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ASCM Quarterly

Issue 3 of 2018

ASCM Major Activities in 3Q of 2018

1. Brokerage Industry Digitisation Group (BRIDGe)

The Brokerage Industry Digitisation Group (BRIDGe) was jointly established by BNM and SC on 15th March 2017. BRIDGe was established with the following objectives:-

i. To accelerate the digitisation of the stockbroking industry by fully digitising customer on-boarding to enhance user experience, providing seamless and efficient post trade and settlement experience and automating/digitising corporate actions to enhance transparency and efficiency.

ii. To facilitate collaboration amongst regulators, the exchange, brokers and banks to enhance the efficiency of the industry and resolve challenges to meet the overall goals.

A Steering Committee of the BRIDGe was set-up and had its first meeting on 9th August 2018. The Steering Committee consists of representatives from BNM, SC, Bursa, ASCM, ABM and MIBA. Under the Steering Committee, there are 3 Working Groups, namely:-

i. Digital On-boarding Working Group. This working group will simplify and digitise the process for investors to open trading accounts online.

ii. Post-trade and Settlement Working Group. This working group will look into enabling electronic settlement and formulate strategies to encourage investors to migrate to electronic settlement.

iii. Corporate Actions Working Group. This working group will rework the share consolidation confirmation process to reduce ambiguity for investors.

ASCM is assisting these Working Groups to obtain industry's views and comments on the initiatives undertaken by them.

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2. SC Industry Dialogue 2018

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 2018 and ASCM had raised the need for regulators to strike a good balance between regulation and development of the market.

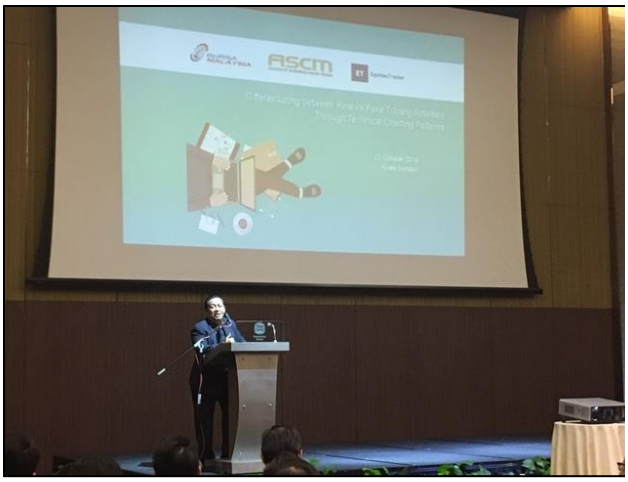
In discussing development of the market, ASCM had emphasized on the industry cost issue. ASCM had also sought clear direction on Alternative Trading System.

Following the SC Industry Dialogue 2018, SC has set up Brokerage Industry Consultative Committee (BrICC) as a stakeholder platform to discuss matters relating to development, regulations and cost efficiency of the stockbroking industry.

3. ASCM-Bursa Malaysia Seminar 2018

On 14th July and 29th September 2018, ASCM had successfully organised the first and second of the four series of the ASCM-Bursa Malaysia Securities Industry Seminar 2018 at Sime Darby Convention Centre, Kuala Lumpur and Berjaya Hotel, Penang respectively.

The theme of ASCM-Bursa Malaysia Securities Industry Seminar 2018 is 'Differentiating Real vs. Fake Trading Activities through Technical Charting'. Topics of discussions at this seminar were presented by speakers from both market and regulatory backgrounds.



Welcome remarks by ASCM Chairman, YBhg. Dato' Ahmad Azman

The seminar aims to enlighten participants with the knowledge to identify whether there is a high possibility of a stock being manipulated using data-driven information including fundamental data, price and volume chart patterns.

The first and second series of the seminar had been well attended by more than 120 participants from the members as well as organisations from the derivatives industry.

Participants at the seminar

The forthcoming third series of the seminar will be held at Sime Darby Convention Centre, Kuala Lumpur on 27th October 2018, whereas the fourth seminar will be held at Grand Paragon Hotel, Johor Bahru on 17th November 2018.

4. Revitalisation of Back Office System

ASCM has been highlighting to the regulators on the current broker's back office system that is inadequate to cope with business requirements. ASCM views that there is a need to revitalise the back office to meet the needs of a new generation of investors, address regulatory requirements and changing operating environment.

ASCM intends to take the lead to determine a club deal pricing from several vendors and possibly a funding from CMDF to incentivise brokers on the implementation of this project.

Subsequent to a Request for Information (RFI) exercise, ASCM had issued a Request for Proposal (RFP) for Revitalisation of Back office System on 16th August 2018 to the following vendors :-

i. CyberQuote
ii. ExcelForce
iii. N2N Connect
iv. Silverlake

All these vendors have responded to the RFP on 18th September 2018. Their submissions are currently being examined by a dedicated Working Group for the Revitalisation of Back office System project. We will keep the members posted on the update of this initiative from time to time.

5. FSPB's Professional Code

The Financial Services Professional Board (FSPB) is a voluntary, industry-led initiative focussed on the development and advocacy of standards in professionalism and ethics across the financial services industry. The FSPB is a joint collaboration between Bank Negara and SC to develop clear, internationally recognised standards of professional conduct and ethical behaviour across the financial services industry.

The FSPB had launched the Code of Ethics for the Financial Services Industry in 2016 as well as the FSPB Guidance Notes in 2017. Recently, the FSPB Professional Code for the Financial Services Industry (initially known as the FSPB Code of Conduct) was successfully launched on 24 May 2018 which outlines the 10 standards of professional conduct expected of organisations and individuals across the industry.

On 28th August 2018, the FSPB presented a briefing to the members on the Professional Code for the Financial Services Industry at ASCM Office. Subsequent to this briefing, FSPB had shared with the members on the checklist for (i) Adoption and Implementation and (ii) Policies and Procedures of the Professional Code & guidance for implementation of the Professional Code.

6. Other Activities

- On 4 July 2018, ASCM representatives attended the Second Securities Market Operations Meeting of 2018.
- On 24 August 2018, ASCM responded to Bursa's consultation on the Intermediaries Communication on Supervising and Monitoring Electronic Trading (ICON-ET) for the brokers.
- On 25 September 2018, ASCM representatives attended the Technical Working Group on e-CDS Services.
- On 26 September 2018, ASCM representatives attended the Third Securities Market Operations Meeting of 2018.