

Sidrec: Mediation gains ground as alternative way to resolve disputes

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PETALING JAYA: About 88% of disputes were concluded either through case management or mediation through alternative dispute resolution (ADR) despite the Covid-19 movement restrictions in 2021, according to the Securities Industry Dispute Resolution Center (Sidrec).

Sidrec chairman Datuk Mah Weng Kwai said the outcome augurs well for mediation as an alternative means to resolving disputes as it reduces cost and avoids long-drawn legal disputes in court.

"The cost and time saved to settle monetary disputes also have far-reaching implications. It helps instil greater investor confidence with the availability of a more holistic investor protection infrastructure," Mah said in a statement in conjunction with the release of its 2021 annual report yesterday.

In 2021, Sidrec received a total of 275 claims and enquiries, comprising 47 eligible disputes and 228 enquiries. This marks an increase of 6% from the 259 claims and enquiries received in 2020.

Out of the 47 eligible disputes received by Sidrec, 34 were related to shares and warrants, 10 to unit trusts and three to derivatives. Service standard-related eligible disputes formed the largest number of disputes received by Sidrec by nature of the claim in 2021.

"Of the 47 eligible disputes, 22 centred on service standard issues, 18 on market conduct and seven on practices and policies of providers of capital market products and services," it said.

Sidrec continued to forge ahead with the provision of Online Dispute Resolution (ODR) services in the management of eligible disputes in 2021. This was to ensure that it continued to serve as an independent, impartial and effective body for the resolution of monetary disputes in the capital market in Malaysia following sustained movement restrictions due to the Covid-19 pandemic.

Sidrec CEO Sharmila Sharma stated that in 2021, despite Covid-19 movement restrictions, Sidrec mediated 17 disputes, one of the highest numbers in any given year since its inception.

"ODR has not merely been a means for Sidrec to overcome the challenges posed by the pandemic, it also increased the accessibility of Sidrec's dispute resolution services to retail investors in the Malaysian capital market across the country and even abroad.

"To this end, Sidrec will continue to refine the measures that have already been put in place in 2020 and 2021 to ensure that ODR continues to be robust and sustainable over time," she said.

In 2021, Sidrec also conducted its biennial Investor Awareness Survey between August and October to gauge the level of awareness of Sidrec and its services among retail investors in the Malaysian capital market. Sidrec received over 10,000 survey responses with the largest groups of respondents aged between 25 and 44, living in the Klang Valley.

"They predominantly invested in stocks or shares, followed by unit trusts and private retirement schemes. Their main investment pattern was monthly of less than RM10,000 annually. The results of the survey highlighted the need for continuing investor education, including options in seeking redress for capital-market related monetary disputes," it said.