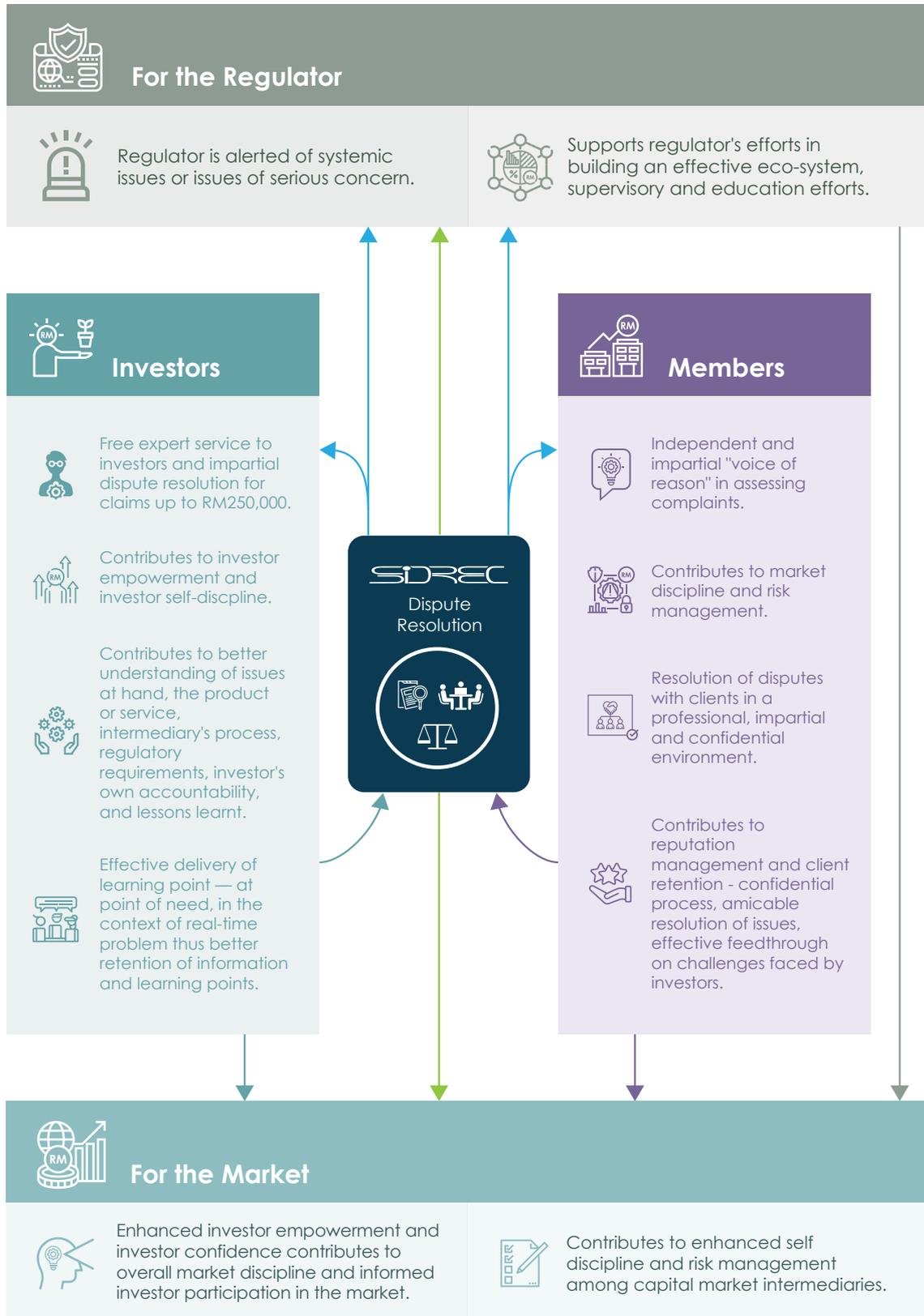
SIDREC's preferred approach to dispute resolution is inclusive, balanced and anchored on a process where confidentiality, openness and trust are observed at all times.

SIDREC's dispute resolution process is 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 on each party's own shortcomings.

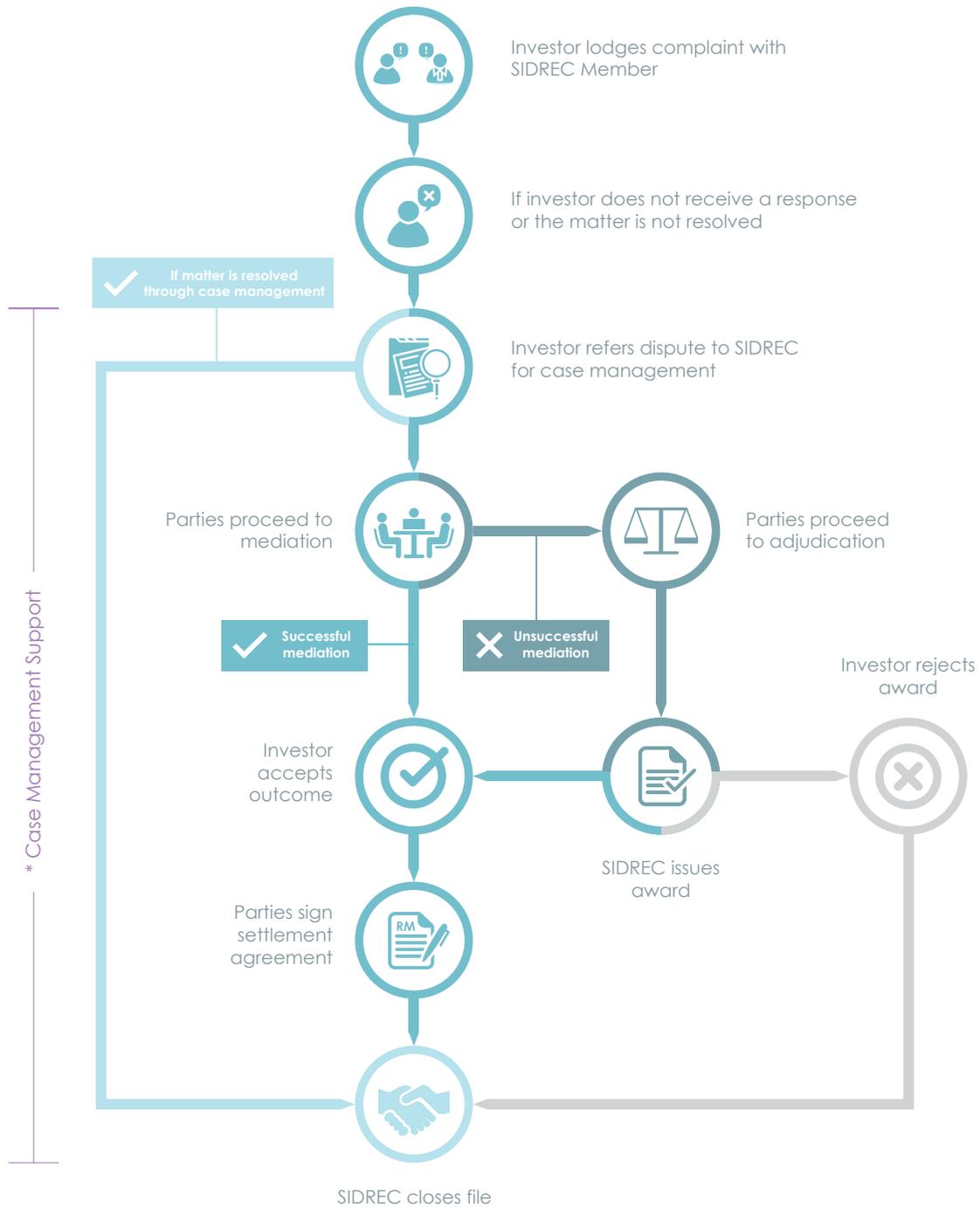
Communication by Members to their clients or customers about SIDREC is an assurance, especially to retail investors, that Members are confident enough in their products and service to offer their clients or customers an independent and impartial avenue for redress, should a dispute arise.



How SIDREC Benefits the Capital Market

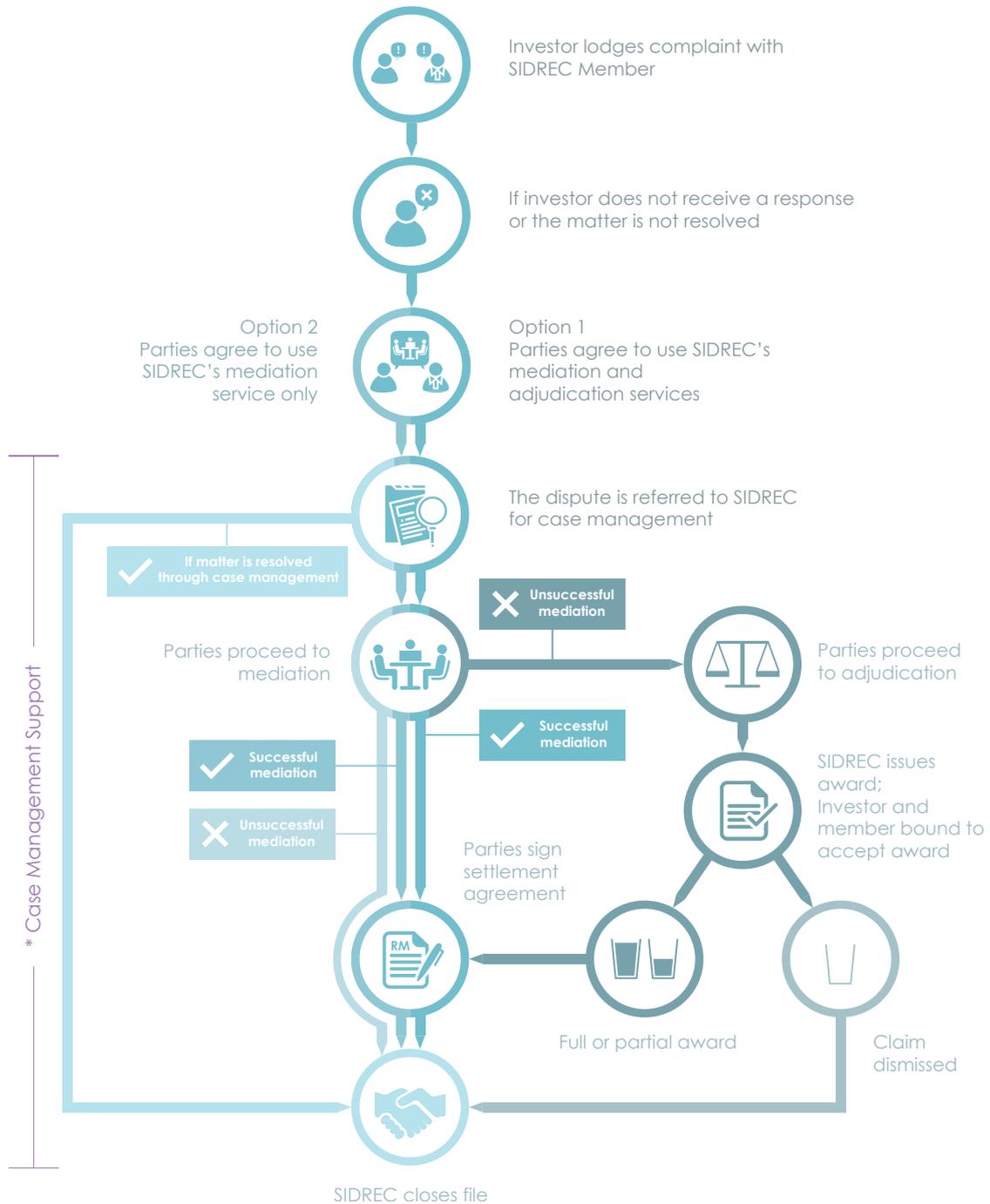


How SIDREC Works Mandatory Scheme For claims up to RM250,000



** 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.

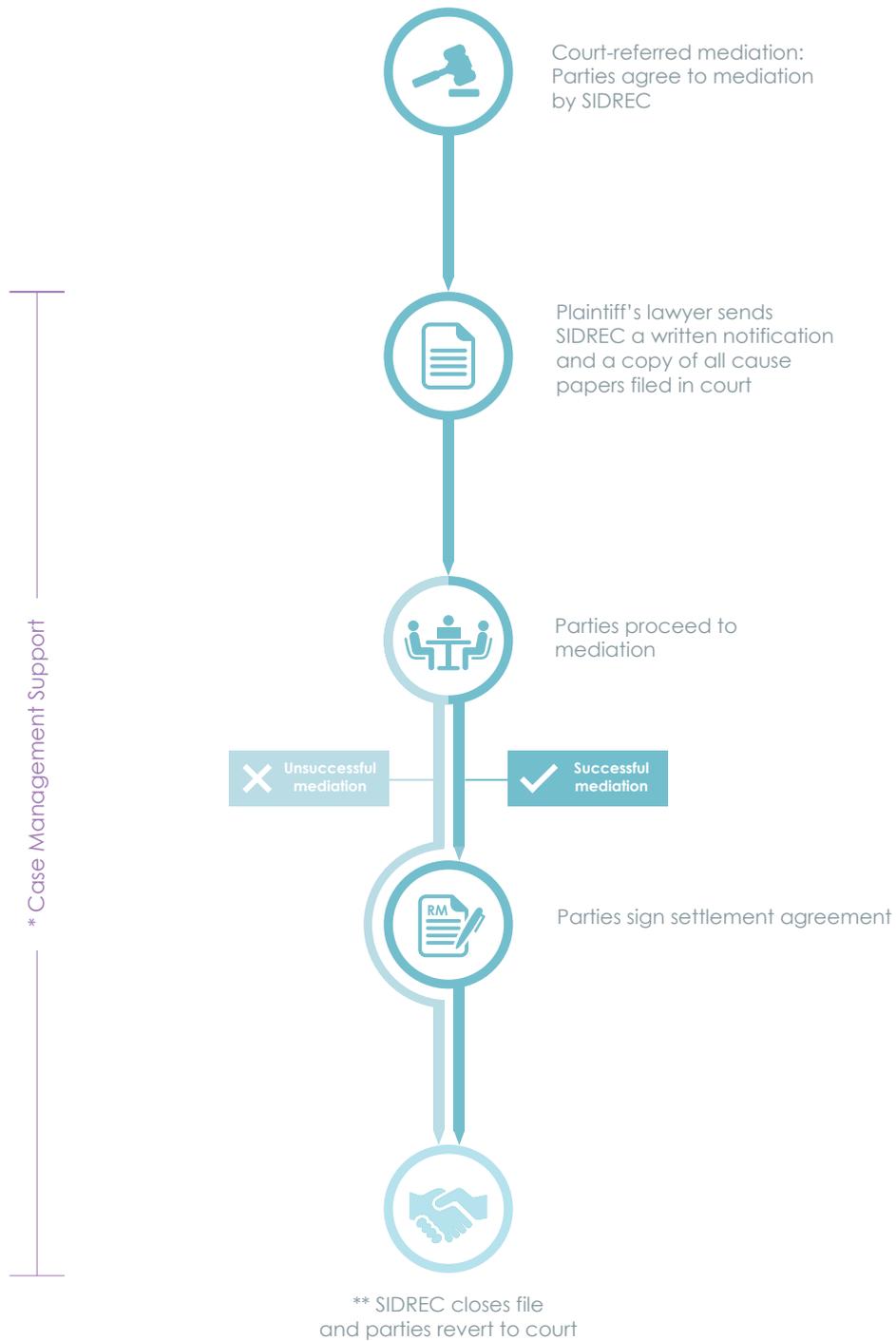
How SIDREC Works Voluntary Scheme For claims above RM250,000



*** Case Management Support**

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How SIDREC Works Voluntary Scheme Court-referred Mediation



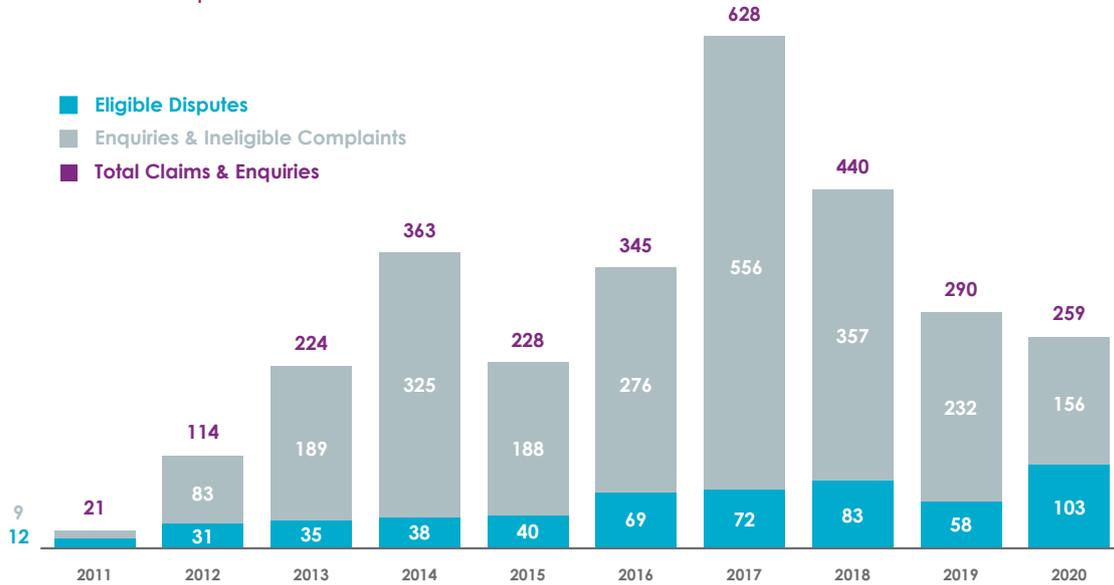
** Case Management Support*

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

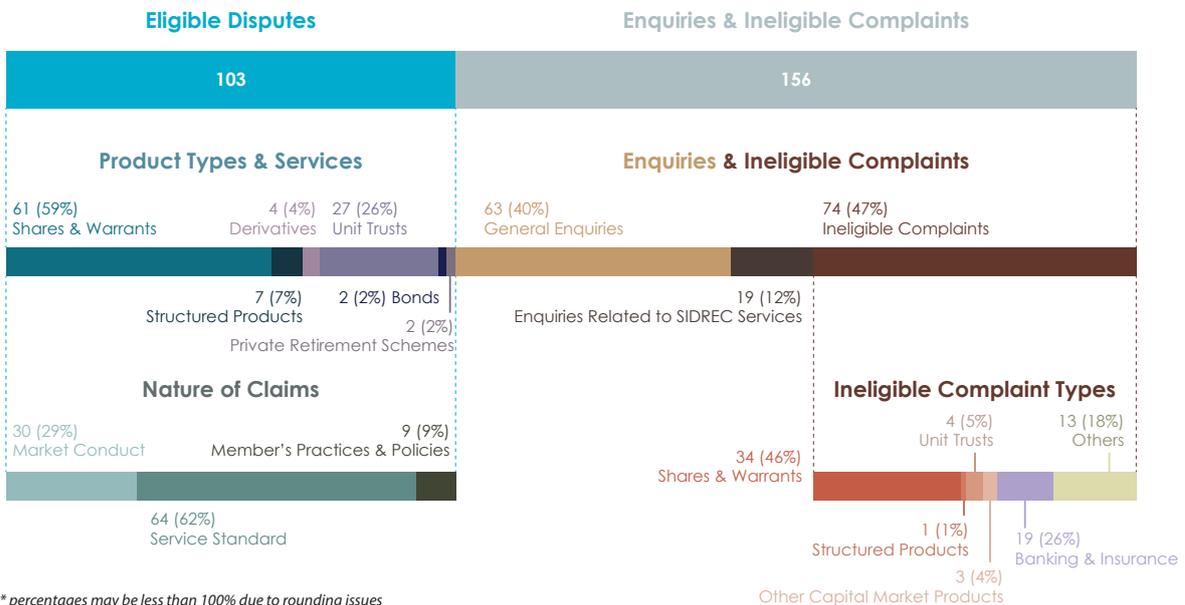
*** SIDREC will be guided by the requirements set out in the Practice Direction No. 4 of 2016 (Practice Direction of Mediation).*

Dispute Resolution: Year in Review

Claims & Enquiries, 2011-2020



Claims & Enquiries, 2020



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 and private retirement schemes (PRS) as well as fund management services. They include banks, brokers, fund managers, unit trusts management companies, PRS providers and distributors and two specified development financial institutions.

SIDREC Members are obligated to participate in SIDREC's dispute resolution process for monetary claims not exceeding RM250,000.

Overview

In 2020, SIDREC received a total of 259 claims and enquiries. While this is a decrease of 11% from the 290 claims and enquiries received in 2019, the number of eligible disputes received in 2020 increased by 78% when compared to the year before. In 2020, SIDREC received 103 eligible disputes. In 2019, it received 58.

The decrease in the total number of claims and enquiries received in 2020 is attributable to the 33% drop in the number of enquiries received in 2020 when compared to 2019. In 2020, SIDREC received 156 enquiries while it received 232 in 2019. The lower number of enquiries received in 2020 is mainly attributable to SIDREC receiving no enquiries relating to Bursa Malaysia's Central Depository System (CDS) statements during the year. Since its peak in 2017, SIDREC has witnessed a gradual decline in its receipt of such enquiries.

Two further observations can be made with regard to the total claims and enquiries received in 2020. First, eligible disputes in 2020 made up 40% of the year's total claims and enquiries (i.e. 103 of 259).

CDS Related Enquiries

Since the early days of SIDREC's establishment, Bursa Malaysia Depository Sdn Bhd (Bursa) has strongly supported SIDREC's awareness initiatives. This included the insertion of a short message regarding SIDREC in the Central Depository Service (CDS) account statements that it issues to CDS account holders. This alert has inadvertently led to the channelling of many CDS related enquiries to SIDREC. While CDS related matters do not fall under SIDREC's purview and the inquirers are redirected to the relevant organisations, they have served as a means of raising awareness of SIDREC's services among the investing public.

The number of CDS related enquiries received by SIDREC peaked at 334 in 2017, representing 60% of the 556 enquiries SIDREC received that year. Since the 2017 peak, the number of such enquiries has gradually declined over time. In 2020, SIDREC did not receive any CDS related enquiries.

A short message on SIDREC is no longer inserted in CDS account statements. Bursa continues to support SIDREC's awareness initiatives through referrals, participation in SIDREC's **dr** magazine and the publicising of SIDREC's awareness programmes.

CDS Related Enquiries, 2016-2020



What is an Eligible Dispute?

On receipt of a complaint, SIDREC's case managers will first consider whether it is an eligible dispute. A complaint is an eligible dispute if:

- It is made against a SIDREC Member;
- 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 monetary claim.

An eligible dispute will progress through SIDREC's dispute resolution process, comprising case management, mediation and adjudication.

What are Enquiries?

SIDREC receives enquiries from members of the public on various matters, including:

- SIDREC's dispute resolution services;
- Issues they may be experiencing regarding their investment(s); or
- Miscellaneous matters relating to the financial market or other unrelated matters.

In the event that the enquiry is not within SIDREC's purview, where appropriate, SIDREC will refer the inquirer to the relevant authority, agency or other points of help. SIDREC also takes these instances as opportunities to raise public awareness about the dispute resolution services it provides to investors, particularly retail investors.

What is an Ineligible Complaint?

An enquiry will be classified as an "ineligible complaint" if it does not meet all the prescribed criteria of an "eligible dispute".

Examples include a complaint involving a financial product offered by a SIDREC Member that is not within SIDREC's purview such as a banking or insurance product or alleged unprofessional service provided by a SIDREC Member's sales representative that does not involve a monetary claim.

In such instances, SIDREC will inform the investor that the complaint does not fall under SIDREC's purview and where appropriate, refer the investor to the relevant authority or agency.

In contrast, in 2019, eligible disputes made up 20% of the year's total claims and enquiries (i.e. 58 of 290) and in 2018, 19% (i.e. 83 of 440). Total eligible disputes received between 2011 and 2020 made up 19% of the total claims and enquiries received during this period (i.e. 541 of 2,912).

Second, the percentage of SIDREC-related enquiries received in 2020 against total enquiries received was also higher when compared to the year before. In 2020, enquiries relating to SIDREC's services and purview made up 60% of total enquiries received (i.e. 93 of 156 enquiries). In 2019, such enquiries made up 50% of the total enquiries (i.e. 115 of 232 enquiries).

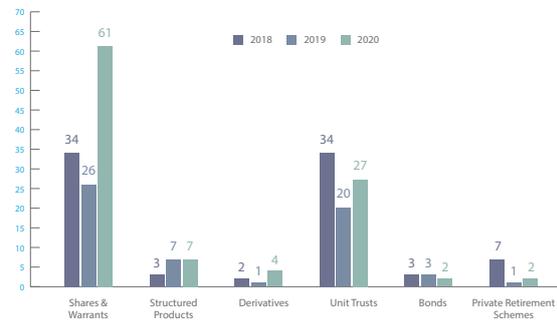
These two observations further support the one made in SIDREC's 2018 Annual Report of a measured increase in the quality of claims and enquiries it has been receiving over time. It is a possible indication of the increased level of investor awareness of SIDREC's services.

Eligible Disputes by Type of Product or Service

Of the 103 eligible disputes received in 2020, 61 were related to shares and warrants, 27 to unit trusts, seven to structured products, four to derivatives, two to bonds and two to PRS. SIDREC did not receive any eligible disputes relating to fund management services in 2020.

In line with past trends, eligible disputes relating to shares and warrants as well as unit trusts formed the majority of eligible disputes

Eligible Disputes by Type of Product & Service, 2018-2020



received by SIDREC in 2020. Disputes relating to both these product categories comprised 85% of the total eligible disputes received during the year (i.e. 88 of 103). By way of comparison, such disputes made up 82% of the total eligible disputes received in 2017 and 2018 (i.e. 59 of 72 and 68 of 83, respectively) and 79% in 2019 (i.e. 46 of 58).

The 61 shares- and warrants-related eligible disputes received in 2020 represents more than a two-fold increase from the 26 received in 2019. This increase is mainly due to the eight-fold increase in the receipt of eligible disputes arising from alleged lapses in online platforms within this product category when compared to previous years. Of the 61 shares- and warrants-related eligible disputes received in 2020, 40 or 66% arose from alleged lapses in online trading platforms. By way of comparison, of the 26 shares- and warrants-related eligible disputes received in 2019, five or 19% arose from alleged lapses in online trading platforms.

Nature of Eligible Disputes

Eligible disputes are classified according to the nature of the issues raised. The following are the three main categories of eligible disputes, including specific examples of issues that fall under each category:

Market Conduct

- Fraud, defalcation or misappropriation
- Sales practices such as mis-selling, bad advice, product suitability, inadequate disclosures
- Unauthorised transactions or non-compliance with client instructions
- Others

Service Standard

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

Member's Practices / Policies

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

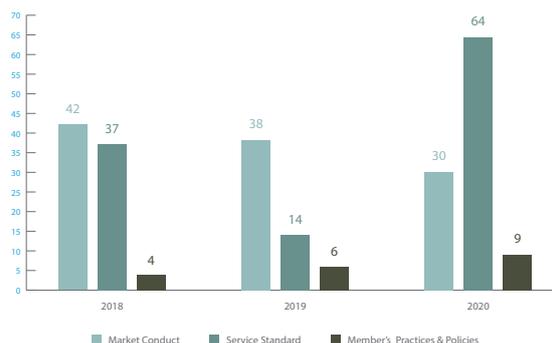
Eligible Disputes Received by Nature of Claim & Type of Product or Service, 2020

		Shares & Warrants	Structured Products	Unit Trusts	Derivatives	Bonds	Private Retirement Schemes	Total
Market Conduct	Fraud, defalcation or misappropriation	1	0	0	0	0	0	1
	Sales practices (includes mis-selling, bad advice, product unsuitability, inadequate disclosures)	0	5	11	1	2	1	20
	Unauthorised transactions or non-compliance with client instructions	3	1	2	3	0	0	9
	Others	0	0	0	0	0	0	0
	Sub-total for Market Conduct	4	6	13	4	2	1	30
Service Standard	Delays, errors or glitches of online systems	41	0	3	0	0	0	44
	Delays, errors or lapses in disclosure	1	1	5	0	0	0	7
	Other delays or errors in process	9	0	3	0	0	1	13
	Sub-total for Service Standard	51	1	11	0	0	1	64
Member's Practices & Policies	Fees and charges	3	0	2	0	0	0	5
	Disclosure policy	1	0	1	0	0	0	2
	Product development and sales policy	0	0	0	0	0	0	0
	Others	2	0	0	0	0	0	2
	Sub-total for Members' Practices and Policies	6	0	3	0	0	0	9
Total		61	7	27	4	2	2	103

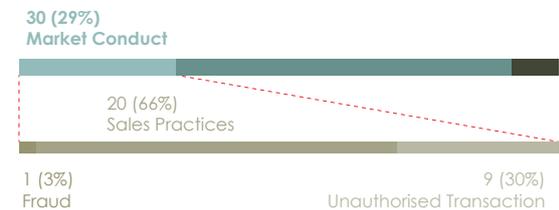
Eligible Disputes by Nature of Claims

Of the 103 eligible disputes received in 2020, 64 were related to service standards, 30 to market conduct and nine to Member's practices and policies. Thus, in 2020, service standards-related eligible disputes formed the majority of eligible disputes received in the year among the three main categories of eligible disputes received by SIDREC. This represents a shift from past trends. Since SIDREC's establishment, market conduct-related eligible disputes have consistently formed the highest number of eligible disputes received in any one year.

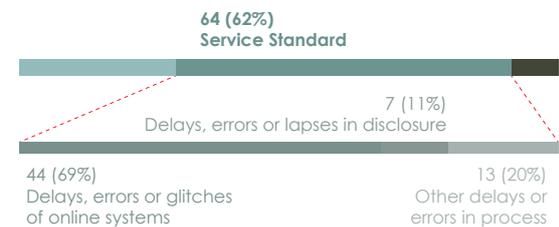
Eligible Disputes by Nature of Claims, 2018-2020



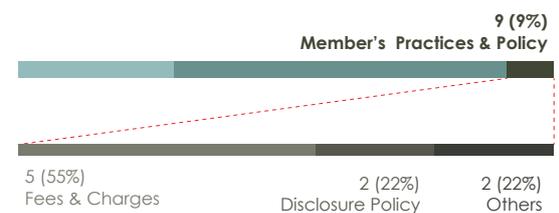
Eligible Disputes Received by Market Conduct, 2020



Eligible Disputes Received by Service Standard, 2020

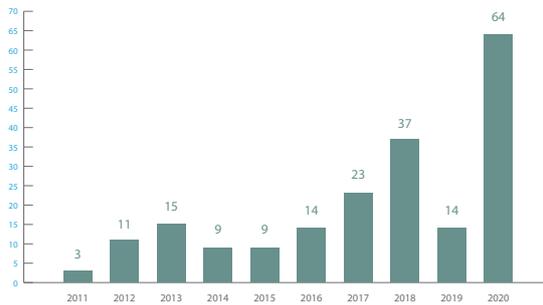


Eligible Disputes Received by Member's Practices & Policies, 2020

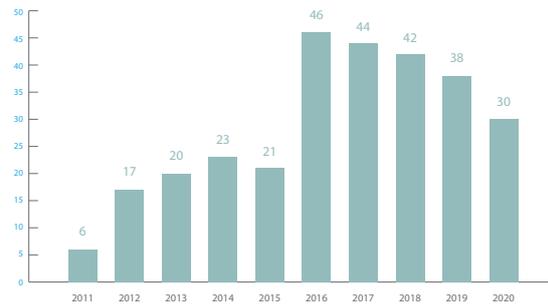


* percentages may be less than 100% due to rounding issues

Service Standard
Related Eligible Disputes, 2011-2020



Market Conduct
Related Eligible Disputes, 2011-2020



The profile shift in the nature of eligible disputes received by SIDREC in 2020 is mainly attributable to two of the following reasons:

- The significant rise in the receipt of service standards-related eligible disputes during the year when compared to the previous years. Between 2011 and 2019, the highest number of service standards-related eligible disputes received by SIDREC in any one year was 37 in 2018; and
- The gradual decrease in market conduct-related eligible disputes received by SIDREC since 2017. Between 2011 and 2019, the highest number of market conduct-related eligible disputes received by SIDREC in any one year was 46 in 2016.

delays or errors in transactions allegedly due to glitches in the platforms.

During the year, amidst the COVID-19 pandemic, there was also heightened retail participation in the local bourse. It was a trend that was also witnessed across the globe. In a 7 July 2020 statement issued by the SC, the SC Chairman, Datuk Syed Zaid Albar noted that the Malaysian investor population has grown to be more diverse, and technological advancements have changed the way investors interact with the capital market. He concluded thus: "It is important that our industry also evolves to meet the diverse needs of investors. These can be in the form of digital-only brokers that can cater to investors looking for no-frills services, or for example, algorithmic trading platforms or multi-asset brokers for more sophisticated investors."

Eligible Disputes Arising from Transactions Executed via Online Trading Platforms

The significant rise in the number of eligible disputes relating to service standards received in 2020 is attributable to the marked increase in disputes arising from delays, errors or glitches with an online trading platform when compared to previous years.

Eligible Disputes Arising from Delays, Errors or Glitches with an Online Trading Platform, 2011-2020



In 2020, SIDREC received 44 eligible disputes arising from delays, errors or glitches with an online trading platform, out of which 41 arose from transactions executed in relation to shares and warrants and the remaining three to unit trusts. In 2019, it received six, out of which five were related to shares and warrants and the remaining one to unit trusts. Between 2011 and 2019, the highest number of eligible disputes arising from delays, errors or glitches with an online trading platform received by SIDREC in any one year was 17, in 2018. Issues claimed to have been experienced by claimants with regard to online platforms include

Eligible Disputes Arising from Delays, Errors or Glitches with an Online Trading Platform by Type of Product or Services, 2017-2020



*percentages may be more than 100% due to rounding issues

With the increasing number of investment-related transactions being conducted online, it is crucial for Members to:

- Prioritise regular reviews of the online trading or investment platforms provided by them to their clients. This is to ensure that the platforms, provided either by way of website or mobile application, are consistently reliable, accurate and secure; and
- Continuously improve on their internal standard operating procedures when handling technical issues as well as customer complaints management systems to meet the demands of fast-changing operating environments.

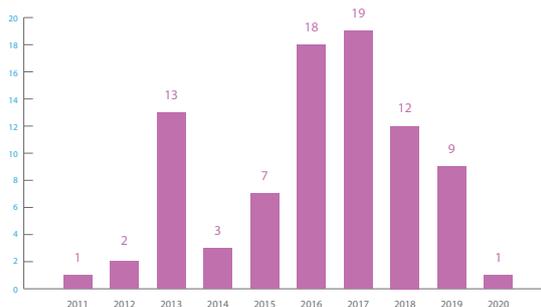
As a result of the rapid rise in the digitisation of finance, it is becoming increasingly critical for Members to meet both these needs.

Eligible Disputes Relating to Market Conduct

The gradual decrease in market conduct-related eligible disputes received by SIDREC since 2017 is mainly attributable to the gradual decline in the number of eligible disputes arising from fraud, defalcation and misappropriation received since its peak in 2017. In 2020, SIDREC received one such eligible dispute, an 89% decrease from the nine received the year before.

Against the declining trend in the receipt of eligible disputes arising from fraud, defalcation and misappropriation in recent years, SIDREC continues to receive a significant number of eligible disputes relating to sales practices under the category of market conduct-related eligible disputes.

Eligible Disputes Related to Fraud Defalcation & Misappropriation 2011-2020



In 2020, eligible disputes relating to sales practices comprised 67% of the total market conduct-related eligible disputes (i.e. 20 of 30). By way of comparison, such disputes made up 53% of total market conduct-related eligible disputes in 2019 (i.e. 20 of 38), 48% in 2018 (i.e. 20 of 42) and 27% in 2017 (i.e. 12 of 44).

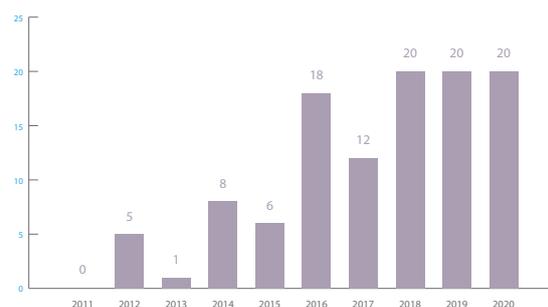
Eligible disputes relating to sales practices typically include instances where agents of Members are alleged to have made:

- Recommendations on capital market products without due consideration of the financial objectives and risk profiles of investors;
- Inadequate disclosures of key features of capital market products being marketed or distributed; and
- Misleading representations on the rate of return of an investment and / or insufficient explanation on the potential risks of an investment.

As in previous years, three key observations may be made from the eligible disputes resolved in this area by SIDREC in 2020. First, the need for Members to:

- Continuously ensure and maintain effective oversight over the sales practices of their agents. This is essential in ensuring the dissemination of product-related information to investors is accurate and reasonably sufficient to enable investors to make informed investment decisions; and
- Observe good record keeping practices and exercise caution and diligence when profiling investors' risk appetites.

Eligible Disputes Related to Sales Practices 2011-2020



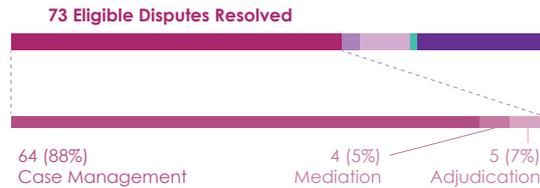
Second, the need for both investors and sales representatives of Members to enhance their understanding on key features of capital market products marketed or distributed.

Third, the need for investors to be responsible and accountable for their own investment decisions. Thus, investors are urged to:

- Conduct independent research on potential investments prior to making an investment. This is critical to ensure that they are aware of the key features of a potential investment and its risks; and
- Pro-actively monitor their own investments.

SIDREC’s dispute resolution process comprises case management, mediation and adjudication. Generally, a claim may be resolved at any stage in the process. Of the 73 eligible disputes that were resolved in 2020, 64 or 88% were resolved through case management, four or 5% through mediation and five or 7% through adjudication.

“93% resolved at case management or mediation”



Resolution of Eligible Disputes

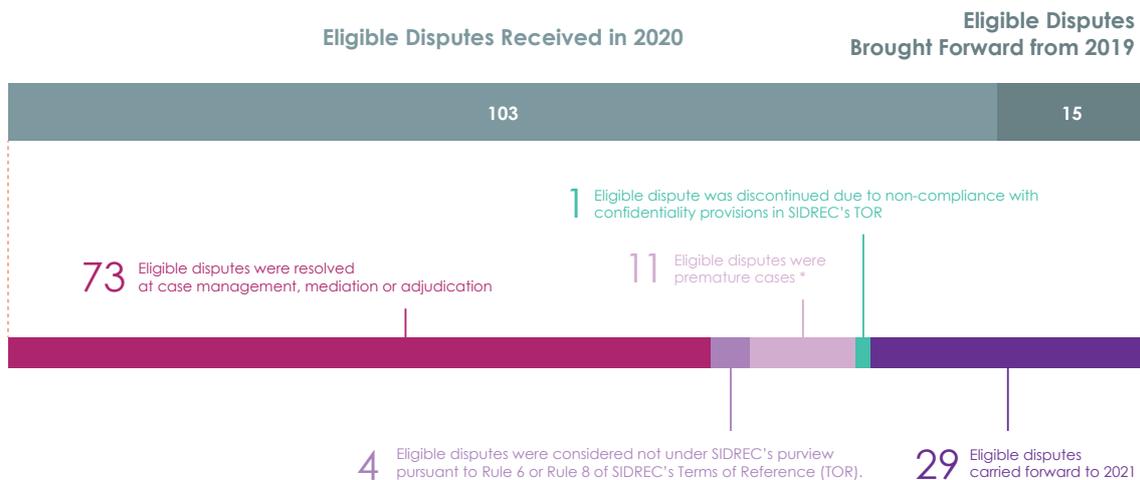
In 2020, SIDREC managed 118 eligible disputes in total, including 15 eligible disputes that were brought forward from 2019. This represents an increase of 51% from the 78 eligible disputes managed in 2019.

The status of the 118 eligible disputes managed by SIDREC as at 31 December 2020 is illustrated in the diagram below.

Of the 118 eligible disputes managed in 2020, 73 eligible disputes were resolved. This, in turn, represented an increase of 62% when compared to the 45 that were resolved in 2019.

SIDREC adopts a mediative approach to dispute resolution from the commencement to closure of a case. This approach, coupled with capital market knowledge and expertise, continues to be effective in 2020 as 93% (68 of 73) of eligible disputes were resolved prior to adjudication. This was effectively achieved despite SIDREC having to rely heavily on online modes of communication during case management and when conducting mediation sessions due to the COVID-19 pandemic. From 2011 to 2020, SIDREC resolved 356 eligible disputes, of which 322 (90%) were resolved either at the case management stage or through mediation.

Eligible Disputes Managed, 2020



* Prior to being able to file a claim with SIDREC, a claimant must have first referred the dispute to the relevant Member. Where a dispute is submitted "pre-maturely" to SIDREC, the claimant will be redirected to the relevant Member in order to provide the parties an opportunity to first resolve their dispute without the intervention of a third-party.

Defining Excluded Disputes

A claim initially assessed as an eligible dispute by SIDREC may be classified as an excluded dispute after receiving more information and documents from the parties to a dispute during the dispute resolution process. 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 the relevant provisions in the TOR. The full TOR is available on SIDREC's website:

- i. Disputes involving 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;
- ii. Disputes arising from a commercial decision by the Member, e.g. product pricing, fees and charges or rejection of credit or margin applications;
- iii. Disputes related to product or investment performance (except for alleged non-disclosure or misrepresentation in relation to such product or investment);
- 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;
- 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
- vi. Any claim that is time barred under the Limitation Act 1953 or Limitation Ordinance (Sabah) (Cap. 72) or Limitation Ordinance (Sarawak) (Cap. 49).

* The relevant rules on Excluded Disputes as defined in SIDREC's TOR:

- Section A of SIDREC's TOR for Mandatory Scheme: Rule 8
- Section B of SIDREC's TOR for Voluntary Scheme: Rule 44
- Section C of SIDREC's TOR for Voluntary Scheme (Court referred mediation): Rule 69

Confidentiality in SIDREC's Dispute Resolution Process

Confidentiality is an important aspect of SIDREC's dispute resolution process (DRP). Confidentiality provisions are encapsulated in the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulations) and SIDREC's TOR.

Confidentiality rules contained in SIDREC's TOR include the following:

- Section A of SIDREC's TOR for Mandatory Scheme: Rule 15.19 and Rule 30
- Section B of SIDREC's TOR for Voluntary Scheme: Rule 51.19 and Rule 58
- Section C of SIDREC's TOR for Voluntary Scheme (Court referred mediation): Rule 75.16 and Rule 78

Rule 15.19, Rule 51.19 and Rule 75.16 of SIDREC's TOR

All communications made in the DRP, including information disclosed, views expressed, SIDREC's Decisions (not applicable under Rule 75.16) and Settlement Agreement entered into by the parties, are strictly confidential, and made on a strictly 'without prejudice' basis and shall not be used in any proceedings, legal or otherwise.

Rule 30.1, Rule 58.1 and Rule 78.1 of SIDREC's TOR

No person shall disclose any information or documents obtained during the DRP unless the disclosure falls within the permitted disclosures under the Regulations.

SIDREC's role in the capital market is to provide investors, particularly retail investors, with an alternative avenue to the courts to resolve any monetary related disputes that they may have with SIDREC Members in an independent and impartial manner.

The confidentiality rules of SIDREC's DRP provide parties with the assurance and confidence to have an open and constructive discussion when using SIDREC's services to facilitate a resolution of their dispute. It is thus vital that the confidentiality rules are observed by all parties who participate in SIDREC's DRP so as not to undermine the integrity of the process.

To uphold the principle of fairness and the integrity of SIDREC's DRP, any breach or contravention of the confidentiality rules of SIDREC's DRP may result in the discontinuation of the DRP.

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. After a thorough review of the 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 further 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 obtain their response to the complaint as well as relevant documents or information in order to facilitate a better appreciation of the case.

The circumstances in which the 64 eligible disputes that were resolved or withdrawn by the claimant during case management in 2020 are set out in the table below. No cases were dismissed at the case management stage during the year.

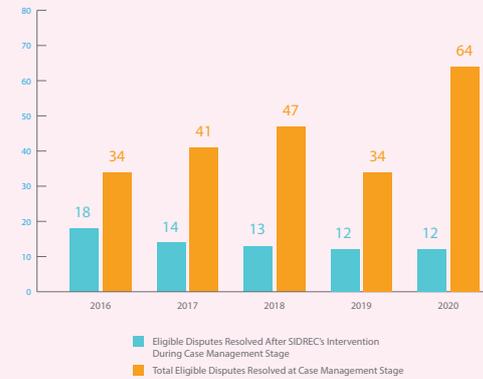
Resolution of Eligible Disputes at Case Management Stage	Number of Eligible Disputes
Resolved after SIDREC intervention or claimant accepted SIDREC's explanation	12
Pre-mature disputes where SIDREC referred claimants back to Members - Resolved without further intervention by SIDREC	9
Claimant decided to forgo claim	13
Claimant decided to pursue another avenue	7
Complaint deemed withdrawn; no response from claimant	23
Claim dismissed	0
Total Eligible Disputes Resolved At Case Management Stage	64

Resolution at Mediation

During mediation, the claimant and representatives of the SIDREC Member will have an open discussion to explore possibilities of a settlement, with the help of a mediator. However, the mediator does not make a decision. It is up to the parties to decide on an amicable resolution based on their own assessment of the facts and circumstances. The mediation session is an informal one, where parties can ask each other questions and respond to or clarify any points. If the mediation is successful, a settlement agreement comprising

Eligible Disputes Resolved After SIDREC's Intervention at Case Management

Eligible Disputes Resolved After SIDREC's Intervention at Case Management



In 2020, a total of 12 eligible disputes (or 19% of total claims resolved at the case management) 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 stages of the dispute resolution process, i.e. mediation and adjudication.

During case management, SIDREC's case manager thoroughly reviews available information to gain 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 with 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 may 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 knowledge of capital market products and services. This combined expertise enables an informed discussion for the resolution of a case during the case management stage.

the agreed terms will be signed by the disputing parties.

During the year 2020, SIDREC successfully mediated four eligible disputes where parties agreed to enter into settlement agreements, one of which was a claim filed under its Voluntary Scheme.

Resolution at Adjudication

Where parties are unable to resolve a dispute at the case management stage or through mediation, the case would proceed to adjudication if the dispute is submitted under the Mandatory Scheme. Under the Voluntary Scheme, the matter will only proceed to adjudication if both parties agree to use SIDREC's adjudication services.

Resolution of Adjudication, 2020



In 2020, SIDREC adjudicated and issued awards on five eligible disputes under the Mandatory Scheme, comprising one partial award and four dismissals in favour of the Member.

SIDREC did not receive any claims to be adjudicated under the Voluntary Scheme in 2020.

Appeal to SIAC

SIDREC did not receive any appeals to SIAC in 2020.

Efficiency & Effectiveness of SIDREC's Dispute Resolution Process

SIDREC manages eligible disputes based on the overarching principles of fairness and reasonableness. It also aims to resolve disputes within the mandated timeline of 90 working days from the receipt of complete documentation and information from the disputing parties.

Timelines	Number of Claims
Within 90 working days	68*
Between 91 and 120 working days	1
Over 120 working days	4

* Includes 56 eligible disputes where the timeline of 90 working days is not applicable because eligible disputes were considered resolved or withdrawn by claimants prior to receiving complete documentation and information by the disputing parties.

Of the 73 eligible disputes resolved, 93% percent (68 of 73 eligible disputes) were resolved within the mandated timeline of 90 working days. Eligible disputes that required over 90 working days were faced with the following main challenges:

- Lack of co-operation from the disputing parties during the dispute resolution process, including delays in the submission of documents or information by disputing parties to SIDREC.
- Co-ordination of mediation sessions and adjudication hearings in view of the various MCOs implemented by the Government of Malaysia due to the COVID-19 pandemic.

Increased Accessibility via ODR

In 2020, various MCOs were in force since 18 March as a result of the COVID-19 pandemic.

SIDREC quickly adapted to ensure that it continued to serve as an independent, impartial and effective platform for the resolution of monetary disputes in the capital market. It did so by accelerating its plans to provide a more structured ODR service to its stakeholders.

SIDREC conducted ODR through the following methods:

- A fully virtual offsite method where all parties participate in the ODR proceedings from different locations via a video conferencing platform; and
- A hybrid onsite method where all parties participate in the ODR proceedings from separate rooms on SIDREC's premises via a video conferencing platform.

During the year, SIDREC conducted seven mediation sessions and seven adjudication hearings, either fully virtually or on a hybrid basis.

ODR is not a new experience for SIDREC. Since its establishment, SIDREC has relied on ODR in situations where claimants reside outside of Malaysia or are unable to be at SIDREC's premises for pre-approved reasons.

SIDREC's ODR During the Restricted Movement

Onsite Online Mediation / Adjudication (Hybrid)

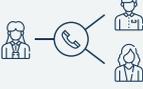
A Before Mediation / Adjudication

<p>①  Parties to fill up SIDREC questionnaire to enable SIDREC to determine the most appropriate mode of mediation or adjudication in light of the COVID-19 pandemic.</p>	<p>②  SIDREC Case Manager to brief parties on mode of mediation or adjudication and confirm date and time of session.</p>	<p>③  Parties should notify SIDREC Case Manager prior to hearing if experiencing any COVID-19 symptoms.</p>
--	--	--

B On the Day of Mediation / Adjudication

<p>①  Parties are advised to come to SIDREC at least half hour before the start of the Mediation / Adjudication.</p>	<p>⑤  The parties will communicate via a video conferencing facility from their respective rooms. <i>For mediation, either party may request to speak to the Mediator in private or request for a short break before continuing the session.</i></p>
<p>②  Upon arrival, a SIDREC staff will brief parties on SIDREC's standard operating procedure applicable to SIDREC visitors.</p>	<p>⑥  If parties agree on an amicable settlement during mediation, an agreement will be entered into by parties.</p>
<p>③  Parties would be designated to their respective rooms and ensure they are settled in.</p>	<p>At Mediation: If parties unable to agree on a settlement, the Mediator will call the mediation session to a close and the matter will proceed to adjudication.</p>
<p>④  SIDREC's Case Manager will brief each party on the process.</p>	<p>At Adjudication: The Adjudicator will issue a written award after the adjudication hearing.</p>

C After Mediation / Adjudication



SIDREC's Case Manager will communicate with parties on any further direction from Mediator / Adjudicator.

Offsite Online Mediation / Adjudication (Fully Virtual)

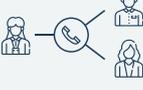
A Before Mediation / Adjudication

<p>①  Parties to fill up SIDREC questionnaire to enable SIDREC to determine the most appropriate mode of mediation or adjudication in light of the COVID-19 pandemic.</p>	<p>③  SIDREC Case Manager to brief parties on mode of mediation or adjudication and confirm date and time of session.</p>
<p>②  Parties to ensure they have access to computer, printer, scanner and reliable internet connection.</p>	<p>④  SIDREC Case Manager to conduct a trial run and brief parties on the process.</p>

B On the Day of Mediation / Adjudication

<p>①  SIDREC's Case Manager to co-ordinate signing of any relevant agreements between the parties. <i>Prior to the Mediation / Adjudication.</i></p>	<p>③  If parties agree on an amicable settlement during mediation, an agreement will be entered into by parties.</p>
<p>②  The parties will communicate via a video conferencing facility from their respective locations. <i>For mediation, either party may request to speak to the Mediator in private or request for a short break before continuing the session. SIDREC may appoint an Observer to be present at the parties' location.</i></p>	<p>At Mediation: If parties unable to agree on a settlement, the Mediator will call the mediation session to a close and the matter will proceed to adjudication.</p>
<p>③  If parties agree on an amicable settlement during mediation, an agreement will be entered into by parties.</p>	<p>At Adjudication: The Adjudicator will issue a written award after the adjudication hearing.</p>

C After Mediation / Adjudication



SIDREC's Case Manager will communicate with parties on any further direction from Mediator / Adjudicator.

ODR has the ability to enhance accessibility to SIDREC's dispute resolution services for reasons that include the following:

- It enables the efficient exchange of information and documents between parties throughout the dispute resolution process;
- It allows parties to participate in the dispute resolution process regardless of their location and time zones; and
- It has the potential of reducing scheduling delays and travelling costs.

Furthermore, in a COVID-19 pandemic environment, ODR reduces the risk of exposure to the virus while still enabling a forum for the resolution of disputes between parties.

Based on SIDREC's experience, ODR is not without its challenges, especially when conducted fully virtually.

First, parties may experience difficulties accessing ODR services for reasons that include:

- The lack of access to a stable internet connection and appropriate electronic devices such as computers, printers and scanners; and
- The lack of computer literacy and familiarity with video conferencing platforms among the parties, especially the claimants.

To address these challenges, SIDREC's case managers conduct trial runs with all parties (claimant, SIDREC Member and mediator or adjudicator) separately prior to the scheduled date of the ODR proceeding. These trial runs have not only assisted parties to manage technical issues that may arise during the day of the ODR proceeding but also helped calm their nerves.

Second, there are also real concerns that SIDREC's confidentiality requirements may be compromised. The ODR proceedings may be privately recorded by parties or attended by a third party without the approval of SIDREC in contravention of the provisions of SIDREC's Terms of Reference (TOR).

To address this issue, SIDREC has put in place various control mechanisms including the following:

- Requiring parties to participate in the ODR proceeding at a neutral and secure venue prescribed by SIDREC;
- Appointing an observer to be physically present with the parties concerned to preserve the integrity of SIDREC's dispute resolution process;
- Soliciting a declaration from parties prior to the commencement of the ODR proceedings on their adherence to SIDREC's confidentiality rules.

The implementation of one or more of these control mechanisms has contributed towards ensuring that the integrity of SIDREC's dispute resolution process is upheld. It has also allowed SIDREC to assist the parties with any technical issues that may arise during the ODR proceedings.

Third, concerns have been raised about the substantive effectiveness of ODR due to its lack of a human touch. It is commonly perceived that mediators, and to a certain extent, adjudicators, may experience difficulties in understanding or gauging the subtleties of the body language of the parties when proceedings are held online. SIDREC's experience in 2020 suggests that the resolution of disputes may nonetheless be achieved with the full co-operation of all parties.

Conclusion

Despite operating under unprecedented circumstances in 2020 as a result of the COVID-19 pandemic, SIDREC remained steadfast in its commitment to fulfil its function as a specialist dispute resolution body for the capital market where investors and Members may seek a resolution of a monetary dispute that they may have in an independent, impartial and effective manner. That 93% of the eligible disputes in 2020 were resolved at case management or mediation within the mandated timeline of 90 working days lends credence to this commitment.



Awareness & Capacity Building

In 2020, SIDREC leveraged technology to continue its efforts to create greater public awareness of SIDREC and its services as well as build on its organisational capacity and sustainability.

Awareness Initiatives

SIDREC's awareness initiatives for 2020 focused on the following:

- Engagements with its Members, the investing public as well as other stakeholders;
- The publication of its *dr* e-magazine; and
- Online awareness campaigns.

At the same time, SIDREC seized the opportunity to gain media exposure through a vernacular daily – *Nanyang Siang Pau*.

Members' Engagements

At the start of 2020, plans were put in place to organise four physical Members' Briefings in the different regions of Malaysia. However, as the COVID-19 outbreak escalated to a pandemic, all in-person engagements with Members, including

the Members' Briefing that was scheduled to be held on 9 March 2020 in Kuching, Sarawak, were put on hold. Instead, engagements with Members were held online.

Apart from holding direct engagements with Members via online platforms, SIDREC organised an OMB that was held on 27 October 2020. The OMB targeted officers who handle client complaints and disputes within their respective organisations. It was hosted on Zoom Webinar and attended by 84 of the 91 participants (i.e. 92% participation rate) who registered for the OMB.



Q&A session during the OMB on 27 October 2020.

Participants were briefed on SIDREC's role in the capital market as well as its purview and dispute resolution process. They were also apprised of the specific provisions of SIDREC's TOR, including the requirements of a Member's final reply to their client with regard to a complaint lodged

with the Member concerned. Additionally, case studies were shared to provide participants with insights into SIDREC's approach to dispute resolution.

Investor Engagements

During the year, SIDREC participated in two online events as part of its efforts to reach out to the investing public:

- On 25 June, SIDREC's Senior Case Manager, Jelisa Tan, spoke on SIDREC's role as a specialist independent and impartial dispute resolution body for the capital market in a webinar themed "Resolving Banking Disputes in the COVID-19 Era: Tailor-Made Solutions" that was organised by the AIAC;



Tan representing SIDREC on the AIAC webinar.

- From 23 to 25 October, SIDREC participated in the SC's annual flagship event – the InvestSmart Fest 2020 – that was held from 23 to 25 October. Themed, "Silap Labur, Duit Lebur", the virtual event attracted 668 visitors to the SIDREC virtual booth over the three days.



Head of Dispute Resolution Suhana Mokhtar answering frequently asked questions in a video presentation produced for the InvestSmart Fest viewing.



Case managers taking viewers through SIDREC's dispute resolution process.



SIDREC's inaugural public webinar in collaboration with OFS and FIDReC.

The highlight of SIDREC's general outreach initiatives for 2020 was the 27 November public webinar organised by SIDREC in collaboration with OFS and Singapore's FIDReC. SIDREC, OFS and FIDReC are the only three specialist alternative dispute resolution bodies for the capital market and financial services industry in the ASEAN region.

The webinar formed part of SIDREC's expanded efforts to reach out to all its stakeholders amidst a pandemic. It was themed "Have a Dispute with Your Financial Service Provider? Independent, Impartial, Effective: Resolution Made Possible." As with the OMB, the public webinar was hosted on Zoom Webinar.

At the webinar, participants heard directly from the CEOs of SIDREC, OFS and FIDReC on the jurisdiction as well as the dispute resolution process of their respective organisations. Additionally, case studies were shared with participants to illustrate the approaches to dispute resolution of the three organisations.

The three speakers also fielded questions from the public on a whole array of topics. They included:

- Questions on SIDREC's purview. These included whether SIDREC has the jurisdiction to handle online shopping related disputes, EPF-related disputes or disputes relating to investments that were made via equity crowdfunding platforms that have been approved by the SC. There was also a question on any potential overlapping jurisdiction between SIDREC and OFS;
- Questions on the dispute resolution process of the three organisations. These included the language used throughout the process, the ability to be legally represented and the effectiveness of mediation in the resolution of disputes;

- Questions on the inter-relation between the three organisations and the internal complaints management systems of financial services providers (FSPs). These included the length of time a FSP has to resolve a dispute before a financial consumer or investor is able to lodge a complaint with the three organisations.

The response to SIDREC's first public webinar was encouraging. There were a total of 498 registrations for the webinar, with 245 participants (49% of registered participants) present on the actual day at peak attendance. Several requests have been made by participants for the three organisations to continue organising public webinars to increase awareness among the investing public of their respective services as well as to enable investors to reach out to them.

Other Stakeholder Engagements

Throughout the year, SIDREC engaged with industry organisations and associations to exchange insights into the manner in which they operated in a pandemic as well as to explore ways to create greater awareness of SIDREC among their respective stakeholders. In this regard, many graciously lent their support in the promotion of SIDREC's public webinar among their stakeholders. They included Bursa Malaysia, ASCM, FIMM, FPAM, MFPC, PPA, ABM, AIBIM, ADFIM and the AIAC.

dr Magazine

In 2020, as part of SIDREC's content-driven awareness initiatives, SIDREC upgraded its **dr** newsletter to a digital magazine. The magazine contains interviews with industry captains, articles on investor education and thought leadership pieces on dispute resolution. During the year, two publications of the magazine were uploaded on SIDREC's website and circulated online.

The focus of the April edition was on safeguarding investor protection. It featured Datuk Muhamad Umar Swift, the CEO of Bursa Malaysia. At the same time, Linnet Lee, the CEO of FPAM shared some of her views on saving for a rainy day and what to look out for when engaging a professional financial planner.

Additionally, Marina Baharuddin, the CEO of OFS, Shanti Abraham, a member of SIDREC's Panel of Mediators & Adjudicators and SIDREC's former Head of Dispute Resolution, Hong Siew Lai shared their thoughts on dispute resolution.



dr Magazine 2020 issue 1.

The focus of the September edition was on the future of dispute resolution. It featured Tan Sri David Wong Dak Wah who retired as the fifth Chief Judge of the High Court of Sabah and Sarawak. At the same time, FIMM shared some insights on the precautionary measures that investors should take to protect their investments. In this edition, Jaime Orchard, a member of SIDREC's Advisory Group, Wong Lu Peen, another member of SIDREC's Panel and Jelisa Tan, SIDREC's Senior Case Manager, shared their thoughts on dispute resolution.



dr Magazine 2020 issue 2.

Online Awareness Campaigns

Throughout the year, as part of its efforts to enhance its visibility among the investing public, SIDREC actively relied on its website and various social media platforms for different causes. This included:

- Consistently keeping the public updated on SIDREC's operations and services especially during the height of the MCO that was in force in March and April. In these two months, to ensure that SIDREC stakeholders were kept informed of how to reach SIDREC amidst a pandemic, SIDREC uploaded an unprecedented 23 postings on its website and / or Facebook, LinkedIn, Instagram and Twitter accounts; and
- Participating in online awareness campaigns in conjunction with International Women's Day in March and IOSCO's World Investor Week in October. For both these campaigns, SIDREC-related investor education postings were uploaded on SIDREC's website and social media platforms as part of SIDREC's efforts to reach out to a broader audience.



Media Exposure

On 21 December 2020, *Nanyang Siang Pau* accorded SIDREC a front-page story detailing the ODR service it provided in light of the movement restrictions that were put in place to mitigate the spread of COVID-19. The leading Chinese daily also published an extensive write-up on the dispute resolution services that SIDREC provides retail investors for free, including how to lodge a complaint with SIDREC, what is an eligible dispute and the difference between mediation and adjudication.



SIDREC non-paid feature in Nanyang Siang Pau.

Capacity Building

SIDREC's capacity building programmes for 2020 focused on initiatives that were aimed at:

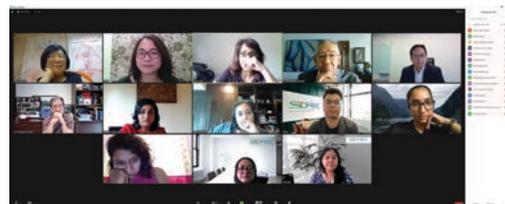
- Safeguarding the credibility and sustainability of SIDREC's dispute resolution services; and
- Enhancing internal corporate governance expertise to enable a more effective implementation of SIDREC's Organisational Anti-Corruption Plan (OACP).

At the same time, SIDREC staff were encouraged to attend online training programmes as part of their capacity building efforts. They were particularly encouraged to take advantage of relevant free webinars that were regularly made available especially in the second half of 2020.

Safeguarding SIDREC's Dispute Resolution Services

In 2020, SIDREC completed two key initiatives that were aimed at safeguarding the credibility and sustainability of its disputes resolution services:

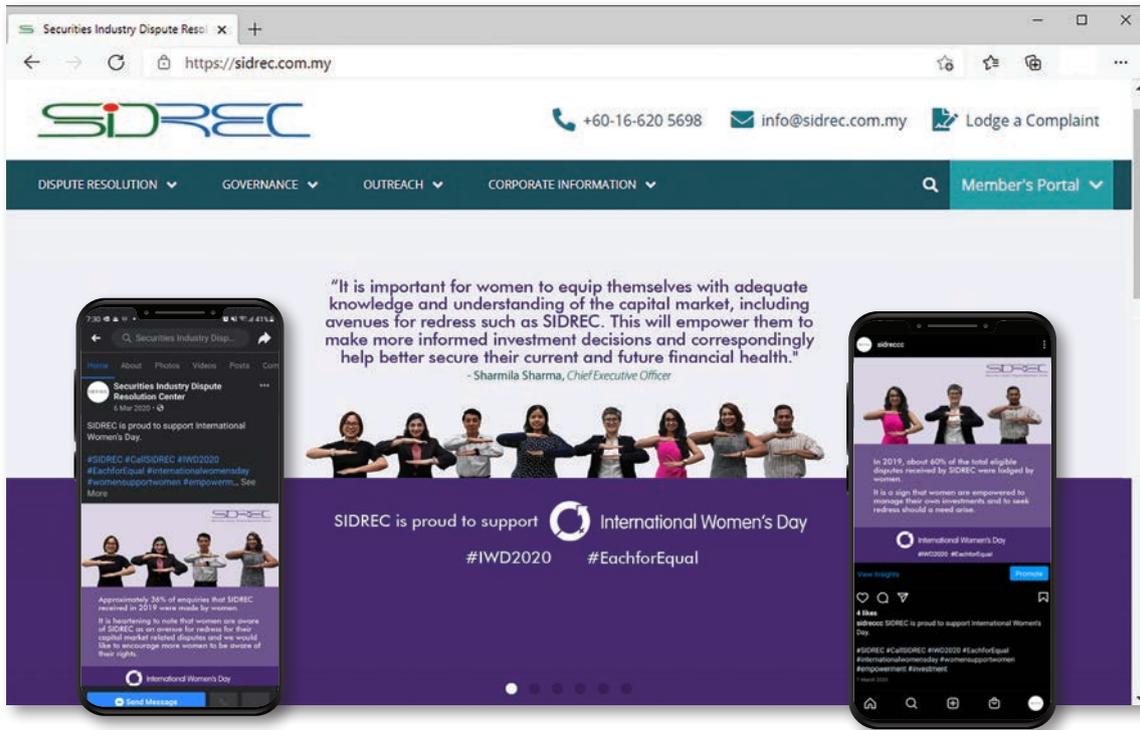
- First, in August, it completed the development of an enhanced and more structured competency framework for its case managers. The framework comprises two components – dispute resolution and capital market. It maps out the professional growth of SIDREC's case managers from handling of cases towards becoming a member of SIDREC's Panel of Mediators & Adjudicators.



The roundtable discussion for the SIDREC's Panel of Mediators & Adjudicators was held online.

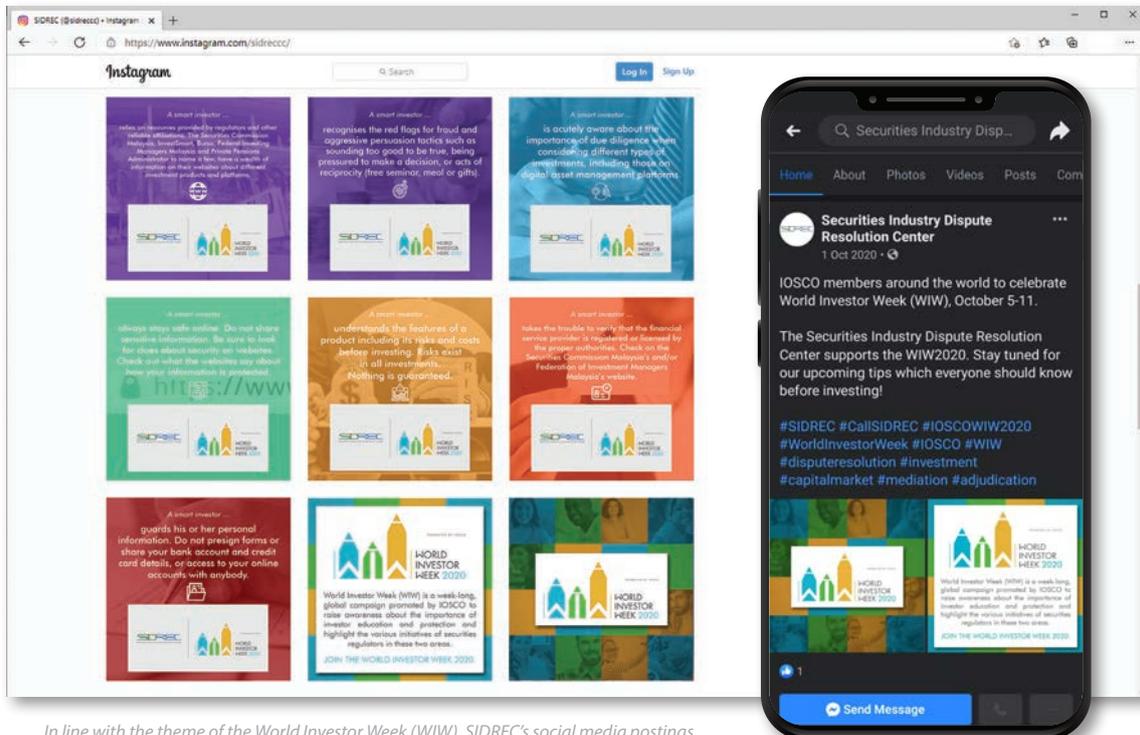
- Second, in October, it completed the development of an enhanced continuous PDP for SIDREC's Panel of Mediators & Adjudicators. The enhanced PDP includes mandatory components to be completed by newly appointed members to the Panel. In addition, members of the Panel will also be a

International Women's Day 2020



SIDREC supported International Women's Day in 2020 by uploading promotional posts on its website and social media platforms. The posts which were uploaded from 6 to 8 March, also aimed to encourage more women to understand their rights when investing in the capital market.

IOSCO's World Investor Week 2020



In line with the theme of the World Investor Week (WIW), SIDREC's social media postings promoted tips on safe practices while investing online. Investors were also informed that they may contact SIDREC via its website or phone line for assistance.

part of an annual roundtable. Among others, the roundtable seeks to facilitate discussions on trends in dispute resolution involving retail capital market products and services as well as ways in which to continuously enhance SIDREC's dispute resolution services and strengthen its process. The inaugural roundtable was held online on 17 December 2020.

Enhancing Internal Corporate Governance Expertise

In its ongoing efforts to refine its policies to be in line with the National Anti-Corruption Plan (NACP), SIDREC had a meeting with Malaysian Anti-Corruption Commission (MACC) officials on 9 July 2020. The meeting included an in-depth discussion between SIDREC and MACC representatives with the aim of fulfilling the requirements of the NACP to promote good governance within SIDREC.

Thereafter, on 7 August, an internal briefing and awareness programme on integrity and anti-corruption initiatives and Section 17A of the MACC Act 2009 was organised for all SIDREC staff. During the briefing, staff also provided their input for the purposes of the development of SIDREC's Corruption Risk Management (CRM) framework and OACP.

It is mandatory for each SC affiliate to have at least one of its staff to be certified as an integrity officer by the end of 2020. To this end, one of the SIDREC's case managers completed the Certified Integrity Officer (CeIO) programme administered by the MACC in October 2020 and is pending certification by the MACC. At the same time, on 8 October, SIDREC's Head of Operations attended an online CRM programme organised by the Asia School of Business to gain the necessary expertise to support the development of SIDREC's OACP.

Online Training Programmes and Webinars

In 2020, due to the COVID-19 pandemic, many in-person training programmes were either postponed or cancelled. Nevertheless, SIDREC's staff continued with their respective capacity

building efforts by attending online training programmes. SIDREC staff were particularly encouraged to take advantage of relevant free webinars that were regularly made available especially in the second half of 2020.

The online training programmes and webinars attended by SIDREC staff included those that relate to the capital market, dispute resolution, corporate governance and integrity, media relations, management of human resource amidst a pandemic and language skills. They were organised by the SIDC, MFPC, AIAC, INFO Network, the Malaysian Institute of Arbitrators, the Philippine Institute of Arbitrators, FIDReC, the Bar Council Malaysian Mediation Centre, MACC, the Malaysian Institute of Integrity, the British Council Malaysia, legal firms and other training providers.

Postscript: INFO2020 & Dispute Resolution Workshop

In 2020, SIDREC and OFS were to have jointly hosted the 13th International Network of Financial Services Ombudsman Schemes Conference (INFO2020) from 27 to 30 September. INFO2020 has since been postponed to 2022 in view of the COVID-19 pandemic.

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 from around the world that have a specific focus on financial services to connect and share knowledge, information and experience. SIDREC has been a member of the INFO Network since 2013.

Due to the postponement of INFO2020, a two-day workshop on dispute resolution by Douglas Melville, a member of the SIDREC Advisory Group, was also postponed. The workshop was to have been held after the INFO2020 at SIDREC's office.

The INFO2020 and workshop were critical components of the 2020 capacity building programme for SIDREC's case managers. They were expected to have greatly benefited from their attendance at INFO2020 and participation at the workshop as well as their interactions with their peers from other jurisdictions during INFO2020.

2020 in Brief

Board Update:
En Mahadzir Azizah
Appointed as Independent Director
29 January

**SIDREC's Revamped Website
Goes Live**
28 February



**Beginning of
Movement Control
Order (MCO)**
18 March



**SIDREC Operations:
Keep Calm, Call SIDREC**
18 March - 27 April



DR Magazine #1
24 April



**Beginning of
Conditional MCO:**
SIDREC Gradually
Re-opens
Its Premises
4 May



**SIDREC Resumes Onsite
Operations on Split Basis**
12 May



**Public Service
Announcement:
SIDREC Thanks
All Frontliners**
12 May



Jan

Feb

Mar

Apr

May

Jun

**International
Women's Day**
6-8 March



**SIDREC Releases
Annual Report 2019**
17 March



**Awareness Campaign:
SIDREC's Services**
30 March - 28 April



**SIDREC Welcomes
New Chairman
Dato' Halipah Esa**
12 April



**SIDREC Speaks
at AIAC Webinar Series**
25 June



Board Updates:

**The Late Dato' K C Vohrah
Retires as Independent Director**
8 April

**Dato' Ranita Hussein
Retires as SIDREC's
Founding Chairman**
11 April

**Raymond Tan
Retires as SIDREC's
Founding Industry Director**
11 April

**Public Service Announcement:
Mental Health Tips from WHO**
2-3 April



10th ANNUAL GENERAL MEETING
RECONCILING DIFFERENCES
PRESERVING RELATIONSHIPS



SIDREC's 10th AGM
4 August



SIDREC's Internal Briefing
on Anti-Corruption
7 August

SIAC Updates:
Ms Foo Lee Mei & Datuk Noripah Kamsu
Retire from SIAC
31 August

SIAC Updates:
En Mahadzir Azizan, Ms Chee Fei Meng, Tan Sri Aziah Ali & Cik Hasnah Omar
Appointed / Reappointed to SIAC
1 September

Board Updates:
Ms Angella Chin-Sharpe
Appointed as Industry Director
4 September

Board Updates:
Dato' Mah Weng Kwai & Ms Pushpa Nair
Appointed as Independent Directors
17 November

SIDREC Participates in
Kenanga FAW Games
15 November



Nanyang Siang Pau Publishes
Front-page Story on SIDREC
21 December



SIDREC Consults
with the MACC
9 July



DR Magazine #2
3 September



IOSCO
World Investor Week
5-10 October



SIDREC Participates
in the SC's InvestSmart Fest
23-25 October



SIDREC Online Members' Briefing
27 October



Independent,
Impartial and Efficient:
Resolution Made Possible
27 November



SIDREC Operations:
New Normal, Same Professional Dispute Resolution
21 October - 21 December

New Normal		Some Professional Dispute Resolution	
9:00AM to 6:15PM	<p>SIDREC is continuing to operate 9:00AM to 6:00PM (Monday to Friday) in the new normal.</p> <p>SIDREC will not be accepting new cases and will continue to provide dispute resolution services to existing cases.</p> <p>SIDREC is still accepting for mediation and will continue to provide dispute resolution services to existing cases.</p> <p>Please stay safe and healthy. Thank you.</p>	9:00AM to 6:15PM	<p>SIDREC is continuing to operate 9:00AM to 6:00PM (Monday to Friday) in the new normal.</p> <p>SIDREC will not be accepting new cases and will continue to provide dispute resolution services to existing cases.</p> <p>SIDREC is still accepting for mediation and will continue to provide dispute resolution services to existing cases.</p> <p>Please stay safe and healthy. Thank you.</p>
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SIDREC Board Approves
Organisational
Anti-Corruption Plan
23 December

**ORGANISATIONAL
ANTI-CORRUPTION
PLAN**
2020-2023

Inaugural Annual
Roundtable Discussion
with SIDREC's Panel
of Mediators & Adjudicators
17 December



Members

SIDREC Members comprise entities who are either licensed or registered by the SC pursuant to the CMSA to carry out dealings in securities, derivatives and PRS as well as fund management services.



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 2020 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 Abbas IM Sdn Bhd	✓				
3 Aberdeen Standard Investments (Malaysia) Sdn Bhd	✓				
4 Aberdeen Standard Islamic Investments (Malaysia) Sdn Bhd	✓	✓			
5 AE Research Management Sdn Bhd	✓				
6 Affin Hwang Asset Management Berhad	✓	✓			✓
7 Affin Hwang Investment Bank Berhad			✓	✓	
8 AIA Pension And Asset Management Sdn Bhd	✓				✓
9 ALLMAN Asset Management Sdn Bhd	✓	✓			
10 AIMS Asset Management Sdn Bhd	✓				
11 Akru Now Sdn Bhd	✓				
12 Alliance Investment Bank Berhad			✓		
13 Alpha REIT Managers Sdn Bhd	✓				
14 Alpine Advisory Sdn Bhd		✓			✓
15 Amanahraya Investment Management Sdn Bhd	✓	✓			
16 Amanah Saham Nasional Berhad		✓			
17 Amanah Saham Sarawak Berhad		✓			
18 Amara Investment Management Sdn Bhd	✓				
19 AmFunds Management Berhad	✓	✓			✓
20 AmInvestment Bank Berhad	✓		✓	✓	
21 AmIslamic Funds Management Sdn Bhd	✓				
22 Amundi Aalam Malaysia Sdn Bhd <i>(formerly known as Amundi Islamic Malaysia Sdn Bhd)</i>	✓				

Capital Markets Services Licence Holders		Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
23	Amundi Malaysia Sdn Bhd	✓				
24	Apex Investment Services Berhad	✓	✓			
25	Areca Capital Sdn Bhd	✓	✓			
26	Assar Asset Management Sdn Bhd	✓				
27	BH Global Fintech Solutions Sdn Bhd	✓				
28	Bill Morrisons Wealth Management Sdn Bhd		✓			✓
29	BIMB Investment Management Berhad	✓	✓			
30	BIMB Securities Sdn Bhd			✓		
31	Blueprint Planning Sdn Bhd		✓			✓
32	BNP Paribas Asset Management Malaysia Sdn Bhd	✓				
33	BNP Paribas Asset Management Najmah Malaysia Sdn Bhd	✓				
34	BOS Wealth Management Malaysia Berhad <small>(formerly known as Pacific Mutual Fund Berhad)</small>	✓	✓			
35	CC Advisory Sdn Bhd		✓			✓
36	Capital Dynamics Asset Management Sdn Bhd	✓				
37	CGS-CIMB Futures Sdn Bhd				✓	
38	CGS-CIMB Securities Sdn Bhd			✓		
39	CIMB Investment Bank Berhad			✓		
40	Citigroup Global Markets Malaysia Sdn Bhd			✓		
41	CLSA Securities Malaysia Sdn Bhd			✓		
42	Corston-Smith Asset Management Sdn Bhd	✓				
43	Credit Suisse Securities (Malaysia) Sdn Bhd			✓	✓	
44	Cross Light Capital Sdn Bhd	✓				
45	Eastspring Al-Wara' Investments Sdn Bhd	✓				
46	Eastspring Investment Berhad	✓	✓			
47	Excellentte Consultancy Sdn Bhd		✓			✓
48	FA Advisory Sdn Bhd		✓			✓
49	FA Securities Sdn Bhd			✓		
50	Fedrums Sdn Bhd				✓	
51	Finwealth Management Sdn Bhd		✓			✓
52	FIN Freedom Sdn Bhd		✓			✓
53	Fortress Capital Asset Management (M) Sdn Bhd	✓				
54	Franklin Templeton Asset Management (Malaysia) Sdn Bhd	✓				
55	Franklin Templeton GSC Asset Management Sdn Bhd	✓	✓			
56	GAX MD Sdn Bhd	✓				
57	Genexus Advisory Sdn Bhd		✓			✓
58	Golden Touch Asset Management Sdn Bhd	✓				
59	Goldman Sachs (Malaysia) Sdn Bhd	✓				
60	Guidance Investments Sdn Bhd	✓				
61	Harveston Wealth Management Sdn Bhd		✓			✓
62	Hong Leong Asset Management Berhad	✓	✓			
63	Hong Leong Islamic Asset Management Sdn Bhd	✓				

continued on the following page

Capital Markets Services Licence Holders		Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
64	Hong Leong Investment Bank Berhad			✓	✓	
65	i-VCAP Management Sdn Bhd	✓				
66	iFAST Capital Sdn Bhd	✓	✓			✓
67	Inter-Pacific Asset Management Sdn Bhd	✓	✓			
68	Inter-Pacific Securities Sdn Bhd			✓	✓	
69	JF Apex Securities Berhad			✓	✓	
70	JPMorgan Securities (Malaysia) Sdn Bhd			✓	✓	
71	KAF Investment Funds Berhad	✓	✓			
72	KAF Equities Sdn Bhd			✓		
73	Kedah Islamic Asset Management Berhad	✓	✓			
74	Kenanga Futures Sdn Bhd				✓	
75	Kenanga Investment Bank Berhad			✓		✓
76	Kenanga Investors Berhad	✓	✓			✓
77	Kenanga Islamic Investors Berhad	✓				
78	Kumpulan Sentiasa Cemerlang Sdn Bhd	✓				
79	Legacy Advisory Sdn Bhd		✓			✓
80	Libra Invest Berhad	✓	✓			
81	LT International Futures (M) Sdn Bhd				✓	
82	M & A Securities Sdn Bhd			✓		
83	Macquarie Capital Securities (Malaysia) Sdn Bhd			✓		
84	Magnisave Group Sdn Bhd		✓			✓
85	Malacca Securities Sdn Bhd			✓		
86	Manulife Investment Management (M) Berhad	✓	✓			✓
87	Maybank Asset Management Sdn Bhd	✓	✓			
88	Maybank Investment Bank Berhad			✓	✓	
89	Maybank Islamic Asset Management Sdn Bhd	✓				
90	Mercury Securities Sdn Bhd			✓		
91	MIDF Amanah Asset Management Berhad	✓	✓			
92	MIDF Amanah Investment Bank Bhd			✓		
93	MTC Asset Management (M) Sdn Bhd	✓				
94	Muamalat Invest Sdn Bhd	✓	✓			
95	Navis Management Sdn Bhd	✓				
96	Nomura Asset Management Malaysia Sdn Bhd	✓	✓			
97	Nomura Islamic Asset Management Sdn Bhd	✓	✓			
98	Nomura Securities Malaysia Sdn Bhd			✓		
99	Opus Asset Management Sdn Bhd	✓	✓			
100	OUA Asset Management Sdn Bhd	✓				
101	PCB Asset Management Sdn Bhd	✓				
102	Pengurusan Kumipa Berhad	✓	✓			
103	Permodalan BSN Berhad	✓	✓			
104	Permodalan Nasional Berhad	✓				

Capital Markets Services Licence Holders		Type of Regulated Activities				
		Fund Management	Securities (Unit Trust)	Securities	Derivatives	Private Retirement Scheme
105	Pheim Asset Management Sdn Bhd	✓				
106	Pheim Unit Trusts Berhad		✓			
107	Phillip Capital Management Sdn Bhd	✓				
108	Phillip Futures Sdn Bhd				✓	
109	Phillip Mutual Berhad		✓			✓
110	PineBridge Investments Malaysia Sdn Bhd	✓				
111	PM Securities Sdn Bhd			✓		
112	PMB Investment Berhad	✓	✓			
113	Principal Asset Management Berhad	✓	✓			✓
114	Principal Islamic Asset Management Sdn Bhd	✓				
115	PTB Unit Trust Berhad	✓	✓			
116	Public Investment Bank Berhad			✓		
117	Public Mutual Berhad	✓	✓			✓
118	Raiz Malaysia Sdn Bhd	✓				
119	Rakuten Trade Sdn Bhd			✓		
120	RHB Asset Management Sdn Bhd	✓	✓			✓
121	RHB Investment Bank Berhad			✓	✓	
122	RHB Islamic International Asset Management Berhad	✓	✓			
123	Saham Sabah Berhad		✓			
124	Saturna Sdn Bhd	✓	✓			
125	SDB Asset Management Sdn Bhd	✓				
126	Singular Asset Management Sdn Bhd	✓				
127	SJ Securities Sdn Bhd			✓		
128	SP Investment Management Sdn Bhd	✓				
129	Standard Financial Adviser Sdn Bhd		✓			✓
130	StashAway Malaysia Sdn Bhd	✓				
131	TA Futures Sdn Bhd				✓	
132	TA Investment Management Berhad	✓	✓			✓
133	TA Securities Holdings Berhad			✓		
134	UBS Securities Malaysia Sdn Bhd			✓		
135	UOB Asset Management (Malaysia) Berhad	✓	✓			
136	UOB Islamic Asset Management Sdn Bhd	✓				
137	UOB Kay Hian Securities (M) Sdn Bhd			✓	✓	✓
138	UOB Kay Hian Wealth Advisors Sdn Bhd		✓			✓
139	Value Partners Asset Management Malaysia Sdn Bhd	✓				
140	VKA Wealth Planners Sdn Bhd		✓			✓
141	Wahed Technologies Sdn Bhd	✓				
142	Wealth Vantage Advisory Sdn Bhd		✓			✓
143	Whitman Independent Advisors Sdn Bhd		✓			✓
144	Yes Financial Sdn Bhd		✓			✓
145	Yutaka Shoji Malaysia Sdn Bhd				✓	

continued on the following page

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:
201001025669 (909583 - H)

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
201001025669 (909583 - H)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2020

Center No:
201001025669 (909583 - H)

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

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Center No:
201001025669 (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 2020.

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' Saiful Bahri bin Zainuddin	
Dato' Halipah binti Esa	
Dato' Mohd Nizam bin Zainordin	
Mahadzir Bin Azizan	(appointed on 29 January 2020)
Chin Tsun Ping	(appointed on 4 September 2020)
Pushpa A/P S K Nair	(appointed on 17 November 2020)
Dato' Mah Weng Kwai	(appointed on 17 November 2020)
Dato' Ranita binti Mohd Hussein	(retired on 11 April 2020)
Tang Chee Kin	(retired on 11 April 2020)
Dato' Karam Chand Vohrah	(retired on 8 April 2020)

Center No:
201001025669 (909583 - H)

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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' MEETING ALLOWANCE

Meeting allowance paid and payable to the Directors of the Center for the financial year ended 31 December 2020 amounted to RM106,000.

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.
- (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.

Center No:
201001025669 (909583 - H)

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OTHER STATUTORY INFORMATION REGARDING THE CENTER (continued)

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

- (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.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 20 to the financial statements.

Center No:
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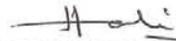
AUDITORS

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 2020 amounted to RM8,480.

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


.....
Dato' Saiful Bahri bin Zainuddin
Director


.....
Dato' Halipah binti Esa
Director

Kuala Lumpur, Malaysia
24 February 2021

Center No:
201001025669 (909583 - H)

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

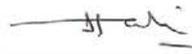
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 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 2020 and of the financial performance and cash flows of the Center for the financial year then ended.

On behalf of the Board,


.....
Dato' Saiful Bahri bin Zainuddin
Director


.....
Dato' Halipah binti Esa
Director

Kuala Lumpur, Malaysia
24 February 2021

STATUTORY DECLARATION

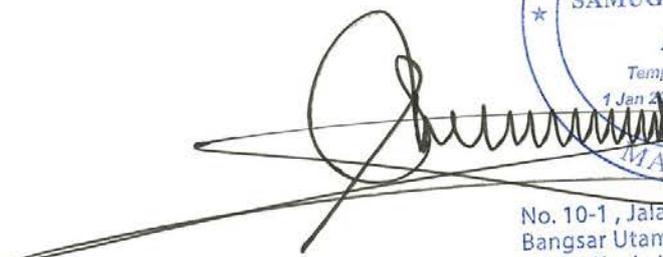
I, Sharmila Kumari Sharma, being the officer primarily responsible for the financial management of Securities Industry Dispute Resolution Center, do solemnly and sincerely declare that the financial statements set out on pages 10 to 23 are, to the best of my knowledge and belief, correct and I make this 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)
24 February 2021)

Before me:




Sharmila Kumari Sharma


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

Center No:
201001025669 (909583 - H)

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

INDEPENDENT AUDITORS' REPORT TO THE 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 2020 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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('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.

Center No:
201001025669 (909583 - H)

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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.

Center No:
201001025669 (909583 - H)

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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.

Center No:
201001025669 (909583 - H)

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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.

A handwritten signature in black ink, appearing to read 'BDO PLT'.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Rejeesh A/L Balasubramaniam'.

Rejeesh A/L Balasubramaniam
02895/08/2022 J
Chartered Accountant

24 February 2021
Kuala Lumpur

Center No:
201001025669 (909583 - H)

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-current assets			
Property and equipment	4	114,841	79,284
Right-of-use asset	5	172,338	402,122
		287,179	481,406
Current assets			
Receivables	6	231,273	198,502
Cash and bank balances	7	3,120,548	2,513,050
		<u>3,351,821</u>	<u>2,711,552</u>
LIABILITIES			
Current liabilities			
Payables	8	298,934	264,796
Lease liability	5	188,598	243,633
		487,532	508,429
Net current assets		<u>2,864,289</u>	<u>2,203,123</u>
		<u>3,151,468</u>	<u>2,684,529</u>
Represented by:			
Contribution from members	9	-	-
Non-current liabilities			
Deferred income	10	3,151,468	2,495,931
Lease liability	5	-	188,598
		<u>3,151,468</u>	<u>2,684,529</u>

The accompanying notes form an integral part of the financial statements.

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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 2020**

	Note	2020 RM	2019 RM
Revenue	11	40,000	21,500
Income			
Other income	12	<u>3,498,323</u>	<u>3,157,014</u>
		3,538,323	3,178,514
Expenditure			
Staff costs	13	(2,734,196)	(2,125,283)
Auditors' remuneration		(8,480)	(8,000)
Tax agent fees		(2,650)	(2,500)
Office and equipment rental		(34,238)	(31,714)
Professional fees		(68,271)	(87,500)
Depreciation of property and equipment	4	(53,666)	(64,905)
Depreciation of right-of-use asset	5	(229,784)	(210,635)
Directors' meeting allowances		(106,000)	(153,500)
Capacity building		-	(27,210)
Education and Awareness		(6,270)	(124,896)
Other expenses	14	(274,822)	(310,419)
Interest expense	5	<u>(19,946)</u>	<u>(31,952)</u>
		<u>(3,538,323)</u>	<u>(3,178,514)</u>
Surplus before taxation		-	-
Taxation	15	<u>-</u>	<u>-</u>
Net surplus for the financial year, representing total comprehensive income		<u>-</u>	<u>-</u>

The accompanying notes form an integral part of the financial statements.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		-	-
Adjustments for:			
Depreciation of property and equipment	4	53,666	64,905
Depreciation of right-of use asset	5	229,784	210,635
Amortisation of grants received	10	(3,344,463)	(3,021,299)
Gain on disposal of property and equipment	12	(105)	-
Interest expense	5	19,946	31,952
Interest income from deposits with a licensed bank	12	<u>(140,576)</u>	<u>(135,715)</u>
Operating loss before working capital changes		(3,181,748)	(2,849,522)
(Increase)/Decrease in receivables		(35,133)	2,165
Increase in payables		<u>34,138</u>	<u>32,476</u>
Cash used in operations		(3,182,743)	(2,814,881)
Interest received		<u>142,938</u>	<u>69,262</u>
Net cash used in operating activities		(3,039,805)	(2,745,619)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(89,469)	(9,870)
Proceed from disposal of property and equipment		351	-
Net cash used in investing activities		(89,118)	(9,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liability		(263,579)	(212,478)
Proceeds from grants	10	4,000,000	3,550,000
Net cash from financing activities		<u>3,736,421</u>	<u>3,337,522</u>
Net increase in cash and cash equivalents		607,498	582,033
Cash and cash equivalents at beginning of financial year		<u>2,513,050</u>	<u>1,931,017</u>
Cash and cash equivalents at end of financial year	7	<u>3,120,548</u>	<u>2,513,050</u>

The accompanying notes form an integral part of the financial statements.

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 20th 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 24 February 2021.

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 19 to the financial statements.

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

2020	Balance	Additions	Disposal	Depreciation	Balance
	as at			charge for	as at
	1.1.2020	RM	RM	the financial	31.12.2020
	RM	RM	RM	year	RM
				RM	
Carrying amount					
Computer equipment	22,653	41,344	(246)	(19,125)	44,626
Renovation	14,070	32,150	-	(14,501)	31,719
Furniture and fittings	24,407	13,040	-	(12,164)	25,283
Office equipment	18,154	2,935	-	(7,876)	13,213
	79,284	89,469	(246)	(53,666)	114,841

	[----- At 31.12.2020 -----]		
	Cost	Accumulated	Carrying
	RM	depreciation	amount
	RM	RM	RM
Computer equipment	574,280	(529,654)	44,626
Renovation	454,655	(422,936)	31,719
Furniture and fittings	122,728	(97,445)	25,283
Office equipment	40,807	(27,594)	13,213
	1,192,470	(1,077,629)	114,841

2019	Balance	Additions	Depreciation	Balance
	as at		charge for	as at
	1.1.2019	RM	the financial	31.12.2019
	RM	RM	year	RM
			RM	
Carrying amount				
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

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4. PROPERTY AND EQUIPMENT (continued)

	[----- 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
	<u>1,103,591</u>	<u>(1,024,307)</u>	<u>79,284</u>

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 1.1.2020 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount			
Building	402,122	(229,784)	172,338

Lease liability

	Balance as at 1.1.2020 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2020 RM
Carrying amount				
Building	432,231	(263,579)	19,946	188,598

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5. LEASES (continued)

Right-of-use asset

	Balance as at 1.1.2019 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount			
Building	612,757	(210,635)	402,122

Lease liability

	Balance as at 1.1.2019 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Carrying amount				
Building	637,773	(237,494)	31,952	432,231
Represented by:			2020 RM	2019 RM
Current liability			188,598	243,633
Non-current liability			-	188,598
			<u>188,598</u>	<u>432,231</u>

- (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.

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5. LEASES (continued)

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

	2020 RM	2019 RM
Depreciation charge of right-of-use asset	229,784	210,635
Interest expense on lease liability	19,946	31,952
Expense relating to leases of low-value assets	34,238	31,714
	<u>283,968</u>	<u>274,301</u>

(d) At the end of the financial year, the Center had total cash outflow for leases of RM263,579 (2019: RM212,478).

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

	Weighted average incremental borrowing rate per annum %	Within one year RM	One to five years RM	Total RM
31 December 2020				
Lease liability				
Floating rate	6.65	<u>188,598</u>	-	<u>188,598</u>
31 December 2019				
Lease liability				
Floating rate	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:

	On demand or within one year RM	One to five years RM	Total RM
31 December 2020			
Lease liability	<u>192,685</u>	-	<u>192,685</u>
31 December 2019			
Lease liability	<u>263,577</u>	<u>192,685</u>	<u>456,262</u>

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6. RECEIVABLES

	2020 RM	2019 RM
Mediation fee receivables	5,000	5,000
Interest receivable	64,091	66,453
Advances to INFO 2020	54,589	36,344
Deposits	78,634	83,584
Prepayments	<u>28,959</u>	<u>7,121</u>
	<u><u>231,273</u></u>	<u><u>198,502</u></u>

- (a) Receivables excluding prepayments classified as financial assets are measured at amortised cost.
- (b) During the financial year, the INFO conference was postponed from 2020 to 2022 as a result of the COVID-19 pandemic.
- (c) Receivables are denominated in Ringgit Malaysia.
- (d) There is no expected credit loss recognised during the financial year on receivables as it is negligible.

7. CASH AND BANK BALANCES

	2020 RM	2019 RM
Cash and bank balances	123,877	33,050
Deposits with a licensed bank	<u>2,996,671</u>	<u>2,480,000</u>
	<u><u>3,120,548</u></u>	<u><u>2,513,050</u></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

	2020 RM	2019 RM
Payables	132,290	103,296
Accruals	<u>166,644</u>	<u>161,500</u>
	<u><u>298,934</u></u>	<u><u>264,796</u></u>

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8. PAYABLES (continued)

- (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.

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

	2020 RM	2019 RM
At 1 January	2,495,931	1,967,230
Received during the financial year	4,000,000	3,550,000
Amortised to profit or loss	<u>(3,344,463)</u>	<u>(3,021,299)</u>
	<u>3,151,468</u>	<u>2,495,931</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

	2020 RM	2019 RM
Amortisation of grants	3,344,463	3,021,299
Interest income from deposits with a licensed bank	140,576	135,715
Gain on disposal of property and equipment	105	-
Other income	<u>13,179</u>	<u>-</u>
	<u>3,498,323</u>	<u>3,157,014</u>

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12. OTHER INCOME (continued)

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

	2020 RM	2019 RM
Salaries and bonuses	2,187,348	1,630,547
Statutory contribution to Employees Provident Fund and social security	352,627	265,836
Other allowances	<u>194,221</u>	<u>228,900</u>
	<u>2,734,196</u>	<u>2,125,283</u>

14. OTHER EXPENSES

	2020 RM	2019 RM
Communication and utilities	48,066	54,042
Entertainment	2,019	757
External mediator fees	54,450	36,500
Filing, stamping and disbursements	13,178	16,378
Good Services Tax ("GST") and Sales Service Tax ("SST")	-	14,562
INFO 2020 conference expenses	-	16,129
Maintenance	88,651	90,422
Meeting expenses	572	7,271
Online journals and equipment rental	876	1,668
Stationeries, printing and sundry expenses	21,950	27,568
Subscription and membership fees	10,467	11,249
Others	<u>34,593</u>	<u>33,873</u>
	<u>274,822</u>	<u>310,419</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.

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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. 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.

18. 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.

19. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

19.1 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
<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>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020 (early adopted)

19. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

19.1 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.

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

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 17, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>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.

20. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into the recovery phase of the MCO until 31 December 2020.

However, the extent of the financial impact on the Center is difficult to assess at the date of authorisation of financial statements due to uncertainties arising from the pandemic. To mitigate its potential risks exposure, the Center has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

21. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Center has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020.



Securities Industry Dispute Resolution Center
(201001025669)

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