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ASCM Quarterly

Issue 2 of 2019

ASCM Major Activities in 2Q of 2019

1. Third Party Receipts

On 22nd July 2016, SC organized a lab session on Third Party Receipts and the outcome of the lab session is that the guidelines on Third Party Receipts is to be implemented based on individual broker firm's internal control criteria and procedures which they feel are practical and principle based.

Nevertheless, some members have recently voiced out that they find it challenging to process the Third Party Receipts especially for immediate family members as they would need to verify and maintain the immediate family records. They view that SC should impose that no third party payment to the brokers be allowed.

Subsequently, ASCM had circularized a survey to the members on this matter. 25 out of 28 members responded to the survey. The analysis of the responses were grouped as follows :

Responses	No. of IBs	No. of Non-IBs	No. of Foreign Brokers	Total
Continue to be based on individual broker firm's internal control criteria and procedures as per the outcome from the lab session with SC	6	8	0	14
Strictly impose that no third party payment to POs be allowed	3	5	1	9
Not relevant to their business	0	0	2	2
Total	9	13	3	25

ASCM Management Committee 2019

1. *Dato' Ahmad Azman –Chairman*
2. *Chew Sing Guan – President*
3. *Louis Teh – Vice President*
4. *Mohd Faizal Shamsul Annuar – Secretary*
5. *R. Sundararajah – Treasurer*
6. *Azura Azman*
7. *Tan Mun Choy*
8. *Tan Swee Geok*
9. *Wong Yoke Weng*

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2. SC Administrative Actions on RHB Investment Bank

In the case of SC's administrative actions against RHB IB and its employees on 18th December 2018, ASCM had written to the Chairman of the SC on 7th March 2019 seeking clarification on the administrative action taken.

In the letter to SC, ASCM stated that the Association understands that as part of SC's regulatory mission, SC must stand ready to discipline brokers and any licensed person by imposing appropriate sanctions when necessary to protect investors' interest. However, the sanctions imposed on RHB IB merit particular attention because of the size of the fines and, more importantly, the Managing Director/Chief Executive Officer being imposed a monetary penalty of RM200,000 on a personal basis. ASCM added that several market observers and broking fraternity in general have expressed concern on the above administrative actions against RHB IB and its employees, including the Managing Director/Chief Executive Officer.

SC had subsequently responded to ASCM on 11th April 2019 stating that as the administrative actions against RHB IB and its employees are currently under appeal, it would be inappropriate for SC to comment further whilst legal proceedings are ongoing.

3. Bursa's ISO 20022

ASCM welcomes Bursa's initiative on ISO 20022 in which Corporate Announcement by Bursa listed companies will be disseminated in international standard and that the ISO 20022 will minimize cost of doing business for corporates as manual processing is much reduced.

However, ASCM is nevertheless concerned that Bursa is considering imposing a fee on the POs for subscription of the Corporate Announcement.

In a letter to Bursa dated 30th May 2019, ASCM reminded Bursa that in January 2016, it had agreed to incorporate the Corporate Announcement fee as part of the Market Data fee of RM5,000 per month effective 1st April 2014. Prior to this pricing revision, Bursa intended to charge Corporate Announcement fee at RM500 per PO per month.

ASCM added that, Bursa by leveraging technology and improving processes over time will be able to reduce cost and passing on those savings to the marketplace. ASCM then appeal for Bursa not to impose further charges for Corporate Announcement arising from the adoption of ISO20022 and to maintain the status quo under which the Market Data fee agreement was negotiated in 2016.

4. ASCM-Bursa Malaysia Securities Industry Seminar

On 20th April 2019, ASCM had successfully organised the first of the four series of the ASCM-Bursa Malaysia Securities Industry Seminar 2019 at Sime Darby Convention Centre, Kuala Lumpur.

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

The topic of ASCM-Bursa Malaysia Securities Industry Seminar 2019 is 'Fintech and Algorithmic Trading'. Topics of discussions at this seminar were presented by speakers from both market and regulatory backgrounds.

Participants at the seminar

The first series of the seminar had been well attended by more than 180 participants from the members. The forthcoming series of the seminar will be held as below:

Date	Venue
10 August	Grand Paragon Hotel, Johor Bahru
7 September	Jen Hotel, Penang
5 October	Sime Darby Convention Centre, Kuala Lumpur

5. Members' Appreciation Night

On 27 June 2019, ASCM held its Members' Appreciation Night at the Tropicana Golf and Country Resort. The Members' Appreciation Night was well attended by the members' representatives, past ASCM Committee Members as well as officials from Bursa Malaysia.

At this event, ASCM presented cheques to the members under the CMDF incentive scheme for the new Broker Front End project. The disbursement of the CMDF incentive scheme is given in 7 cycles and this is the sixth cycle of the disbursement amounting to about RM1.04 million.

ASCM also took the opportunity to present memento as tokens of our gratitude and appreciation to the outgoing Committee Members of 2018.

ASCM Chairman presented a cheque to Mr Yee Meng Phang from Alliance Investment Bank

6. Other Major Meetings/Events

- On 15 April 2019, ASCM representatives attended Bursa's industry update on ISO 20022.
- On 13 May 2019, ASCM representatives attended Bursa's industry briefing on eCDS Services.
- On 24 May 2019, ASCM responded to Bursa's industry consultation on proposed amendments to the Rules of Bursa Depository and Listing Requirements to facilitate Dematerialization.
- On 26 June 2019, representatives of ASCM Management Committee attended the 3rd Securities Market Operations Committee meeting at Bursa.