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ASCM Quarterly

Issue 3 of 2017

ASCM Major Activities in 3Q of 2017

1. SC Industry Dialogue 2017

The yearly Securities Commission Industry Dialogue (SID) targets to share key initiatives that SC is currently undertaking and to tap the industry's expert knowledge in formulating strategic thrusts to further accelerate the growth and vibrancy of the Malaysian capital market.

This year, the SID was held on 15th August 2017 and the SC set the theme of the SID as "Driving Growth and Efficiency in an Evolving Market". Appropriate to this theme, ASCM had put up the stockbroking industry's views and suggestions on the need for regulators to strike a good balance between regulation and development of the market.

In discussing development of the market, ASCM suggested the following policies as key enablers for long term development:

- Develop liquid government debt securities market
- Promote capital supply - develop a deep & broad investor base
- Increase demand for capital - issuer's participation
- Support price discovery & resource allocation
- Encourage free market - sustainable integration into global markets

Further to the suggestions on the policy making, ASCM also discussed on the market architecture and design vis a vis long term development of the market. The issues and suggestions raised by ASCM in this aspect evolved around the following areas:

- Sustainable cost of doing business
- Rules that support business with predictable enforcement
- Leveraging on technology to develop infrastructure (digitization & financial technology)
- Enhance taxation policies to develop capital market
- Promote a vibrant market
- Introduction of more saleable products in the market

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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2. DDoS Ransomware Attack

A number of POs' online trading websites were impacted by the Distributed Denial of Service (DDoS) ransomware from 5th to 7th of July 2017.

The DDoS attack on those brokers experienced some slow-down in their computer performance. These attacks also came with some form of ransom note. The brokers had received emails from a party identifying itself as "Armada Collective" prompting them of the ransom demand, a countdown timer and bitcoin wallet to pay the ransom into.

According to the SC, the "Armada Collective" was the same hacking group that orchestrated similar DDOS attack in Switzerland, Taiwan, Greece and South Korea financial institutions.

The ASCM Management Committee had urgently deliberated on the incident and urged Bursa to take all necessary actions to resolve the issue. ASCM had also urged members who have any form of cybersecurity threats and / or ransom demands to immediately escalate the matter to SC and Bursa.

The SC and Bursa had held several industry briefings on the DDoS ransomware attack. Both regulators together with the National Cyber Coordination & Command Centre (NC4) were in close communication and coordination on latest development of the DDoS ransomware attack.

The regulators had taken steps to prevent potential disruption to the trading system and ensure the ongoing integrity and resiliency of the system. Indeed, the trading system did not experience any major service interruption in the lead-up to the deadline to pay the ransom demand.

3. ASCM-Bursa Securities Industry Conference 2017

On 29th August 2017, ASCM had successfully organised the first of four series of the ASCM-Bursa Malaysia Securities Industry Conference 2017 at Sime Darby Convention Centre, Kuala Lumpur.

The second and fourth series of the Conference will be held in Penang and Johor Bahru on 14th September and 11th November 2017 respectively, whereas the third series of the Conference will again be held at Sime Darby Convention Centre, Kuala Lumpur on 7th October 2017.

The first series of the Conference had been well attended by more than 100 participants from the members companies as well as organizations from the derivatives industry.

Welcome remarks by ASCM Chairman, En. Rashid Ismail.

The theme of ASCM-Bursa Malaysia Securities Industry Conference 2017 is 'Risk Management in Conducting Business'. Topics of discussions of this conference were presented by speakers from various backgrounds including Bursa Malaysia, Ernst & Young Advisory and Agensi Kaunseling & Pengurusan Kredit (AKPK).

The Conference program focused on regulation framework in conducting business for stockbroking companies as well as dealer representatives, prevention of financial fraud (such as money game) and the importance of cyber risk management.

Participants of the conference

5. Credit Suisse (Malaysia) Joins ASCM

At the Eighth ASCM Management Committee Meeting held on 23 August 2017, the Management Committee has accepted Credit Suisse Securities (Malaysia) Sdn Bhd as a member of ASCM.

ASCM warmly welcomes Credit Suisse Securities (Malaysia) Sdn Bhd as a member of ASCM. Your membership will further strengthen the voice of the industry and adds resources to the Association to advocate for policies that protect and promote the securities industry.

6. Other Major Meetings/Events

- On 6th July 2017, the ASCM Management Committee attended a presentation by N2N Connect on their back office system, highlighting the features and functions of their product and how it could enhance brokers' back office systems.
- On 27th July 2017, ASCM Management Committee attended a briefing by ABI Group regarding their service on Cybersecurity Isolation Solution and Certified Isolation Platform Practitioner.
- On 23rd August 2017, Committee Members of ASCM attended a presentation by Excel Force on the features and functionality of their back office system.
- On 23rd August 2017, CyberQuote Pte Ltd (CQ) conducted a preliminary briefing on their Global Back Office System to the Committee Members of ASCM. Subsequently on 30 August 2017, CyberQuote Pte Ltd presented an in-depth analysis and demonstration of their Global Back Office System to ASCM members.
- On 11th September 2017, ASCM responded to Bursa's review of Main Market and ACE Market Listing Requirement relating to Corporate Governance Requirements.
- On 29th September 2017, ASCM responded to Bursa's Consultation on the Proposals for the Review of the Rules of Bursa Malaysia Securities Berhad.