

ASCM Secretariat
 Tel: +603-77327768
secretariat@ascm.org.my
www.ascm.org.my

ASCM Quarterly

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ASCM Major Activities in 1Q of 2020

1. Investment Scams

On 19th May 2020, ASCM had written to SC sharing our concerns on investors/individuals being targeted by unscrupulous syndicates to invest in the securities market. These syndicates are misusing the names and credentials of POs (via the syndicate websites) to perpetrate the scams by promising unrealistic high returns to the investors and requesting them to bank- in their monies into accounts belonging to the syndicates.

ASCM understands that several POs being aware of the latest modus operandi of the syndicates have lodged reports to the SC, MCMC and PDRM.

On 29th May 2020, SC issued a media release warning the investing public on the rise of clone firm scams where a fraudulent company will set itself up to look like a capital market intermediary that is licensed or registered with the SC, in order to deceive investors.

SC said that the fraudsters will use names, logos, credentials, websites and other details of a legitimate capital market intermediary to promote bogus investment schemes via social media channels such as Facebook, WhatsApp and Twitter, promising extraordinarily high returns with little risks. The victims are often instructed to deposit monies into personal bank accounts of individuals who claim to represent a legitimate licensed entity, and/or a corporate account.

SC added that any person who engages in securities fraud, holds himself out as a capital market intermediary or carries out any regulated activities without a valid licence or registration from the SC, commits an offence under the Capital Markets and Services Act 2007 and if convicted, may be punished with imprisonment of up to ten years and fined.

ASCM Management Committee 2020- 2021

1. Dato' Ahmad Azman –Chairman
2. Chew Sing Guan – President
3. Azura Azman– Vice President
4. Tan Mun Choy – Secretary
5. R. Sundararajah – Treasurer
6. Chan Tuck Kiong
7. Fok Chuan Meng
8. Tan Swee Geok
9. Wong Yoke Weng

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2. Federal Budget 2021

On 21st April 2020, The Ministry of Finance (MOF) had written to ASCM seeking input from the industry for the drafting of the Federal Budget 2021. The SC had also forwarded a similar request to ASCM on 28th April 2020.

Subsequently, ASCM had invited members on 24th April 2020 to provide suggestions and policy recommendations to further enhance the industry's role as well as to promote the Malaysian capital market.

At the ASCM Management Committee Meeting held on 21st May 2020, the Management Committee had deliberated on the issues and suggestions for the drafting of the Federal Budget 2021. The ASCM Management Committee Meeting had agreed for the Association to raise the following issues and suggestion for the Federal Budget 2021 to the MOF and the SC :-

Recommendation for Tax measure

Issue: To continue to promote trading on small and mid-capital listed companies.

Suggestion: To extend waiver of stamp duty on trading of small and mid-capital companies shares after 28 February 2021.

Recommendation for Non-Tax measure

Issue: The growth of the capital market should not be handicapped by costly leased line provided by service provider.

Suggestion: Necessary measures need to be done to bring down the cost of leased line to reduce the cost of doing business of the stockbroking industry.

3. Foreign Account Tax Compliance Act (FATCA)

Malaysia has made an interim agreement to implement FATCA domestically and is categorized by the Internal Revenue Service (IRS) of the United States (US) as a 'jurisdiction that has an agreement in substance'. Due to both countries have yet to sign the Intergovernmental Agreement (IGA), the Malaysian Financial Institution (MYFIs) are currently not obliged to submit reportable accounts to the IRS annually and are not penalized for failure to do so.

However, Malaysia and the US are in the midst of finalizing the IGA agreement which is expected to be signed in the near future. The IRS has agreed that the reporting period for all previous reportable accounts from 2014 to 2020 is extended to 30 September 2021.

To enhance the effectiveness of FATCA implementation in Malaysia, the MOF had written to ASCM on 15th April 2020 seeking the industry's view regarding the level of readiness of MYFIs for the preparation of reports for the period 2014 to 2020. In addition, the MOF also welcomes any proposal to improve the implementation of FATCA. ASCM had subsequently invited members to respond to a survey on this matter.

In its reply to the MOF dated 30th April 2020, ASCM stated that the members who responded to the survey commented that they have no objection to comply with the extended deadline.

Based from the members' feedback, ASCM had also highlighted to the MOF several proposals on how to enhance the effectiveness of FATCA implementation in Malaysia which are summarized as follows :-

1. Inland Revenue Board Malaysia (IRBM) to create more awareness on the FATCA implementation as most individuals and entities are still not aware of this matter.
2. IRBM to provide training on the file submission as well as to provide frequently asked question (FAQ) for better clarification. More testing in uploading data to IRBM is also critical to ensure accuracy of information submitted and preparedness of the online system.
3. IRBM to introduce a classification tool for entity customers.
4. IRBM to set different timelines to submit the FATCA submission for the various years in 2021 as the preparation effort for 7 years of reporting in one time submission from 2014 to 2020 is significant.
5. IRBM to clearly articulate on the usage of the different US IRS forms (Form W-8BEN-E or Form W-8IMY etc.) and to standardise on the completion of forms under the IGA model countries in the guideline issuance. There are cases in which different correspondent FIs from other jurisdictions requesting MYFIs to complete different US IRS forms and this has caused confusion to the MYFIs.
6. IRBM to allow MYFIs to report the Specified US Persons in a single report, reflecting account status as of 31 December 2020, instead of on a yearly basis in 7 reports from 2014 to 2020.
7. IRBM to make available the finalised subsidiary legislations and guidance notes as soon as possible, for MYFIs to have ample time to amend the reports, including getting any documentary evidence (where applicable) according to the finalised requirements.

4. CMDF Incentive on Broker Front End (BFE) Project

The CMDF incentive on the BFE project for the initial implementation cost and the annual terminal licence cost for 7 years from 2013 amounting to RM10.24 million has come to an end with the final disbursement for 2019.

On 23 June 2020, ASCM had initiated the final disbursement of the CMDF incentive to the participating members. The total amount of incentive for the final disbursement amounted to RM 1,036,830.

Unlike in previous years, ASCM was not able to hold a get-together to present the cheques in person to the members, due to the movement control order amid the Covid-19 pandemic.

We hope that the incentive received during the past number of years will assist the participating members to alleviate the financial burden in implementing the BFE project since 2013.

5. Other Major Meetings/Events

- On 1 April 2020, ASCM responded to Bursa's industry consultation on the Proposed Amendments to the LEAP Market Listing Requirements in relation to Anti-Corruption and Whistle-Blowing Measures.
- On 4 June 2020, ASCM representative attended the Brokerage Industry Digitisation Group (BRIDGE) Steering Committee meeting.