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ASCM Quarterly

Issue 1 of 2017

ASCM Major Activities in 1Q of 2017

1. ASCM Sub-Committees of 2017

At the First ASCM Management Committee Meeting of 2017 held on 19 January 2017, the Management Committee resolved to establish the following Sub-Committees for 2017:-

Finance Sub-Committee

1. R. Sundararajah (Chairman)
2. Rashid Ismail
3. Tan Ming Lock
4. Lim Geok Lian
5. Jonathan Ooi
6. Ridzuan Ishak

Regulations Sub-Committee

1. Paul Gui (Chairman)
2. Chew Sing Guan
3. Wong Yoke Weng
4. Mohd Faizal Shamsul Annuar
5. Stephennoel Kwong
6. Soom Phon

SIDC and Training Sub-Committee

1. Rashid Ismail (Chairman)
2. YBhg Dato' Ahmad Azman
3. Chan Tuck Kiong
4. Mohd Ilham Suriff
5. Kamaruzaman Abdullah

Market Development Sub-Committee

1. Chew Sing Guan (Chairman)
2. Paul Gui
3. Wong Yoke Weng
4. Chong Sze Yew
5. Phillip Ho
6. Yee Meng Phang

Market Operations Sub-Committee

1. Chan Tuck Kiong (Chairman)
2. Rashid Ismail
3. Chew Sing Guan
4. R. Sundararajah
5. YBhg Dato' Ahmad Azman
6. Tan Swee Geok
7. Choong Yat Weng
8. Lee Cheng Wah
9. Stanley Lum

ASCM Management Committee 2017

1. *Rashid Ismail – Chairman*
2. *Chew Sing Guan – President*
3. *Chan Tuck Kiong– Vice President*
4. *Paul Gui – Secretary*
5. *R. Sundararajah – Treasurer*
6. *YBhg Dato' Ahmad Azman*
7. *Mohd Faizal Shamsul Annuar*
8. *Tan Swee Geok*
9. *Wong Yoke Weng*

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3. Small & Mid-Cap Stocks Research Scheme

In relation to the recent National Budget 2017, the Ministry of Finance (MOF) had announced several initiatives to invigorate the capital market, including the introduction of Small & Mid-Cap Research Scheme.

The Small & Mid-Cap Research Scheme aims to improve vibrancy of small and mid-cap stocks by enabling an environment which provides investors with more information to facilitate their investing decisions.

ASCM is working together with the SC, Bursa and MIBA to facilitate the plan to establish the scheme. Bursa plays the role as administrator for the scheme. On 26th January 2017, Bursa extended an invitation to ASCM members to indicate interest in providing research service on small and mid-cap stocks for the scheme.

We will keep the members posted on the development of this initiative from time to time.

3. Proposal for Revision to Bursa Rules

Bursa had recently sought feedback from the industry on revisions or amendments to the Rules of Bursa Malaysia Securities Berhad as well as other potential areas for liberalisation in order to promote market growth and to facilitate ease of doing business.

Following the industry feedback to Bursa, a series of focus group discussions were held between Bursa and the POs on the proposals mooted by the industry.

Subsequent to these focus group discussions, on 9th March 2017, Bursa had briefed ASCM on the proposals that they intend to escalate to SC.

Bursa's proposals to the SC cover the following broad categories :

i. Removal of branching requirement.
ii. Amendments to increase operating efficiencies and flexibility of doing business.
iii. Removal of requirements that are covered under accounting standards.
iv. Amendments to the rule requirement to ensure consistency in current practice.

ASCM has sent a memo to members on 16th March 2017 informing the details of the proposals. Bursa will update the industry participants with SC's decision on the industry's proposals.

4. Briefing on Cyber Risk

ASCM had facilitated a briefing on Cyber Risk in collaboration with Marsh Insurance Brokers on 21st March 2017. The briefing was presented by two cyber risk management specialists from Marsh regional office in Hong Kong, Mr Kegan Chan and Ms. Naureen Rasul.

At the briefing, the speakers from Marsh presented on the following areas :

i. Overview of cyber risks
ii. Threat and Regulatory Environment
iii. Highlights on the Policy Terms and Conditions
iv. Solutions offered by Marsh
v. Actual Cyber Incidents

The briefing was well attended by around 40 participants from the members.

5. Reporting on Front Office Monitoring

Bursa has been circulating a request to all POs on monthly report for monitoring and surveillance on POs' front offices. Several members have shared their concerns with ASCM that the additional report only adds up to the numerous regulatory reports that are required from the POs and would eventually result in operational inefficiency.

ASCM had subsequently met Bursa officials on 18 January 2016 to further discuss the issue. At this meeting, Bursa official had clarified the following:-

i. The monthly reporting is not to create additional reporting burden to the brokers.

ii. The Compliance Division of the broker performs a critical ongoing monitoring and surveillance function using the front office monitoring system. The front office monitoring function is new to them. In view of this, Bursa is requesting statistics to assist the Compliance Division to identify areas of potential risk.

iii. Bursa is concerned that the Compliance Division may generate too many 'red flags', thus hampering their in-house monitoring and surveillance functions.

iv. The monitoring and surveillance carried out in-house must be in sync with Bursa's overall monitoring and surveillance function. There is a need for ongoing coordination and sharing of information at this stage in order for the control function to be carried out effectively and efficiently.

v. The monthly reporting requirement is a temporary measure undertaken by Bursa to guide the Compliance Division. Bursa will do away with the monthly report once the Compliance Division is familiar with the front office monitoring function.

5. ASCM New Website

ASCM is pleased to announce the release of ASCM newly redesigned website. The website is located at the same web address i.e. www.ascm.org.my.

ASCM has also created a 'Members Only' section at the website. This new section provides members with access to Memorandums and Newsletters issued by ASCM that are not available to the public. Username and password to access to this section had been given to the 2 representatives of each member.

6. Other Major Meetings/Events

- On 25 January 2017, ASCM representatives attended a briefing on post Trading Lab session as presented by Bursa.

- On 15 January 2017, ASCM representatives attended a briefing on the rules regarding Common Reporting Standards which had been gazetted on 26 December 2016. The briefing was presented by Inland Revenue Board Malaysia.

- On 22 February 2017, the ASCM Market Operations Sub-Committee attended a meeting with Bursa on the proposed Intraday Short Selling initiative.

- On 8 March 2017, the ASCM Market Operations Sub-Committee had a meeting with Deloitte Consulting and Malaysian Investment Bank Association (MIBA) discussing issues related to imposition of GST on non-Malaysian residents.