

CHUAH  
BEE KIM

## DISPUTE RESOLUTION

## PROTECTION FOR INVESTORS

**C**OMPLAINTS may not always be a bad thing, especially genuine complaints that can alert regulators to possible acts of misconduct or breaches of securities laws.

Complaints also help in information gathering to determine areas that needed prioritisation.

The Securities Industry Dispute Resolution Centre (SIDREC), a non-profit organisation that handles capital market-related monetary disputes between individuals or sole proprietors and providers of capital market products and services, was set up by the Securities Commission (SC) as part of its investor protection framework.

Initially, it was to provide investors with an alternative avenue to the courts to seek redress for monetary disputes that can be costly and lengthy.

Over time, SIDREC's role has expanded.

Chief executive officer Sharmila Sharma said the organisation, which was officially launched on Jan 19, 2011, hoped that its presence would help maintain the confidence of retail investors in the capital market.

"Do not shy away from contacting SIDREC regardless of the claim sum. We have handled one case that was only RM10.

"However, we urge claimants to lodge a complaint with the financial service provider first. If the claimant is still dissatisfied, he can then come to SIDREC.

"Once a complaint is lodged, we hope that both parties will provide all the information and documents requested so that we can settle the matter amicably."



Securities Industry Dispute Resolution Centre chief executive officer Sharmila Sharma says continuing investor education is needed.

Claims at SIDREC can only be lodged against its members, which include banks, stockbrokers, unit trust management companies, fund managers and private retirement scheme providers, and distributors who are licensed or registered by the SC.

SIDREC runs two dispute resolution schemes. Under the Mandatory Scheme, its dispute resolution services are free for investors with monetary claims of up to RM 250,000.

In 2017, SIDREC expanded its purview to offer its services to investors and capital market services providers with disputes relating to claims exceeding RM250,000.

"This is called the voluntary scheme where both parties have to agree to use SIDREC's services," she said.

Meanwhile, the movement restrictions due to the Covid-19

pandemic saw the organisation introducing a more structured Online Dispute Resolution (ODR) services in 2020.

This enabled SIDREC to reach out to claimants nationwide and abroad and mediate 17 disputes last year.

"A claimant living outside the Klang Valley may not be able to come to our office in Bangsar. In such instance, the claimant may participate in the ODR session at the address of our appointed observer. This is to make SIDREC's services more accessible," said Sharmila.

She said SIDREC would handle all disputes in a fair, reasonable and effective manner.

The organisation helps all parties reduce cost and avoid long-drawn legal disputes.

Last year, it was found that the public predominantly invested in stocks, followed by unit trusts and private retirement schemes.

The findings came from SIDREC's biennial Investor Awareness Survey conducted between August and October last year 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.

"From the results of the survey, we also concluded that there is a need for continuing investor education," she said.

With the number scam cases having risen of late, Sharmila urged the public to go to a licensed market intermediary, instead of an unlicensed one.

"Always check the SC website where all the licensed organisations are listed. SC also alerts investors on unauthorised entities," she said.

"Be more diligent when it comes to making an investment. Make the effort to understand and monitor your own investment from time to time. Another vital tip is not to give cash to any individual but to go back to the organisation itself.

"Lastly, do not disclose any personal banking information to anyone who calls you as no licensed market intermediary will call to ask for such information," said Sharmila.

The writer was a journalist with The New Straits Times before joining a Fortune Global 500 real estate company. This article is a collaboration between the 'New Straits Times' and Tradeview, the author of 'Once Upon A Time In Bursa'.

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**SHARMILA SHARMA**  
Securities Industry  
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