

# Annual Report 2015



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Moving With Industry Towards Talent Development Synergies



## Moving With Industry Towards Talent Development Synergies

On this year's cover, graceful ribbon-like strokes confluence in an upward swirl to symbolise the symbiotic relationship between SIDC and the capital market industry, moving and working in tandem to support the advancement of the industry by delivering effective talent development synergies to raise the overall standard of market professionals. The blue accents reinforce SIDC's role in upholding market integrity and trust in the industry through learning and development solutions that instil professional excellence.

## Our Vision

To be recognised internationally as a leading capital market learning and development solutions provider for market professionals, regulators and investors in Malaysia and emerging capital markets.

## Our Mission

Our mission is to raise the standard of capital market participants to support the rapid growth and development of the capital market industry, through strategic and effective:

- Learning and development solutions
- Professional certification, qualifications and continuous education
- Thought leadership and consultancy services
- Investor education

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# SIDC Background



The **SECURITIES INDUSTRY DEVELOPMENT CORPORATION (SIDC)** is the leading capital market learning and development solutions provider for industry participants in Malaysia and the growth and emerging markets that include market professionals, company directors and regulators. Established in 1994 as the learning and development arm of the Securities Commission Malaysia (SC) and incorporated in 2007, SIDC has been a standard-bearer of quality and innovation for over two decades.

As the capital market industry's partner in learning and development, SIDC works hand in hand with the industry through consultations and collaborations to design, develop and deliver training programmes that raise the standard of participants and support market growth. At the same time, we provide strategic consulting services and industry insights, frequently partnering with government agencies and international organisations to carry out capacity building initiatives for market regulators and industry players.

SIDC's involvement in the development of human capital for the Malaysian capital market is comprehensive and end-to-end. We work closely with the SC to establish competency standards for the industry – developing, maintaining and administering the SC Licensing Examinations and the mandatory Continuing Professional Education (CPE) programme as part of the licensing regime for Malaysian capital market intermediaries. In addition, we contribute to the capital market talent pipeline through our fit-for-purpose graduate development programmes.

In support of the SC's investor protection mandate, SIDC also conducts public investor education programmes on behalf of the SC with the aim of creating informed and prudent capital market investors.

SIDC's extensive experience and track record in producing high-calibre programmes for a wide range of target audiences have earned us a reputation synonymous with professional excellence, acknowledged by international institutions such as the International Organization of Securities Commissions (IOSCO), the Asian Development Bank (ADB), the Asia-Pacific Economic Cooperation (APEC) and ASEAN.



Dato' Seri Ranjit Ajit Singh  
Chairman

# Chairman's Statement

2015 has been a year of progress and forward movement for SIDC despite challenging times for the emerging markets. Employing a collaborative approach towards the industry to achieve synergies in learning and development, SIDC has continued to achieve positive business growth and to fulfil all its performance targets for the year.

Preserving investor confidence is imperative to maintain market competitiveness in a sentiment-driven environment impacted by global economic uncertainties, where investors are increasingly looking out for differentiators such as governance, quality of regulation, and integrity of institutions as indicators of market resilience in individual emerging markets. Within the Malaysian capital market, this has brought about efforts by the Securities Commission Malaysia (SC) and industry to foster a culture of good conduct through enhancing regulatory and self-disciplinary mechanisms, organisational capabilities and safeguards.

On the back of these developments, the need to raise competencies of capital market talents in priority areas such as corporate governance, compliance and anti-money laundering has also increased. Hence, in 2015 SIDC intensified its focus on developing and delivering specialised programmes to address knowledge and competency gaps in the identified areas, while

*Employing a collaborative approach towards the industry to achieve synergies in learning and development, SIDC has continued to achieve positive business growth and to fulfil all its performance targets for the year.*

continuing to customise programmes and trainings for specific groups including regulators, directors and intermediaries.

This expansion of focus towards niche programmes has allowed SIDC the agility to move across a wide curriculum and cover knowledge areas that are currently relevant and essential to build a high-performance capital market talent pool. With SIDC's rich experience and in-depth understanding of the industry's learning and development requirements, I am positive the programmes it delivers will continue to be successful in supporting national development objectives to grow the capital market.

## Strengthening Professional Development in the Capital Market

### Strategic initiatives in 2015

The Industry Competency Framework (ICF) project, which is moving towards its final stages of completion, and the SC Licensing Examinations (SCLE) framework review are two strategic initiatives of SIDC to help raise the standard of talent in the capital market and support the industry-wide creation of competent market participants.

The ICF aims to outline the required knowledge, attitudes and skills for all regulated capital market activities and to serve as a comprehensive and globally benchmarked guide that organisations can use to support their recruitment and staff development strategies. SIDC is working closely with the industry at every stage of the implementation to obtain their views and feedback, which are instrumental in ensuring the framework's validity and practicability.

2015 also saw the completion of Phase 1 of the SCLE framework review, where a holistic quality assurance review on two SCLE modules was carried out to ensure the integrity, standards and effectiveness of the examinations framework. Phase 2 of the review involving the rest of the examination modules is to be implemented in 2016.

### Targeted programmes to meet current industry needs

Complementing measures to promote self-discipline among intermediaries through a sound corporate governance framework, the SC in May 2015 introduced the Capital Market Director Programme (CMDP) to elevate the quality of leadership at these institutions. The programme, delivered by SIDC, equips directors with the relevant knowledge and expected competencies to become effective board members. SIDC also hosted the first CMDP alumni workshop to promote lifelong learning and maintain an ongoing connection with past participants, with more of such alumni events being planned for 2016.

Increased scrutiny on regulatory compliance as part of efforts to reinforce market resilience has led to the strengthening of internal controls and compliance standards by intermediaries. From the professional development perspective, SIDC responded by rolling out the Compliance Matters Series in 2015 to help compliance officers improve their competencies and effectiveness in discharging their duties. Participants' positive response has given rise to plans to expand the modular programme in 2016.

The ongoing focus on anti-money laundering also led to a range of customised Anti-Money Laundering, Anti-

# Chairman’s Statement

Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA) 2001-related programmes by SIDC, developed for specific target audiences such as intermediaries, directors and auditors to enhance their ability in assessing and mitigating money laundering and financing risk.

## Achieving Talent Development Synergies with the Industry

Moving towards becoming an industry-based organisation, SIDC undertook various initiatives to strengthen relationships with the industry and promote collective efforts in addressing current and emerging issues in talent development.

One such initiative was the industry roundtable on “Bridging the Capital Market Talent Gap: Identifying Needs and Priorities”, which brought together C-suite and human resource representatives of capital market industry players to discuss and determine practical human capital development initiatives and solutions in countering talent management challenges. A follow-up talent diagnosis lab comprising SC representatives and industry leaders was later conducted to obtain feedback on areas of focus and key factors, which would be taken into consideration in the development of the industry talent diagnosis exercise in 2016.

SIDC also presented its first Conference for Leaders entitled “Leadership Excellence: Lifelong Learning” in partnership with INSEAD, aimed at fostering leadership development and leadership effectiveness. As a result of favourable feedback from C-suite participants, SIDC has plans to turn the conference into an annual event promoting inspirational leadership.

By extensively increasing its engagement with industry via forums and briefings, strategic collaborations and continuous consultations on talent development initiatives, SIDC gained valuable access to in-depth knowledge of the industry’s talent issues as well as opportunities to showcase its expertise as a leader in the capital market talent training space while profiling its learning solutions.

## Increasing Recognition through Consultancy Expertise

SIDC’s expertise in talent pipeline development for the capital market, especially its experience in conducting training needs analyses (TNA), assessment centres and fit-for purpose development programmes, contributed to its success in securing a major contract with Yayasan Peneraju Pendidikan Bumiputera to conduct the Peneraju Profesional: Capital Markets Services Representative’s Licence (CMSRL) in Corporate Finance and Investment Advice (CCoFIA) programme. The programme, which takes off in early 2016, aims to produce a pool of world-class Bumiputera licensed CMSRL holders to support the growth of the Malaysian capital market through a comprehensive structured development curriculum.

Regionally, SIDC’s long-standing collaboration with the Australian Treasury has produced several APEC capacity building programmes over the years to develop emerging market regulators – most recently the Asian Region Funds Passport (ARFP) initiative. In 2015, SIDC continued to bring its expertise to the fore by facilitating ARFP-related programmes in four Asian cities for regulators from Indonesia, the Philippines, Thailand and Vietnam.

Working with the SC, SIDC also succeeded in forging a new relationship with the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) when it was appointed to deliver two Islamic capital market (ICM) workshops in Dubai for participants from regulatory and supervisory authorities of Organisation of Islamic Cooperation (OIC) countries. The success of the programmes paves the way for SIDC to explore further opportunities with COMCEC for ICM capacity building in OIC member countries.

## In conclusion

In reviewing SIDC’s 2015 performance, I am pleased to note that SIDC has achieved considerable business success through responsive and creative execution of its professional

development mandate. Despite the headwinds and economic uncertainties, SIDC’s activities for the year have contributed positively towards strengthening its range of services and elevating the brand. I also congratulate the organisation for ending 2015 in a financially stronger position than the previous year and for achieving its set performance targets.

I am confident that this growth momentum can be sustained as SIDC has consistently demonstrated versatility in the way it drives its business and operations. This attribute will continue to serve SIDC well as it endeavours to expand its international footprint on the back of challenging economic conditions and evolving market needs.

I would like to take this opportunity to thank the SIDC Board of Directors for their valuable support and guidance throughout the year. I also want to commend the management and staff of SIDC for their splendid teamwork and innovative efforts in ensuring the organisation continues to excel at the forefront of the capital market learning and development space. I look forward with enthusiasm to the continuation of SIDC’s growth story.



# Chief Executive Officer's Statement

...SIDC's ongoing efforts to engage the industry and support the SC's market development and regulatory mandate have translated into growing acknowledgement of our capabilities as a learning provider for the capital market....

Azman Hisham Che Doi  
Chief Executive Officer

2015 was a busy and expansive period for SIDC as strategic business initiatives implemented in 2014 gained momentum. Aligning with the SC's regulatory activities and the industry's latest talent development requirements, SIDC was able to achieve talent development synergies with the industry to strengthen our position amid the challenging business environment.

Developing impactful customised programmes to address specific learning needs was the focus of SIDC for 2015. Complementing regulatory and market efforts to safeguard systemic resilience and market integrity, SIDC concentrated on priority areas such as governance, compliance and anti-money laundering in its training programmes.

At the same time, SIDC's strategy of fostering closer industry engagement and collaborations has helped the organisation gain deep insights into the industry's learning and development needs and gaps, and become more adept in capitalising on its end-to-end training expertise to support talent development for different levels and functions within the capital market. For the year, SIDC contributed to the development of 9,914 professionals; average ratings of "Good to Excellent" were received for most programmes, reflecting participants' satisfaction with their quality and effectiveness.

I am pleased to note SIDC's ongoing efforts to engage the industry and support the SC's market development and regulatory mandate have translated into growing acknowledgement of our capabilities as a learning provider for the capital market, not only domestically but also in many other emerging markets. Continuing this business approach, I am positive that SIDC will be able to accelerate its growth and gain stronger recognition for its talent development initiatives.

## Strategic Initiatives and Professional Development Programmes

One of our main priorities for 2015 was conducting an internal reorganisation to reflect SIDC's new vision and mission statements and to better articulate our aspirations.

The exercise involved streamlining divisional functions and operations to integrate staff resources and capabilities for improved company-wide productivity and performance.

A new Professional Development and Corporate Governance division was formed by merging the previous Examinations, Continuing Professional Education (CPE) and Design & Development functions, integrating technical and operations staff to provide through-train professional development services to the industry in the areas of certification and qualification, continuing education, accreditation and assessment, industry insights and corporate governance.

This improved structure allows SIDC to add value to the development of capital market professionals from a holistic perspective. Under the division, significant implementation progress was made on strategic initiatives to support capital market talent development such as the Industry Competency Framework, which is due to be rolled out in 2016, and the SC Licensing Examinations (SCL) framework review to ensure the integrity of the examinations. The integration of subject matter expertise also benefited SIDC's programme design and development work, broadening our capabilities in producing fit-for-purpose solutions to cater to specific learning and development requirements of corporate clients.

Twenty new programmes were produced on topics of interest within the industry including the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLAFTPUAA) 2001, ASEAN markets and cross-border trading. In addition, we developed a tiered Compliance programme to help reinforce effective compliance risk management in financial institutions. SIDC also continued to be active in the area of corporate governance, delivering workshops and programmes to directors on strategic topics including corporate governance statement reporting and subsidiary company directorship.

On top of that, the Familiarisation Programme for Registered Representatives (FPRR) – Equity Stream, which offers an alternative route for registered representatives to become

# Chief Executive Officer's Statement

licensed dealer's representatives, was expanded with the introduction of the Equity 2 series, while a new Familiarisation Programme for Registered Representatives (FPRR) – Fund Management Stream was launched for fund management representatives. In talent pipeline development, core and elective modules of the Graduate Representative Programme (GRP1000) were enhanced to strengthen participants' competencies in the areas of business acumen, consultative selling, personal branding and more.

## Business Development Milestones

SIDC's corporate business development and consultancy services were centralised under the new "Business Development and Consultancy" division to optimise management of business opportunities and client servicing. In conducting InvestSmart investor education activities for the SC, the division continued to successfully deliver innovative learning experiences in the form of outreach seminars for various segments of the public to create informed and empowered capital market investors. Analysis results revealed that participants of SIDC's investor education programmes showed an average of 36% increase in financial management and investment knowledge, with 68% starting to invest or increase their investments 1-6 months after attending such programmes.

SIDC's sizeable contract with Yayasan Peneraju Pendidikan Bumiputera to conduct the Peneraju Profesional: Capital Markets Services Representative's Licence (CMSRL) in Corporate Finance and Investment Advice (CCoFIA) programme was a huge boost to our consultancy business revenue, and also allowed us to showcase our end-to-end expertise as a learning and development solutions provider for the capital markets industry.

Another major initiative by the division is the conceptualisation work being done on a business and operations model for the implementation of a global professional development and reference centre for Islamic capital market (ICM) capacity building under the auspices of the SC. SIDC will be working

closely with the SC on the implementation strategy of this global centre in the coming year.

## Industry Engagement and Brand Building Achievements

The consolidation of the Communications, Marketing & Client Relations and Operations & Event Management departments under the division of Corporate Strategy, Brand and Partnerships resulted in more seamless frontline operations for the organisation and enabled SIDC to accelerate our industry engagement and brand building activities throughout the year.

We engaged with industry players from diverse backgrounds through focus groups, roundtable discussions and similar platforms to understand different stakeholders' training and development needs, build rapport and strengthen SIDC's position with the industry. Some of these engagements were conducted in conjunction with SIDC's current talent development projects such as the Industry Competency Framework and the capital market talent diagnosis exercise, and produced valuable industry input essential to inform and validate the work in progress.

We also held numerous meetings and discussions with industry associations and affiliates, professional bodies, institutes of higher learning and government agencies to identify potential partners for strategic collaborations which promote capital market talent development. From these interactions, SIDC successfully produced several joint events in the form of complimentary industry insight talks, workshops and conferences with partner organisations such as INSEAD Business School, CPA Australia, Toronto Centre, Malaysian Investment Banking Association (MIBA), RAM Rating Services Berhad, TalentCorp, PwC Malaysia and University Malaysia Sarawak (UNIMAS) to the benefit of industry professionals.

To profile SIDC as a strategic partner in learning and development for the capital market industry, we launched

engage@SIDC, a bi-annual e-newsletter which provides industry insights, articles on trending industry issues, professional development updates and information on SIDC programmes and services. The publication, sporting the tagline "Advancing Talent in Capital Markets to New Heights", was conceived to reinforce SIDC's brand identity and to function as a platform to connect with industry and stakeholders.

In addition, we revamped the SIDC corporate website to project a more contemporary image and engaging experience for clients and visitors. We also successfully reached out to a wider target audience and improved awareness of SIDC by increasing our programme promotion activities on social media platforms such as Facebook and LinkedIn.

## My Heartfelt Thanks to the Staff and Board of SIDC

Despite operating in a challenging year on the back of softening training and development demand within the industry, we performed well and achieved all business KPIs. From the financial perspective, we succeeded in improving annual revenue by RM2.5 million (2014 revenue: RM17.4 million). Operating prudently to manage cost, we have maintained a strong financial position, which allows us sufficient capability to invest in moderate business expansion in 2016.

The company-wide reorganisation has resulted in a more agile SIDC able to produce better synergies with an evolving industry through an integrated approach to the delivery of our services. Strengthening our branding and communications infrastructure has also led to more impactful profiling of the organisation and wider brand recognition within the industry. I am confident SIDC will be able to continue building on the momentum we have established to achieve bigger goals moving forward.

This is the last time I will be writing the CEO's Statement as I prepare to pass the leadership baton to my successor. It has indeed been a privilege to head this organisation of talented and committed individuals. My five years at the helm of this

company have been a fulfilling experience and I am grateful for the valuable opportunity to play a definitive role in SIDC's growth. I would like to take this opportunity to thank my excellent management team and my staff members for consistently performing to the best of their ability to uphold the SIDC name as a trusted leader in the capital market learning and development space. I would also like to thank the SIDC board for their unwavering support, guidance and valuable contributions towards the achievement of SIDC's goals and objectives during my tenure.

2016 will see further talent development synergies between SIDC and the industry with the launch of the Industry Competency Framework and the continuation of the capital market talent diagnosis exercise. I wish SIDC all the best and I am confident it will continue to excel under the capable leadership of the new CEO.

The background of the slide features two sets of decorative, wavy blue lines. The top set of lines is positioned in the upper half of the slide, and the bottom set is in the lower half. Both sets consist of multiple parallel, flowing lines that create a sense of movement and depth. The lines are a light blue color, matching the overall aesthetic of the slide.

# **SIDC'S**

Programmes and Activities



# Industry Engagement Initiatives in 2015

*In our commitment to become a more industry-focused capital markets learning and development solutions provider, SIDC undertook various industry engagement initiatives including conferences and roundtables, talks and briefings as well as talent development collaborations with leading voices and professional organisations. SIDC's efforts to connect and engage with the industry throughout the year enabled us to understand different stakeholders' needs, build rapport and identify effective ways to promote our programmes and services.*



**March** [Talk on International Regulatory Issues](#)  
Over 30 participants attended this SIDC-MIBA talk by Steptoe & Johnson LLP firm partners, which provided an overview of U.S. laws and regulations in relation to U.S. economic sanctions, anti-corruption, and the U.S. national security reviews of inbound investments.

**April** [Launch of engage@SIDC](#)  
SIDC's bi-annual e-newsletter, engage@SIDC, was launched as a platform to connect, communicate and engage with our stakeholders, especially the industry.



**May** [Talk on Competition Law Developments in the Investment Banking Arena – Issues in ASEAN](#)  
Close to 70 investment bankers from middle and senior management levels attended the talk jointly hosted by SIDC and MIBA, aimed at sharing an overview of ASEAN and the ASEAN Economic Community (AEC), ASEAN Competition Policy and Law.

**May** [Talk on Emergent Priorities and Challenges in Global Capital Markets](#)  
SIDC collaborated with the SC on a talk by David Wright, Secretary General of IOSCO on Emergent Priorities and Challenges in Global Capital Markets. It was attended by 100 guests from the industry and the SC.



**June** [Roundtable on Bridging the Capital Market Talent Gap: Identifying Needs and Priorities](#)  
Attended by 22 industry leaders, the roundtable aimed to understand talent issues faced by the industry. The event was supported by RAM and moderated by TalentCorp, while PwC presented its global report 'Bridging the Talent Gap in Banking and Capital Markets (BCM)' to set the scene.



**July** [Industry Competency Framework Briefing and Majlis Berbuka Puasa](#)  
Held at the Kuala Lumpur Golf & Country Club (KLGCC), the briefing updated the participants on the progress of the Industry Competency Framework. The event, which was held alongside a breaking of fast ceremony, was attended by 120 CEOs, industry players and affiliated institutions.

**September** [Talk on The Life Lessons from The Naked CEO by Alex Malley](#)  
More than 120 guests from the C-suite and middle management level in various industries attended the talk entitled 'The Life Lessons from The Naked CEO' by Alex Malley, author and CEO of CPA Australia, where he shared his charismatic leadership experiences and qualities.



**October** [Industry Plenary at International Conference on Contemporary Issues in Accounting and Finance \(CoCiAF\) 2015](#)  
This SIDC-UNIMAS (University Malaysia Sarawak) joint event, in which SIDC delivered a presentation on Capital Market Talent Development and Management, was attended by approximately 50 academicians from the ASEAN region.

**October** [Crisis Management Conference](#)  
This 1½ day conference on crisis management by Toronto Centre was a joint collaboration between SIDC and the SC. It was well-attended by 93 participants from the industry and the SC.



**November** [SIDC Conference for Leaders - Leadership Excellence: Lifelong Learning](#)  
The half-day conference brought together 130 leaders and decision-makers to share mutual inspiration and exchange ideas on a broader understanding of leadership skills. Prof Jean-François Manzoni of INSEAD spoke on 'Lifelong Learning for Leaders' and moderated the forum 'Leaders in Action for Excellence'.

**November** [Workshop for CMDP Alumni - Doing Business in a Responsible Way](#)  
This exclusive workshop for alumni of the Capital Market Director Programme (CMDP) examined actual cases where through the implementation of the Responsible Business Practices methodology, organisations have been able to gain an informed understanding of responses to critical risks across the business and provide the basis for improvement. A total of 32 directors attended the workshop conducted by advisory and investment firm KordaMentha.



**December** [Talent Diagnosis Lab](#)  
Together with the SC, SIDC organised a Talent Diagnosis Lab which aimed to gauge talent management and succession planning practices in the Malaysian capital market. The lab consisted of representatives from the SC and 14 industry leaders.

# Market Intermediaries and Talent Pipeline Development

Continuing SIDC’s goal to become a more industry-based organisation, we deepened our understanding of the capital market industry’s talent development needs, gaps and expectations through intensive relationship building and industry engagement. Following from this, we intensified our focus on customised programmes for market intermediaries in 2015, increasing the delivery of programmes tailored to fit specific training requirements of client organisations.

## A. DEVELOPMENT OF MARKET INTERMEDIARIES

### SC Licensing Examinations

Responsible for the development and administration of the SC Licensing Examinations (SCLE) for the Malaysian capital market, SIDC continually strives to enhance and improve all aspects of the examinations design, development and delivery system.

#### Design and Development

SIDC completed Phase 1 of the review of the SCLE framework which concentrated on the regulated activities of Advising on Corporate Finance and Investment Advice (i.e. Modules 12 and 19). The review focused on the quality assurance aspects of Validity, Reliability and Fairness. The Validity aspect ensures that the examination measures what the candidates are expected to know, while the Reliability aspect ensures that the examination produces consistent results each time it is administered. The final aspect of Fairness ensures that all candidates’ performance is measured the same way by using the same measurement, and any contextual distractions and issues with assessment instruments that could adversely influence candidates’ performance are identified and removed.

As part of the Reliability stage, SIDC developed questions for the Proposed Examination Set for Modules 12 and 19 based on the findings from the Validity exercise. This was followed by the first Angoff Committee meeting in November 2015, with the objectives to:

- obtain expert judgment on the Proposed Examination Set;
- identify gaps in the alignment of the Proposed Examination Set to the established passing mark; and
- ensure the reliability of the examinations by aligning the Proposed Examination Set to the established passing mark.

Based on the meeting’s findings and feedback from participants, who included industry subject matter experts and regulators, the Proposed Examination Set was further re-aligned to the established passing mark.

The final stage for Phase 1 of the review on Fairness was completed with the development of all examination sets for Modules 12 and 19 based on the re-aligned Proposed Examination Set. Thereafter, the revised Study Outlines for these two modules based on the findings of the Phase 1 review were finalised and made available on SIDC’s website for the SC Licensing Examination sessions for January to June 2016.

Phase 2 of the review, which involves the remaining examinations modules related to the regulated activities of Dealing in Securities, Dealing in Derivatives and Fund Management as well as the module on Fundamentals of Compliance, will be undertaken after the completion of the Industry Competency Framework for the Malaysian capital market.

### Delivery

SIDC continued to deliver the computer-based SC Licensing Examinations via its main one-stop examination centre in the SC Building at Bukit Kiara, Kuala Lumpur. Besides Kuala Lumpur, examinations were also held in Penang, Johor Bahru, Kuching and Kota Kinabalu at external examination centres to accommodate candidates across the country.

Overall, SIDC conducted 229 examination sessions for the 13 SC Licensing Examinations modules during the year. A total of 3,984 candidates took the examinations as compared to 4,344 candidates in 2014. A total of 1,844 candidates passed the various modules, reflecting an overall passing rate of 46%. This is a slight improvement compared to the overall passing rate of 45% in 2014.

### SC Licensing Examinations Modules Conducted in 2015 and 2014

SC Licensing Examinations		Number of Candidates*	
		2015	2014
Module 6	Stock Market and Securities Law	897	1,025
Module 7	Financial Statement Analysis and Asset Valuation	1,052	1,271
Module 9	Funds Management Regulation	295	255
Module 10	Asset and Funds Management	282	246
Module 11	Fundamentals of Compliance	70	84
Module 12	Investment Management and Corporate Finance	555	692
Module 14	Futures and Options	185	173
Module 16	Rules & Regulations of Futures and Options	180	171
Module 17	Securities and Derivatives Trading (Rules and Regulations)	26	7
Module 18	Securities and Derivatives Trading (Products and Analysis)	16	6
Module 19	Advisory Services (Rules and Regulations)	291	298
Module 19A	Advisory Services (Rules and Regulations) - Part A	131	113
Module 19B	Advisory Services (Rules and Regulations) - Part B	4	3
Total		3,984	4,344

\* These figures include the multiple counting of participants who attended more than one examination.

# Market Intermediaries and Talent Pipeline Development

## SC Licensing Examination Preparatory Courses

The SC Licensing Examination Preparatory Courses are led by experienced speakers, and their content designed in accordance with each module’s respective examination especially for candidates who are preparing for the SC Licensing Examinations.

In addition to classroom instruction, participants are given hands-on experience with the computer-based examinations system to familiarise them with sample question sets. Participants can clarify questions and discuss problems with instructors after each session.

A total of 547 participants undertook 29 preparatory courses conducted across seven examination modules in 2015.

No.	Course Title	Number of Courses	Number of Participants
1	Malaysian Stock Market & Securities Law (Module 6) Preparatory Course	5	88
2	Financial Statement Analysis and Asset Valuation (Module 7) Preparatory Course	5	108
3	Funds Management Regulations (Module 9) Preparatory Course	3	63
4	Asset and Funds Management (Module 10) Preparatory Course	4	73
5	Investment Management and Corporate Finance Preparatory Course (Module 12) Preparatory Course	6	117
6	Rules and Regulations of Futures and Options (Module 16) Preparatory Course	1	2
7	Advisory Services: Rules & Regulations (Module 19) Preparatory Course	5	96
Total		29	547

## Continuing Professional Education (CPE)

Continuing Professional Education (CPE) requirements form part of the fit-and-proper standards for all Capital Markets Services Representative’s Licence (CMSRL) holders and the Employees of Registered Persons (ERPs) to consistently improve and acquire new technical knowledge, skills and best practices. Through this mandatory programme, these market professionals are expected to be competent and able to discharge their functions effectively and efficiently, leading to greater investor confidence.

## CPE-Approved Courses

At the end of 2015, there were a total of 95 active CPE training providers recorded in the Tracker System. The year also saw the CPE Secretariat administering 1,219 CPE-approved courses conducted by these training providers either for public or in-house participants.

From the total, 856 (70%) courses were under the Market Development category whilst the remaining 363 (30%) were Market Regulations courses. These courses were attended by a total of 44,162 participants where 20,935 (48%) were CMSRL holders, 7,221 (16%) were ERPs and the remaining 16,006 (36%) were others. Consistent with the previous years, the majority of CPE-approved courses were held in Kuala Lumpur and Selangor.

## CPE-Approved Courses Conducted in 2015 and 2014

Course Category	CPE Courses Conducted			
	2015		2014	
	Number of Courses	Number of Participants*	Number of Courses	Number of Participants*
Market Development	856 (70%)	31,314 (71%)	771 (69%)	26,777 (67%)
Market Regulations	363 (30%)	12,848 (29%)	349 (31%)	13,249 (33%)
Total	1,219	44,162	1,120	40,026

## Participants of CPE-Approved Courses in 2015 and 2014

Year	CMSRL Holders*	ERP*	Non-CMSRL Holders or ERP*	Total*
2015	20,935	7,221	16,006	44,162
2014	20,093	5,445	14,488	40,026

\* This figure includes the multiple counting of participants who attended more than one CPE-approved course.

## Employees of Registered Persons

CPE registration for ERPs continued to grow steadily since the commencement of the Guidelines on Investor Protection in January 2011. As at end December, the Tracker System recorded a total of 5,024 ERPs from 42 RPs, representing an increase of 16% in registered ERPs as compared to 4,316 registered ERPs in 2015. A total of 4,242 or 84% of the ERPs were active while the remaining 782 were no longer conducting any permitted capital market activities.



# Market Intermediaries and Talent Pipeline Development

## Development of Industry Competency Framework for the Malaysian Capital Market

Development work for the Industry Competency Framework (ICF), which was conceptualised in 2014, progressed steadily in 2015. The ICF, aimed at outlining the required knowledge, attitude and regulatory, technical and behavioural skills for all regulated and permitted capital market activities, will serve as a guide to raise standards in human capital development and support industry growth upon its completion in 2016.

Conceptualised to be industry-driven, globally benchmarked and forward-looking, the ICF can be used by intermediaries as a reference guide for talent management, including employee selection, performance management, promotion, rewards and recognition, training and development, certification and succession planning. The ICF will also be aligned and integrated into the existing Continuing Professional Education (CPE) framework to facilitate the continuous development of competencies and capacity building initiatives.

The ICF, which includes elements such as performance criteria, learning outcomes and development guide, will also form the basis for SIDC’s learning curriculum, fit-for-purpose learning and development solutions, capital market qualifications and SC Licensing Examinations.

In developing the ICF, SIDC worked closely with the industry and held numerous meetings and discussions with intermediaries. Eight Focus Group Discussion (FGD) sessions were held to gather qualitative information on all permitted and regulated capital market activities, and were attended by a total of 152 industry participants. SIDC also shared the initial findings from the FGD sessions with the intermediaries via eight panel interview sessions.



SIDC conducted an ICF industry engagement session-cum-*Majlis Berbuka Puasa* in July 2015 to share the ICF objectives and obtain further industry feedback in developing the framework. The industry engagement session was well attended by 120 guests consisting mainly of senior management including the C-suite, heads of department and HR practitioners. We also approached various stakeholders, including the SC, Bursa Malaysia Berhad and heads of industry associations to gain a deeper understanding of the future vision and strategic drivers impacting human capital requirements for the capital markets industry.

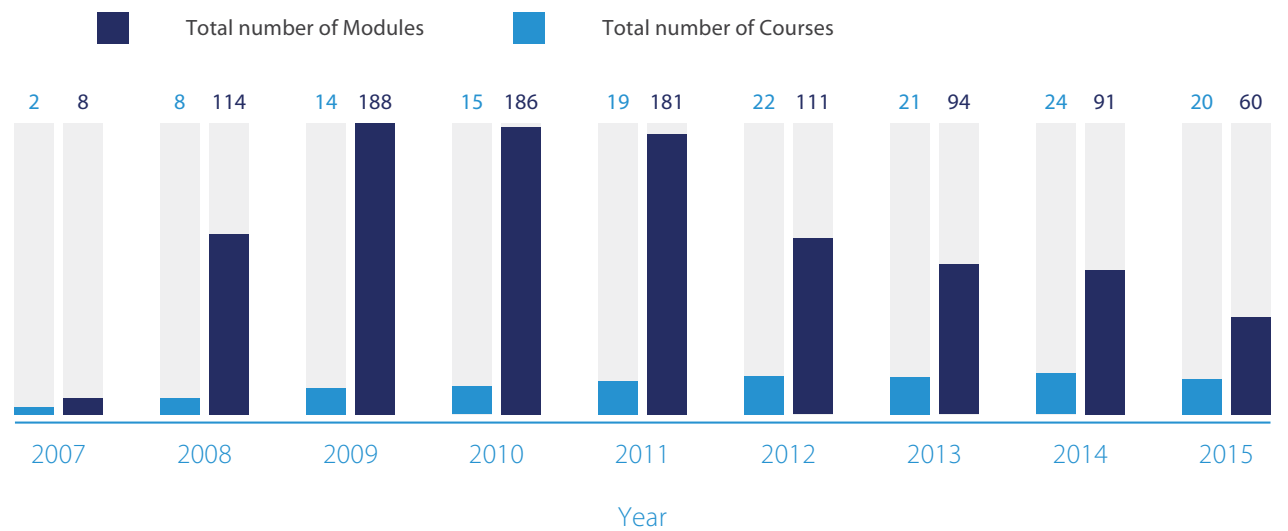
Industry working committees comprising representatives from SIDC, the SC, market institutions and industry associations will be established for each of the regulated activities at a later stage to review and validate the ICF content. A high-level industry panel will also be set up to provide advice on the overall implementation of the framework.

## Industry Transformation Initiative (ITI)

The Industry Transformation Initiative (ITI) is a structured continuing education programme to develop or increase the capital market knowledge, problem-solving skills and technical skills of Capital Markets Services Representative’s Licence (CMSRL) holders, and to broaden their professional competence so that they can provide better service to their clients. Since 2007, more than 100,000 participants\* have benefited from the programme funded by the Capital Market Development Fund (CMDf).

With the impending completion of the ITI, in 2015, SIDC delivered a total of 60 ITI courses covering 20 modules to 6,974 participants\*. Consistent with previous years, the courses achieved “Good to Excellent” participant ratings, a reflection of the programme’s long-standing quality. The success of the ITI will be sustained through new programmes to be developed based on the Industry Competency Framework, which will be introduced in 2016.

## No. of ITI Courses Organised from 2007 to 2015



\*These figures include the multiple counting of participants who attended more than one course.



# Market Intermediaries and Talent Pipeline Development

Industry Transformation Initiative (ITI) Courses Conducted in 2015

No.	Modules	Course Title	Number of Courses	Number of Participants
1	EQ01	Economics and Capital Markets I: Forces Shaping the Global Capital Markets	10	971
2	EQ02	Essentials of Fundamental Analytics I: Analysing Company Performance	6	496
3	EQ03	Corporate Strategic Analytics I: Essentials of Corporate Proposal Analysis	8	589
4	EQ04	Corporate Governance and Ethics: Strengthening Professionalism Through Ethics	8	528
5	EQ05	Economics and Capital Markets II: Macroeconomic Analytics – Clues to the Future	2	175
6	EQ06	Essentials of Fundamental Analytics II: Creating a Framework for Sector Analysis	1	42
7	EQ07	Corporate Strategic Analytics II: Value Creation Strategies & Take-over Analysis	1	291
8	DA01	Structured Products and Hybrids I: Framework and Concepts	1	33
9	DA02	Options and Futures I: Principles and Valuations	2	163
10	DA03	Risk Management: Analysing Risks in Derivatives Trading	1	52
11	DA05	Options and Futures II: Trading & Hedging Strategies	3	379
12	DE01	Debt Capital Market: Understanding the Bond Market	1	224
13	FP01	Financial Planning: Putting Theory into Practice	2	442
14	FP02	Financial Planning: The Practice of Wealth Management	2	461
15	ICM01	Islamic Capital Market: Financial Philosophy & Jurisprudence	1	142
16	ICM02	Islamic Capital Market: Islamic Equity Products	4	740
17	ICM03	Islamic Capital Market: The Sukuk Market	3	778
18	ICM04	Islamic Capital Market: Islamic Structured Products	1	115
19	PM01	Portfolio Management: Designing an Equity Strategy	2	329
20	PM02	Portfolio Management: In Pursuit of Performance and Returns	1	24
Total			60	6,974

## Customised Programmes

In 2015, SIDC increased our focus on producing customised programmes to suit specific talent development needs of corporate clients, providing capital market professionals with fit-for-purpose learning from beginner to advanced levels to ensure they have the knowledge and capability to compete better in a dynamic environment. Through relationship building and deepened understanding of the industry, we were able to increase our value proposition as the capital market’s leading learning solutions provider and to achieve positive response towards such targeted training. The popular customised programmes in 2015 included:

- Capital Market and Fund Raising
- 2015 Economics and Market Outlook For Investment Strategy
- Mergers and Acquisition - Value Creation and Challenges
- Portfolio Management Techniques
- Understanding Cross Border Trading and Operations
- Financial Statement Analysis and Funds Investment Management
- Appreciation Course on Islamic Treasury Products (A Back Office Perspective)
- Islamic Capital Market: Islamic Risk Management
- Financial Modelling

## Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA) 2001

Seven sessions of the programme were conducted for 279 participants during the year. Rated “Good” by participants, this essential programme provides industry practitioners with an insight into the Act and Guidelines covering the legal and regulatory obligations, issues and best practices, as well as their implications to Participating Organisations (POs). By raising capital market intermediaries’ awareness, alertness and proactive vigilance towards different methods and processes of money laundering and terrorism financing, the programme contributes to the effectiveness of the AMLATFPUAA 2001.

## ASEAN Market Programme Series

The ASEAN Market Programme Series focuses on the growth of ASEAN capital markets highlighting recent and current developments in the region. It looks at the economic developments in the region by providing updates on the growth of its capital markets and economic trends. It also presents cross-border investment opportunities and discusses the future of ASEAN as a single integrated economic community.

The series looks in depth into the current developments in the ASEAN region including its economic outlook, capital markets prospects and opportunities and the challenges and risks that it faces as a region in the current global economic environment in serving the various groups of regional and global investors. The first programme of five in the series, entitled ‘Investing in the ASEAN Markets’, was attended by 109 participants and achieved a “Good” rating.

## Compliance Matters Series

The recent post–financial crisis landscape of the capital market places regulatory compliance under greater scrutiny than ever before. Absence of an effective compliance risk management framework exposes a financial institution’s customers, shareholders, employees and the financial institution itself to serious risks.

In view of this, SIDC launched the Compliance Matters Series I and II programmes to address the compliance challenges faced by compliance officers in discharging their duties and responsibilities, helping them to recognise and deal with the issues appropriately. The programmes were well received by participants and obtained “Good to Excellent” ratings.

# Market Intermediaries and Talent Pipeline Development

## Understanding GST and Its Impact on the Financial Services

The Goods and Services Tax (GST) was implemented in Malaysia on 1 April 2015, affecting businesses in the entire value chain. Getting acquainted with the GST mechanics was expected to take time, and to address the topic particularly in relation to the activities of the capital market, this one-day programme was conducted to enable participants to understand the principles and scope of GST, particularly its impact on financial services. Attended by 85 participants in total, the programme received “Good to Excellent” average participant ratings.

## Familiarisation Programme for Registered Representatives (FPRR)

### i) Equity Stream

This Familiarisation Programme for Registered Representatives (FPRR) comprises two workshops, FPRR 1 and FPRR 2. It is designed to facilitate a Registered Representative (RR) in becoming a full-fledged licensed Dealer’s Representative (DR) via a fast-track route introduced by the SC. Participants were required to take daily assessments to gauge their level of understanding and knowledge acquisition. Two sessions of FPRR 1 comprising 42 participants in total were conducted in 2015, while one session of FPRR 2 was delivered for 36 participants who fulfilled the requirements.

### ii) Fund Management Stream

This new two-day Familiarisation Programme for Fund Management (FPFM) is designed to provide Fund Management Representatives with a clear understanding of the fundamentals of fund management institutions in Malaysia, portfolio performance report, marketing techniques, strategies for financial products and deal-closing with prospective clients. A total of 16 participants attended the inaugural programme and were required to undergo an assessment to gauge their level of understanding and knowledge acquisition.

## Dual Licensing Fast Track Programme

This intensive course, jointly organised by SIDC and Bursa Malaysia Derivatives (BMD), is specially designed for Capital Markets Services Representative’s Licence (CMSRL) holders intending to achieve dual licence status for dealing in securities and trading in futures contracts. The three conducted sessions of this programme earned “Good to Excellent” average ratings from the 81 participants who attended.

## Bumiputera Dealer Representatives Education Fund (BDREF)

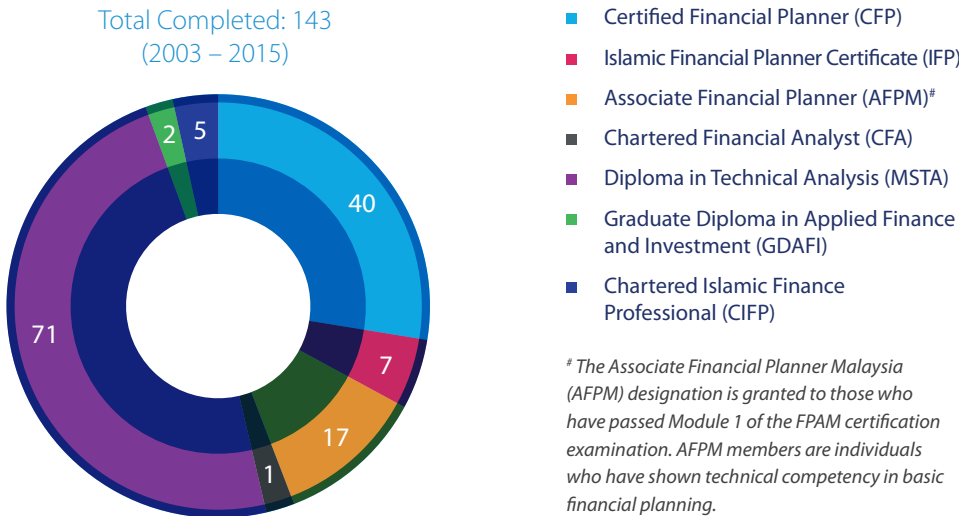
The Bumiputera Dealer Representatives Education Fund (BDREF) aims to equip the capital market with an enhanced pool of professionally qualified Bumiputera dealer’s representatives by providing them full financing for relevant professional qualification courses and/or short courses to improve their technical knowledge and skills.

In 2015, 40 applications were approved by the BDREF Education Committee to enrol into the following professional courses:

- i. Chartered Financial Analyst (CFA)
- ii. Diploma in Technical Analysis (MSTA)
- iii. Chartered Islamic Finance Professional (CIFP)/ Masters in Islamic Finance Practice (MIFP)

## BDREF Participants with Professional Qualifications as at 31 December 2015

A total of 143 BDREF participants have successfully completed the following professional courses between 2003 and end-2015:



In addition, non-examination-based programmes or short courses approved for BDREF funding in 2015 benefited 716 Bumiputera remisiers and dealer’s representatives.

## Non-Examination-Based BDREF Programmes in 2015

Courses	Number of Participants
Industry Transformation Initiative (ITI)	87
Association Of Stockbroking Companies Malaysia (ASCM) – Communication	23
ASCM – Fundamental Analysis	30
Persatuan Remisier Bumiputera (PRIBUMI) – Train the Trainer	25
PRIBUMI – Technical Analysis	436
PRIBUMI – Ethics and Governance	15
PRIBUMI – Fundamental Analysis	80
PRIBUMI – Mathematical Approach for Derivatives Trading	20
Total	716

# Market Intermediaries and Talent Pipeline Development

## Bumiputera Training Fund (BTF)

The Bumiputera Training Fund (BTF) encourages active Bumiputera participation in the stockbroking industry and aims to improve the trading knowledge and skills of all Bumiputera employees in the stockbroking industry, inclusive of management, licensed representatives, executives and support staff.

The fund is approved to upgrade the competencies of Bumiputera employees in stockbroking companies in the following identified areas and respective weightages: Leadership and Management (30%), Technical Knowledge in Regulations and Development (40%) and Personal Effectiveness (30%).

In 2015, a total of 353 participants underwent BTF-funded courses including the Advanced Business Management Programme (ABMP), Islamic Markets Programme (IMP), the Compliance Matters Series, Industry Transformation Initiative (ITI) programmes and Personal Effectiveness programmes.

## Consultancy Projects

Yayasan Peneraju Pendidikan Bumiputera's CCoFIA Programme

A major consultancy project undertaken by SIDC in 2015 was the development and implementation of Yayasan Peneraju Pendidikan Bumiputera (YPPB)'s Peneraju Profesional: Capital Markets Services Representative's Licence (CMSRL) in Corporate Finance and Investment Advice (CCoFIA) programme. Through the CCoFIA programme, SIDC aims to produce 30 Bumiputera licensed CMSRL holders for YPPB to fulfil the country's vision of having a sufficient pool of qualified and competent Bumiputera talents capable of contributing significantly to the Malaysian capital market and the economy.

## Capital Market Capacity Building Appraisal

SIDC in collaboration with the SC also undertook a holistic appraisal of capital market capacity building institutions and initiatives, which involved identifying types of job groups in the capital market and analysing the sufficiency of the current number of capacity building initiatives for each job group. The observations, taking into account the capital market's technical, regulatory and product development courses/programmes, enabled the identification of the range of programmes offered by various institutions in the capital market, gaps and ways to improve the capabilities and competencies of capital market intermediaries.



## B. TALENT PIPELINE DEVELOPMENT

### Islamic Capital Market Graduate Training Scheme (ICMGTS)

SIDC supports the SC in the end-to-end running and delivery of the Islamic Capital Market Graduate Training Scheme (ICMGTS), from conducting talent assessments for candidate selection right through to matching ICMGTS graduates with potential employers. In 2015, the scheme trained a total of 80 graduates through two intakes. The programme, in its eighth year, has produced a total of 521 ICMGTS graduates through 13 intakes. The industry has continuously expressed their confidence and shown strong support in ICMGTS for producing forward-thinking professionals with sound technical knowledge and good communication skills. This is reflected through the high percentage (85%) of ICMGTS alumni employed by the industry since the programme began in 2009.

### Graduate Representative Programme (GRP1000)

The SC's Graduate Representative Programme (GRP1000), developed in collaboration with industry players, is a comprehensive graduate programme that is specially designed to train, develop and coach young talents who are interested to be part of Malaysia's capital market. On behalf of the SC, SIDC developed and conducts two training programmes for the GRP1000: the GRP1000 Preparatory Programme and the GRP1000 Training Programme. The GRP1000 Preparatory Programme is aimed at equipping graduates with prerequisite knowledge of the capital markets industry and its career opportunities, and helping them prepare for job interviews specifically on Derivatives, Equities, Corporate Finance & Investment Advisors and Fund Management. Twelve sessions of the GRP1000 Preparatory Programme were held in 2015, benefitting 173 participants. SIDC also conducted three sessions of the GRP1000 Training Programme – a comprehensive 24-day programme developed to prepare graduates with the necessary technical and soft skills and equip them with the required knowledge to become licensed persons for dealing in securities and derivatives – for 30 participants.



# Directors Training

*With the launch of the Capital Market Director Programme, SIDC expanded its offering of programmes for board directors and the C-suite to equip them with the necessary skills and competencies to carry out their duties in protecting and driving shareholders' value. We also continued our strategic industry collaborations and partnerships with major institutions to reinforce our name as a leading corporate governance learning solutions provider for the capital market.*



## Capital Market Director Programme

The Capital Market Director Programme (CMDP) is an exclusive platform for board directors and senior leaders of licensed intermediaries to obtain the knowledge, skills and attributes to influence and fully contribute to the pursuit of excellence in corporate governance. The programme is also designed to allow participants to explore and deliberate on pertinent issues affecting the industry from multi-stakeholders' perspectives. Consistent with the Capital Market Masterplan 2 (CMP2), the programme aims to strengthen intermediation standards and capabilities of directors of licensed intermediary firms.

The CMDP, which was introduced in May 2015, is compulsory for all directors of Capital Markets Services Licence (CMSL) holders for dealing in securities, dealing in derivatives and fund management in relation to portfolio management. The programme comprises four modules and was designed with valuable inputs and feedback from various industry engagements such as focus group discussions and a closed consultation paper.

The introduction of real-life case studies based on the SC's enforcement actions as supplementary learning materials added relevance and currency to the programme's topics. iPads are used as environmentally friendly learning aids instead of printed notes taking into consideration directors' busy and mobile lifestyle and the impact this has on their learning preference.

A total of 13 batches were conducted in 2015. These sessions were attended by 313 individual participants, of whom 227 have completed the requisite modules. Feedback obtained from the participants indicated the programme is well received – achieving an average rating of “Good to Excellent” – and the information gained is useful to their work.

To maintain a connection with past participants and to encourage directors to network and share leadership ideas through exclusive events, the CMDP alumni group was also established during the year. The first CMDP alumni workshop ‘Doing Business in a Responsible Way’ was organised in November 2015, facilitated by global advisory and investment firm KordaMentha and attended by 32 alumni.

## Corporate Governance-related Activities

SIDC's successful corporate governance training collaboration with Bursa Malaysia Berhad led to the delivery of four programmes in 2015, which included ‘Corporate Governance Statement Reporting’ and ‘The Interplay between CG, NFI and Investment Decision – What Boards of Listed Companies Need to Know’ workshops for directors of public-listed companies. SIDC was also responsible for the delivery of ‘Subsidiary Company Directors: Know Your Roles; Protect Your Rights’, a panel discussion on the role of directors of subsidiary companies and coping strategies or resolutions to challenges and dilemmas encountered while serving on boards of subsidiary companies. In addition, a directors programme entitled ‘Corporate Governance: Risk, Oversight and Strategy’ which provided a clear overview in enabling the participants to deal with various clients, current trends and transactions in regard to AMLATFPUAA 2001 was also conducted.

SIDC continued its collaboration with Institut Tadbiran Awam Negara (INTAN) and Institut Integriti Malaysia (IIM) to offer the Corporate Director Leadership and Integrity Programmes (CDLI) in 2015. Close to 100 senior civil servants and/or members of board of directors of government-owned companies (federal and state) completed the programme.

Further, SIDC provided expert input to two national-level corporate award schemes – the Malaysia Sustainability Reporting Awards (MaSRA) 2015 by the Association of Chartered Certified Accountants (ACCA) and the MSWG ASEAN Corporate Governance Award 2015 by the Minority Shareholders Watchdog Group (MSWG).

In addition, as a consulting firm recognised by the IIM to advise companies that have signed the Corporate Integrity Pledge under the Corporate Integrity System Malaysia (CISM) government initiative, SIDC completed assessments for two listed companies, Chemical Company of Malaysia Berhad (CCM) and Malaysia Airports Holding Berhad for the year.

## Advanced Business Management Programme

The Advanced Business Management Programme (ABMP) is a three-day residential programme jointly developed and organised by SIDC and the Institute of Management Development (IMD), Lausanne, Switzerland. Targeted at board members and top management of companies, it provides a platform for participants to share knowledge and experience, discuss real issues, and identify implementable business solutions.

The eighth ABMP, entitled ‘Governance and Strategy for Superior Performance’, was conducted by IMD's world-class faculty at Shangri-La's Tanjung Aru Resort and Spa, Kota Kinabalu, Sabah, on 25–27 May 2015 for 16 participants.

This year, the fully redesigned programme used brand new sessions and materials (ICBC, Standard Chartered, Twitter, Tata and Samsung case studies, etc.) to scrutinise the transformations best-in-class organisations are managing in front of the dramatic changes occurring in the world, paying attention to global trends in technology and society and how these are impacting business, key success factors and key areas of failures in governance, strategic choices and business model variations, and the stewardship ability to focus organisations on long-term positive social impact while driving good business.

As with previous years, the programme's strength and relevance was validated by the high “Good to Excellent” rating received from participants.



# Investor Education

*In fulfilling the SC's investor education agenda, SIDC collaborated with various participating organisations in the industry to deliver relevant, empowering and customised learning experiences for different target segments. This resulted in more knowledgeable and prudent capital market investors who are able to make the right investment decisions.*



## Implementing Partner for SC's InvestSmart Initiative: Investing Made Simple

The SC continued to entrust SIDC to conduct InvestSmart activities, the comprehensive investment literacy outreach campaign under the SC's Investor Empowerment initiative to enable more confident and informed retail participation in the capital market. Via a comprehensive line-up of InvestSmart seminars, SIDC reached out to potential and existing investors, rural and urban communities, private and public sector employees as well as school and university students to provide them with investment information, techniques and knowledge.

Through the Kids & Cash and Teens & Cash programmes, we inculcated a money management culture and introduced the basics of investing to 2,243 school children. We also organised financial capability programmes for 4,171 members of the public in the form of seminars for Women, Rural Communities and Blue Collar Workers as well as university students. The fourth quarter of 2015 saw the Money@Work seminar being replaced with a new 'Train and Reach' seminar, a financial and wise investing seminar tailored for teachers and educators which was attended by 538 participants.

SIDC also engaged prominent subject matter experts (SME) and industry practitioners to speak at the Stock Market and Unit Trust for Retail Investors roadshows. Reaching out to 4,127 Stock Market and Unit Trust Seminar participants in total, SIDC increased awareness on the importance of informed investing and the investment pitfalls and risks that the public should be cautious of. Many participants sought the SMEs' views on global issues related to investing, as well as the more technical aspects of retail participation in the capital market.

Another key responsibility of SIDC was to conduct a series of investor education seminars during the InvestSmart Fest 2015, a three-day public event organised by the SC at the Mid Valley Exhibition Centre,

Kuala Lumpur which brought together government agencies, capital market institutions, associations and providers of capital markets products and services under one roof. A total of 1,459 people attended the seminars, which received a "Good to Excellent" average rating.

An analysis of SIDC's InvestSmart investor education programmes evaluation results showed that the average rate of increase in knowledge per individual is 36% based on factors such as interest level to invest or increased investment, money management and financial planning knowledge and skills as well as knowledge and skills in making investment decisions.

For behavioural changes, 83% of non-investing participants were interested to start saving, 96% of currently investing participants would like to increase their investments, while 33% of the two groups would like to diversify their investment portfolio. Overall, 68% would start investing or make additional contributions to their investment(s) about 1-6 months after attending the programme.

### InvestSmart Website

The InvestSmart website ([www.investsmartsc.my](http://www.investsmartsc.my)) was regularly promoted on various media throughout the year. Through InvestSmart, SIDC further strengthened its role as a provider of investor education. The streamlined information, vibrant look and feel as well as innovative and useful content from new providers for the website were well received by the public, resulting in an average monthly hit rate of 2.370 million and 28.443 million hits for the year.

### Media Insertions and Leaflet Distribution

A total of 26 media articles were published in various local print and digital media such as *Personal Money*, *Money Compass*, *Financial 1st* and [www.imoney.my](http://www.imoney.my). The media articles focused on a wide range of topics, educating the public on wise investing, money management, protection from scams, investors' rights and more.



A total of 350,000 InvestSmart 'Getting Started in Unit Trust Investing' leaflets were printed and distributed centrally in *The Star* newspapers in June and December 2015 respectively. The districts that received the leaflets were Kuala Lumpur, Selangor, Port Dickson and Seremban respectively.

## Cross-Border Knowledge Sharing on Investor Education

In May 2015, SIDC was invited to share its comprehensive investor education experience at the Asia-Pacific Economic Cooperation (APEC) Capacity Building Programme on Investor Protection Challenges of Cross-Border Collective Investment Schemes (CIS) for securities regulators in Singapore. During the 'Investor Empowerment – Investor Education Initiatives' session, SIDC gave a presentation on improving people's financial wellbeing through investor education and behavioural change.

# International Regulators Programmes and Consultancy

*SIDC built business relationships with new international organisations while continuing to earn the trust and support of existing clientele in collaborations on various learning and development initiatives targeted at international capital market regulators.*

## Asian Region Funds Passport (ARFP) Capacity Building Initiative

SIDC’s strong partnership with the Australian Treasury over the years has enabled the continuation of the APEC capacity building series, whereby the Australian Treasury project-manages and leads this activity as a fundamental exercise of the Asian Region Funds Passport (ARFP) initiative while the management and delivery of capacity building is undertaken by SIDC, with the assistance of the Australian Department of Foreign Affairs and Trade (DFAT), and the technical and policy expertise of the Australian Securities and Investments Commission (ASIC).

### a. Jakarta

The first part of the APEC capacity building programme ‘Targeted Technical Assistance to Inform the Development of Indonesia’s Policy and Position on Potentially Joining the Asia Region Funds Passport’ was held on 14-15 April 2015 in Hotel Borobudur, Jakarta. The programme was attended by 25 participants from the Ministry of Finance, Indonesia, Otoritas Jasa Keuangan (OJK) Indonesia and Bank Indonesia. Part Two of the programme was planned for November 2015 in Kuala Lumpur.

### b. Singapore

An APEC multilateral capacity building programme titled ‘A Training Workshop on Investor Protection Challenges of Cross-Border Collective Investment Schemes (CIS)’ was held on 27 and 28 May in Swissotel, The Stamford Hotel Singapore. Twenty participants from targeted economies (Thailand, Indonesia, Vietnam and the Philippines) attended this workshop.



### c. Hanoi

The first part of this APEC capacity building programme titled ‘Targeted Technical Assistance to Develop Vietnam’s Capacity in Regulating the Funds Management Industry to Potentially Join the Asia Region Funds Passport’ was held on 6 and 7 August 2015 in Hanoi.

This focused two-day technical consulting workshop was attended by nine officers of the fund management department of the State Securities Commission of Vietnam (SSC). Malaysian experiences in fund management regulation were shared and the SSC’s supervision methodologies discussed. The workshop also assisted the SSC fund management team in reviewing their current internal processes and their methods of fund industry supervision.

Part 2 of this programme is proposed to be held in Kuala Lumpur in the first quarter of 2016.

### d. Kuala Lumpur

The APEC capacity building programme ‘Targeted Technical Assistance to Inform the Development of Indonesia’s Policy and Position on the Asia Region Funds Passport (PART 2) - Development of the Fund Management Industry for the Facilitation of Cross-Border Issuances’ is the continuation of the Jakarta workshop of April 2015.

Held in the Securities Commission Malaysia (SC) from 24 to 27 November 2015, the workshop welcomed 15 participants from the Ministry of Finance, Indonesia, Otoritas Jasa Keuangan (OJK) Indonesia and Bank Indonesia, where they were updated on current global and regional development in corporate governance matters and the evolving regulation and supervision of collective investment schemes.

Based on the findings and comments from the Jakarta workshop, the second part of the programme assisted Indonesia in addressing specific policy and reform barriers that would help them participate in the ARFP in the future.





# International Regulators Programmes and Consultancy



## Islamic Markets Programme

The 10th Islamic Markets Programme (IMP) themed ‘Revving Up Islamic Finance to the Next Phase of Growth and Development’ was held at the SC from 7 to 10 September 2015. This year, the well-established SC flagship programme was the platform for vibrant discussions on emerging product innovation trends, appropriateness of facilitative governance frameworks and its supervisory oversight challenges, allowing participants to engage directly with subject matter experts and to evaluate the underlying value proposition of the Islamic finance industry and the shared value creation initiatives that are reshaping the Islamic finance landscape. The programme attracted a total of 50 participants representing foreign and local Islamic finance industry players. Participating countries included Taiwan, Hong Kong, Brunei and Malaysia.



## New Relationships

### SIDC-COMCEC: ICM in Dubai

SIDC worked with the SC and the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) to organise and conduct two workshops on Islamic capital market (ICM) for member countries of the Organisation of Islamic Cooperation (OIC). The two specialised workshops targeting different levels of ICM development in various OIC jurisdictions were held back-to-back from 31 May to 4 June 2015 at the Crowne Plaza in Dubai, United Arab Emirates.

A total of 25 participants attended the level 1 introductory workshop while 27 participants attended the level 2 advanced workshop. The programme’s primary objective was to enhance participants’ understanding of ICM and to complement their efforts in strengthening the institutional skills of regulatory and supervisory authorities, particularly for middle-to-senior level management responsible for the development of ICM in their respective jurisdictions.

## Toronto Centre Partnership

The SC together with SIDC, in partnership with Toronto Centre, the Global Leadership in Financial Supervision, organised a 1½-day conference titled ‘Crisis Management – Prepare-Respond-React!’ on 15-16 October 2015 at the SC building. The conference explored the importance of crisis preparedness to ensure the maintenance of financial system integrity, business continuity, customer protection, and fair and open markets in an increasingly connected global environment. It was attended by 93 participants from the industry and the SC.



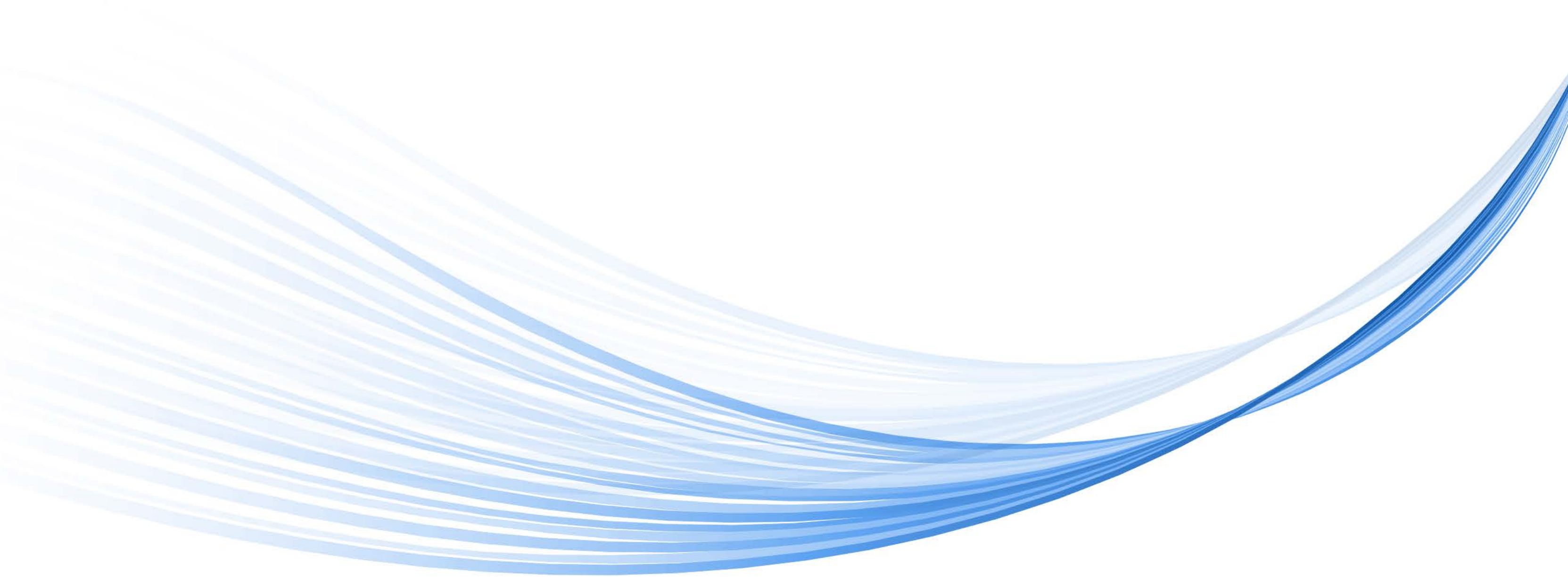
Strengthening our affiliation with Toronto Centre, SIDC will be undertaking a more prominent role in two upcoming programmes on Crisis Management as part of our future training collaborations.

## Malaysian Technical Cooperation Programme (MTCP) Initiatives

‘Islamic Equity Market - Prospects and Challenges for ASEAN and OIC Member Countries’ is a Government-to-Government (G2G) programme initiated under the Malaysian Technical Cooperation Programme (MTCP) and delivered by SIDC. The five-day programme formed part of the commitment of the Malaysian Government towards the promotion of technical cooperation among developing countries. Participants were exposed to the application of Islamic finance in the Islamic capital market in relation to the diversity of Islamic equity products, and given insights on how the ASEAN and OIC markets could take advantage of Islamic equity instruments to promote a more robust business growth. The highly rated programme was attended by 16 participants from 10 different countries, namely Bangladesh, Guinea, Maldives, Mauritania, Morocco, the Philippines, Tajikistan, Thailand, Timor Leste and Uzbekistan.

SIDC also participated in MTCP’s capacity building needs fact-finding mission to Myanmar and Lao PDR on 18-24 October 2015 led by the International Cooperation and Development Division of the Ministry of Foreign Affairs Malaysia. Myanmar and Lao PDR are keen to develop their respective capital markets and are looking forward to work with experienced organisations like the SIDC to assist in building and developing human capital competencies for their respective securities commissions.

**2015**  
At a Glance





# SIDC Training Programmes

in 2015



Programme	Target Audience	Number of Participants
SC Licensing Examination Preparatory Course (Modules 6, 7, 9, 10, 12, 16 and 19)	<ul style="list-style-type: none"><li>Candidates preparing for modules offered in the SC Licensing Examinations</li><li>New entrants to the capital market industry</li><li>Employees of stockbroking and investment firms</li></ul>	547
Industry Transformation Initiative (ITI) courses (various modules)	<ul style="list-style-type: none"><li>Capital Markets Services Representative's Licence (CMSRL) holders</li><li>Public</li></ul>	6,974*
Customised Programmes	<ul style="list-style-type: none"><li>Participants who are required to meet specific learning objectives and/or in-house training requirements specified by the client</li></ul>	310
Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA) 2001	<ul style="list-style-type: none"><li>All licensed and unlicensed employees of Participating Organisations (POs)</li></ul>	279
ASEAN Market Programme Series	<ul style="list-style-type: none"><li>Dealer's representatives, analysts, and fund managers</li></ul>	109
Compliance Matters Series	<ul style="list-style-type: none"><li>Compliance Officers/Managers and their deputies</li><li>Staff involved in risk functions and internal compliance controls</li><li>Internal auditors</li><li>Those interested in learning more about compliance</li></ul>	77
Understanding GST and Its Impact on the Financial Services	<ul style="list-style-type: none"><li>Those interested in understanding the impact of GST on financial services</li></ul>	85
Familiarisation Programme for Registered Representatives	<ul style="list-style-type: none"><li>Two new categories of Registered Representatives (RRs), i.e. Trading Representatives (TRs) and Introducing Representatives (IRs)</li></ul>	94
Dual Licensing Fast Track Programme	<ul style="list-style-type: none"><li>Experienced CMSRL holders intending to achieve dual licence status for dealing in securities and trading in futures contracts</li></ul>	81
Malaysian Technical Cooperation Programme (MTCP) programme: 'Islamic Equity Market- Prospects and Challenges for ASEAN and OIC Member Countries'	<ul style="list-style-type: none"><li>Government officials and senior regulators who are involved in financial industry and Islamic equity;</li><li>Financial industry practitioners and academicians who are involved in Islamic equity market.</li></ul>	16

Programme	Target Audience	Number of Participants
Islamic Capital Market Graduate Training Scheme (ICMGTS)	<ul style="list-style-type: none"><li>High-calibre Malaysian citizens aged 30 and below with outstanding degrees in relevant fields from recognised universities</li></ul>	80
GRP1000 Training Programme	<ul style="list-style-type: none"><li>Malaysian citizens aged 21-30 years with degree qualification or 1-2 years' professional work experience</li></ul>	30
GRP1000 Preparatory Programme	<ul style="list-style-type: none"><li>Malaysian citizens aged 21-30 years with degree qualification or 1-2 years' professional work experience</li></ul>	173
Capital Market Director Programme (CMDP)	<ul style="list-style-type: none"><li>Directors (and other strategic personalities) of licensed intermediary institutions</li></ul>	313
CMDP Alumni Workshop: 'Doing Business in a Responsible Way'	<ul style="list-style-type: none"><li>CMDP alumni</li></ul>	34
Corporate Governance programmes	<ul style="list-style-type: none"><li>Directors</li><li>Senior management</li><li>CMSRL holders</li><li>Investment managers</li><li>Compliance and risk managers</li><li>General public</li></ul>	302
Advanced Business Management Programme	<ul style="list-style-type: none"><li>Board of Directors</li><li>CEOs and senior personnel of companies</li><li>Regulators</li></ul>	16
APEC-SIDC Capacity Building Programme: 'Asian Region Funds Passport (ARFP) Capacity Building Initiative'	<ul style="list-style-type: none"><li>Capital market regulators of participating APEC economies</li></ul>	69
10th Islamic Markets Programme 'Revving Up Islamic Finance to the Next Phase of Growth and Development'	<ul style="list-style-type: none"><li>Local and international regulators</li><li>Conventional bankers</li><li>CMSRL holders</li><li>CEOs and senior personnel of companies</li><li>Staff of government agencies</li><li>Shariah lecturers or graduates</li></ul>	50
SIDC-COMCEC Workshops: ICM in Dubai	<ul style="list-style-type: none"><li>Middle-to-senior level management responsible for the development of ICM in member countries of the Organisation of Islamic Cooperation (OIC)</li></ul>	52
Toronto Centre Partnership: 'Crisis Management – Prepare-Respond-React!' Conference	<ul style="list-style-type: none"><li>Senior and middle managers</li><li>Risk management professionals</li><li>Regulators</li></ul>	93
SIDC Conference for Leaders	<ul style="list-style-type: none"><li>CEOs, senior personnel of companies</li></ul>	130
Total		9,914

\* This figure includes the multiple counting of participants who attended more than one course.







# CSR 2015

## Extending a Helping Hand to Improve Lives of Flood Victims

When severe flood waters inundated the East Coast at the end of 2014 and created a major humanitarian crisis, Malaysians from all walks of life rallied around the victims, providing aid relief, donations, contributions and assistance to rebuild their lives and homes.

As a caring organisation, SIDC also played our part by organising a CSR activity in Kampung Chenor, Temerloh, Pahang in January 2015 to help flood-stricken villagers with house cleaning and house painting. A donation drive to collect used furniture and household items for the victims was also held as a follow-up CSR effort.

In addition, SIDC participated in the SC's initiative to provide basic school necessities to affected families at the start of the 2015 school year, donating new school uniforms and stationeries to the good cause.

At Sekolah Kebangsaan Kuala Tahan in Pahang, life for its 340 students slowly returned to normalcy after their school was devastated by floods in December 2014. However, the destroyed computers in the computer lab were yet to be replaced, leaving students without the useful learning aids indefinitely.

When SIDC found out about the situation, we organised a visit to the school in December 2015 to donate 10 used office computers. School officials were highly appreciative of the gesture, which enabled them not only to re-equip their computer lab at no cost so that students could once again benefit from computer-aided learning, but also to acquire a newer fleet of equipment. An effusive "thank you" to SIDC staff in the form of a rousing *Nasyid* performance by the school children rounded up the memorable visit.

Our CSR itinerary in Pahang also included a visit to a riverside Orang Asli settlement in Taman Negara to donate supplies of rice, cooking oil, children's clothing, diapers and medicines to its residents. Such items are especially essential to the remote and difficult-to-access village in the year-end rainy season.

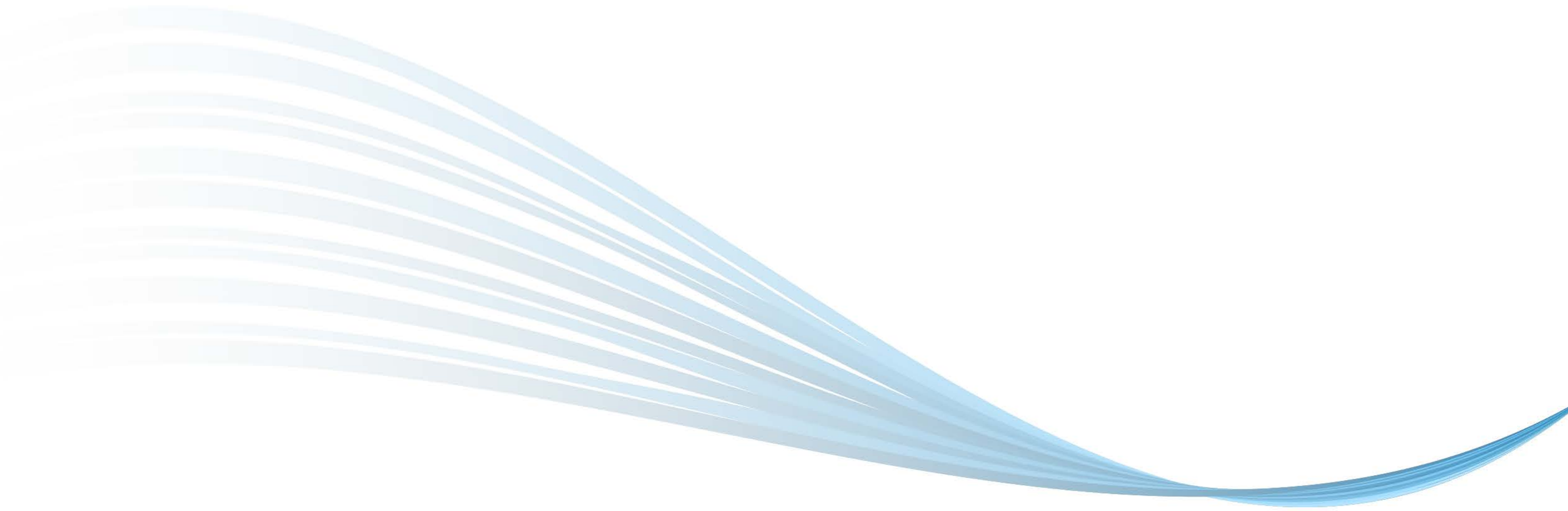
SIDC's CSR activities this year saw SIDC staff volunteering and contributing their own time and money, working hand in hand with the organisation to help flood victims, making the efforts even more meaningful and fulfilling.





# **Our People,**

The Pulse of SIDC



# Board of Directors



Dato' Seri Ranjit Ajit Singh  
Chairman  
Securities Commission Malaysia

Dato' Seri Ranjit Ajit Singh is the Executive Chairman of the Securities Commission Malaysia (SC). He was previously Managing Director of the SC and has extensive experience in the field of finance and securities market regulation and has spearheaded many key initiatives in the development and reform of Malaysia's capital market.

Dato' Seri Ranjit was appointed the Vice-Chairman of the governing Board of the International Organization of Securities Commissions (IOSCO), the global body of capital market regulators and was elected as the Chairman of IOSCO's Growth and Emerging Markets Committee (GEM) which represents 94 countries. In 2014, Dato' Seri Ranjit was appointed Chairman of the ASEAN Capital Markets Forum (ACMF), a body tasked to spearhead market integration efforts within the region and comprises capital market authorities from ASEAN.

Dato' Seri Ranjit chairs the Securities Industry Development Corporation, the Malaysian Venture Capital and Private Equity Development Council (MVCDC) and the Capital Market Development Fund (CMDf). He is also the Vice-Chairman of the Asian Institute of Finance and a member of the Board of the Labuan Financial Services Authority and the Financial Reporting Foundation as well as a board member of the Malaysian Institute of Integrity (IIM).

Dato' Seri Ranjit is trained as a financial economist and accountant. He holds a Bachelor of Economics (Honours) degree and a Master of Economics degree in Finance from Monash University, Melbourne. He was also conferred the degree of Doctor of Laws *honoris causa* by Monash University, Melbourne. He is a fellow of CPA Australia and has worked in academia, consulting and accounting in Australia and Malaysia.



Dato Dr. Nik Ramlah Mahmood  
Deputy Chief Executive  
Securities Commission Malaysia

Dato Dr. Nik Ramlah Mahmood was appointed Deputy Chief Executive of the Securities Commission Malaysia (SC) and member of the Commission on 1 April 2012. She joined the SC in 1993 as Manager of Law Reform and went on to become Director of the Policy and Development Division in 1997. In 2008, she was made Managing Director and Executive Director of the Enforcement Division.

Dato Dr. Nik Ramlah has been instrumental in developing many areas of the capital market. She has extensive experience in areas ranging from regulatory policy, legal reform, product and market development, corporate governance, Islamic capital market, investor education and enforcement.

Dato Dr. Nik Ramlah sits on the boards of the Securities Industry Development Corporation, the Capital Market Development Fund and Capital Markets Malaysia. She is also a member of the Malaysian Venture Capital and Private Equity Development Council (MVCDC) and the Professional Development Panel of the International Centre for Education in Islamic Finance (INCEIF), the global university of Islamic Finance.

Dato Dr. Nik Ramlah holds a First Class Honours in Law from University Malaya and a LLM and PhD from University of London. Prior to joining the SC, Dato Dr. Nik Ramlah was an Associate Professor at the Faculty of Law, University of Malaya.



Datuk Seri Tajuddin Atan  
Chief Executive Officer  
Bursa Malaysia Berhad

Datuk Seri Tajuddin Atan is currently the Chief Executive Officer of Bursa Malaysia Berhad, a post he has held since April 2011 where he is entrusted to develop the exchange into an attractive and competitive marketplace in the region. Prior to helping the Exchange, Datuk Seri Tajuddin was the Group Managing Director of RHB Capital Berhad and the Managing Director of RHB Bank Berhad, the President/Group MD of Bank Pembangunan Malaysia (Malaysia Development Bank) and CEO of Bank Simpanan Nasional (the National Savings Bank). His 17-year career with Bumiputra Commerce Bank included a stint at the bank's New York branch. A dynamic leader with expertise in corporate restructuring, Datuk Seri Tajuddin also has the experience of managing various public listed companies in the areas of property development and construction, shipping and electronics.

Datuk Seri Tajuddin is a director of all the subsidiary companies within Bursa Malaysia Group, where he also serves as Chairman of the Board of Directors of Bursa Malaysia Derivatives and its subsidiary Bursa Malaysia Derivatives Clearing, as well as Chairman of the Board of Governors of Bursa Malaysia Foundation and Chairman of the Exchange Committee of Labuan International Financial Exchange. He also sits on the Board of the Securities Industry Development Corporation and is a member of the Executive Committee of Malaysia International Islamic Financial Centre and the Financial Reporting Foundation.





Tan Sri Dato' Dr. Wan Mohd Zahid  
Chairman  
S P Setia Berhad

Tan Sri Dato' Dr. Wan Mohd Zahid is the Chairman of S P Setia Berhad. He is also the Chairman of the Management and Science University (MSU) and FEC Cables (M) Sdn Bhd. Tan Sri Dato' Dr. Wan Mohd Zahid is a Director of Amanah Saham Nasional Bhd, Perbadanan Usahawan Nasional Bhd and Yayasan Sime Darby. He was formerly the Chairman of Berger International Ltd based in Singapore, and Deputy Chairman of International Bank Malaysia Berhad.

Tan Sri Dato' Dr. Wan Mohd Zahid holds a Bachelor of Arts (Honours) degree from University of Malaya, Masters from Stanford University and PhD from University of California, Berkeley. He underwent a course in business management under the Advanced Management Program at Harvard Business School. He started his career as a teacher, moving up to principal level and eventually held various positions in the Ministry of Education. His last post prior to retirement was as Director-General of Education.



Datuk Chay Wai Leong  
Group Managing Director  
K & N Kenanga Holdings Berhad

Datuk Chay Wai Leong was appointed as the Group Managing Director of K & N Kenanga Holdings Berhad on 17 May 2011. He is also the Managing Director of Kenanga Investment Bank Berhad.

Currently, Datuk Chay serves as a Director of the Securities Industry Development Corporation. In March 2013, Datuk Chay was appointed as an Independent Non-Executive Director of Bursa Malaysia Berhad.

Since his appointment as the Group Managing Director in May 2011, the Kenanga Group has clinched numerous awards in the investment banking, equity broking, asset management, futures broking as well as wealth management business segments.

Prior to his appointment at the Kenanga Group, Datuk Chay was the Managing Director of RHB Investment Bank Berhad and Head of the Corporate & Investment Banking Division of RHB Banking Group.

His previous employment includes Standard Bank, one of South Africa's largest financial groups, Jardine Fleming Securities in Hong Kong and JP Morgan. Datuk Chay started his career in 1987 with Bankers Trust in Singapore.

He holds a Bachelor of Business Administration from the National University of Singapore.



Gerald Ambrose  
Chief Executive Officer, Malaysia  
Aberdeen Islamic Asset Management

Gerald Ambrose is the Chief Executive Officer of Aberdeen Islamic Asset Management Sdn Bhd, the group's Islamic fund management hub. He joined Aberdeen Asset Management in 2005 after the company was selected to be the first licensed foreign-owned fund manager under the government's Special Scheme.

Previously, Mr Ambrose was an institutional sales director covering ASEAN equities at Kim Eng Securities in Singapore, HSBC James Capel in London and BNP Paribas Securities London, the latter sending him to set up the institutional broking operations of its associate, Mohaiyani Securities Sdn Bhd, in 1990. Prior to that, Mr Ambrose served as a submarine officer in the Royal Navy from 1980 to 1987.

Mr Ambrose graduated with an MA (Honours) degree in Land Economy from Pembroke College, Cambridge University. He converted to Islam in 1993.



Angelina Kwan, CPA  
Managing Director and  
Head of Regulatory Compliance  
Hong Kong Exchanges and Clearing Limited

Angelina Kwan is currently the Managing Director and Head of Regulatory Compliance for Hong Kong Exchanges and Clearing Limited. Ms Kwan has over 29 years of experience in Asia and the United States, in business development, restructuring, regulatory/compliance, as well as investor and stakeholder relations. She started her career at KPMG and has held senior management, committee and/or board positions with the Securities and Futures Commission of Hong Kong, and other multinational companies and financial institutes.

Ms Kwan is currently a Hong Kong Government-appointed member of the Women's Commission and the Council for Sustainable Development, a Director and Chairman of the Audit Committee of the Securities Industry Development Corporation of Malaysia, the Vice-Chairman and Director of The Women's Foundation, an Honorary Adjunct Professor of Finance for the Hong Kong Polytechnic University, and serves on a number of other Boards and committees. She lectures frequently for various international government and regulatory organisations as well as course providers.

She is a Certified Public Accountant in the United States and Hong Kong and a graduate of the University of Southern California. Her MBA is from Pepperdine University and LLB with Hong Kong University and Manchester Metropolitan University.



# Senior Management



- 1 Azman Hisham Che Doi (Chief Executive Officer)
- 2 Jennifer Lopez (Director, Corporate Strategy, Brand and Partnerships)
- 3 Sarimah Ramthandin (Director, Business Development and Consultancy)

- 4 Salleh Hassan (Director, Professional Development)
- 5 Sivalingam Navaratnam (Senior General Manager, Consultancy and International Programmes)
- 6 Shirley Chew (General Manager, Industry Insights and Operations)
- 7 Zanaria Marjumin (General Manager, Continuing Education)



### The Backbone of SIDC

"As SIDC's support function, we ensure the organisation is efficiently resourced and run so that our people can work optimally to offer value-added programmes and services to the industry."



### Reaching Out from the Frontline

"In our role, we listen to the industry's talent development needs through communication, engagement and partnerships. This helps SIDC synergise with industry expectations when we deliver our programmes and initiatives."



### Ensuring Competency of Professionals

"We work with the SC and other stakeholders to develop, maintain and administer the SC Licensing Examinations and the CPE secretariat function, which are part of the licensing regime for capital market professionals. We also lead in the development of the industry-driven Competency Framework (ICF) to raise the standards of capital market professionals."

# The SIDC Family

### The Business Development and Consultancy Specialists

"We provide end-to-end learning and development solutions and consultancy in the area of talent development and investor education."



### Our Programme Designers and Developers

"Our understanding of the industry's talent development requirements allows us to design and develop quality programmes that raise the competency of industry professionals, helping them to upskill and remain relevant in the fast-moving business."







# Financial Statements

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# Directors’ Report

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2015.

### Principal Activities

The Company supports the Securities Commission Malaysia (“SC”) and Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in the creation of a vibrant Malaysian capital market. The Company has five principal activities: promotion of investor education (both retail and institutional), training and development of SC-licensed capital market intermediaries, training and development of emerging market regulators, training of directors of public listed companies and development of capital market talent.

### Results

	RM
Net income for the year	<u>4,057,683</u>

### Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

### Directors of the Company

Directors who served since the date of the last report are:

Dato’ Seri Ranjit Ajit Singh  
Datuk Seri Tajuddin Atan  
Dato Dr. Nik Ramlah Nik Mahmood  
Tan Sri Dato’ Dr Wan Mohd Zahid Mohd Noordin  
Datuk Chay Wai Leong  
Gerald Michael Ambrose  
Angelina Agnes Kwan

### Directors’ Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those transactions arising in the ordinary course of business as disclosed in Note 13 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Other Statutory Information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

- i. all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i. that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent, or
- ii. that would render the value attributed to the current assets in the financial statements of the Company misleading, or
- iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or
- iv. not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

- i. any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii. any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2015 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

# Directors' Report

for the year ended 31 December 2015


## Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Seri Ranjit Ajit Singh



Datuk Seri Tajuddin Atan

Kuala Lumpur

Date: 3 May 2016

# Statement of Financial Position

as at 31 December 2015

	Note	2015 RM	2014 RM
<b>Assets</b>			
Plant and equipment	3	504,831	446,962
Other receivable	4	32,795	-
Total non-current assets		537,626	446,962
Trade and other receivables	4	5,723,831	3,609,797
Other investments	5	22,500,000	24,560,000
Cash and cash equivalents	6	875,504	788,340
Total current assets		29,099,335	28,958,137
Total assets		29,636,961	29,405,099
<b>Equity</b>			
Accumulated surplus		18,802,025	14,744,342
Total equity		18,802,025	14,744,342
<b>Liability</b>			
Long-term prepaid expenses	7	10,145,066	13,861,618
Total non-current liability		10,145,066	13,861,618
Trade and other payables	8	689,870	799,139
Total current liability		689,870	799,139
Total equity and liability		29,636,961	29,405,099

The notes on pages 61 to 78 are an integral part of these financial statements.

# Statement of Profit or Loss

and other comprehensive income  
for the year ended 31 December 2015

	Note	2015 RM	2014 RM
Income			
Training services		6,293,111	4,296,638
Examination fees		592,388	762,665
Sale of publications		143,177	146,143
Rental income		249,018	382,150
Consultancy services		4,920,901	5,154,932
Finance income	9	918,001	883,892
Other income		14,003	4,377
		<hr/>	<hr/>
		13,130,599	11,630,797
Utilisation of long-term prepaid expenses		6,716,552	5,641,237
		<hr/>	<hr/>
		19,847,151	17,272,034
		<hr/>	<hr/>
Less: Expenditure			
Event expenses		5,170,119	4,749,806
Staff costs	10	8,670,712	7,844,990
Administration expenses		1,948,637	1,506,777
		<hr/>	<hr/>
		15,789,468	14,101,573
		<hr/>	<hr/>
Income before tax	11	4,057,683	3,170,461
Tax expense	12	-	-
		<hr/>	<hr/>
Net income/Total comprehensive income for the year		4,057,683	3,170,461
		<hr/>	<hr/>

The notes on pages 61 to 78 are an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 December 2015

	Accumulated surplus RM
At 1 January 2014	11,573,881
Net income/Total comprehensive income for the year	<hr/> 3,170,461
At 31 December 2014/1 January 2015	14,744,342
Net income/Total comprehensive income for the year	<hr/> 4,057,683
At 31 December 2015	<hr/> 18,802,025

The notes on pages 61 to 78 are an integral part of these financial statements.

# Statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 RM	2014 RM
Cash flows from operating activities			
Income before tax		4,057,683	3,170,461
Adjustments for:			
Depreciation of plant and equipment	3	309,625	244,730
Finance income	9	(918,001)	(883,892)
Impairment loss on receivables		455,459	107,866
Reversal of impairment loss on receivables		(14,392)	-
Utilisation of long-term prepaid expenses		(6,716,552)	(5,641,237)
Operating loss before changes in working capital		(2,826,178)	(3,002,072)
Changes in working capital:			
Trade and other receivables		(2,523,389)	(949,543)
Trade and other payables		(109,269)	(1,289,563)
Net cash used in operating activities		(5,458,836)	(5,241,178)
Cash flows from investing activities			
Interest received		853,494	1,328,609
Acquisition of plant and equipment		(367,494)	(200,113)
Decrease in investment in fixed deposits		2,060,000	4,000,000
Net cash from investing activities		2,546,000	5,128,496
Cash flows from financing activities			
Grants received from the SC		3,000,000	3,500,000
Refund of unutilised grant to Capital Market Development Fund ("CMDF")		-	(3,731,442)
Net cash from/(used in) financing activities		3,000,000	(231,442)
Net increase/(decrease) in cash and cash equivalents		87,164	(344,124)
Cash and cash equivalents at 1 January	6	788,340	1,132,464
Cash and cash equivalents at 31 December	6	875,504	788,340

The notes on pages 61 to 78 are an integral part of these financial statements.

# Notes to the Financial Statements

The Securities Industry Development Corporation is a company limited by guarantee, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business  
3, Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

Registered office  
Suite 13.03, 13th Floor  
Menara Tan & Tan  
207 Jalan Tun Razak  
50400 Kuala Lumpur

The Company supports the SC and Bursa Malaysia in the creation of a vibrant Malaysian capital market. The Company has five principal activities: promotion of investor education (both retail and institutional), training and development of SC-licensed capital market intermediaries, training and development of emerging market regulators, training of directors of public listed companies and development of capital market talent.

The financial statements were authorised for issue by the Board of Directors on 3 May 2016.

## 1. Basis of Preparation

### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*



# Notes to the Financial Statements

## 1. Basis of Preparation (cont'd)

### (a) Statement of compliance (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standards, amendments and interpretations that are applicable and effective from the annual periods beginning on or after 1 January 2016, 1 January 2017, 1 January 2018 and 1 January 2019, respectively.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Company except as mentioned below:

#### MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

### (b) Basis of measurement

These financial statements of the Company have been prepared on the historical cost basis other than as disclosed in Note 2.

### (c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency.

### (d) Use of estimates and judgments

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards (“MFRSs”) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

## 2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

### (a) Financial instruments

#### i. Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

#### ii. Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

##### Financial assets

##### Loans and receivables

Loans and receivables category comprises receivables, other investments, and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(d)(i)).

##### Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

#### iii. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# Notes to the Financial Statements

## 2. Significant Accounting Policies (cont'd)

### (b) Plant and equipment

#### i. Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts, if any, of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

ii. Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative year are as follows:

• Office equipment	5 years
• Computer equipment	3 years
• Communication equipment	5 years
• Furniture and fitting	5 years
• Renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

#### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short-term commitments.

#### (d) Impairment

##### i. Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset’s carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

##### ii. Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

# Notes to the Financial Statements

## 2. Significant Accounting Policies (cont'd)

### (e) Employee benefits

#### i. Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### ii. State plans

The Company's contributions to statutory pension fund are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### (f) Revenue and other income

#### i. Fees and services

Fees and services income is recognised in profit or loss on an accrual basis upon services rendered.

#### ii. Grants

Grants are recognised initially as long-term prepaid expenses when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant.

Grants that compensate the Company for expenses incurred are recognised in profit or loss in the same periods the expenses are recognised.

#### iii. Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

### (g) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



# Notes to the Financial Statements

## 3. Plant and Equipment

	Office equipment RM	Computer equipment RM	Communication equipment RM	Furniture and Fitting RM	Renovation RM	Capital work-in progress RM	Total RM
<b>Cost</b>							
At 1 January 2014	222,877	1,217,074	70,506	269,154	324,792	-	2,104,403
Additions	39,147	47,512	2,964	19,543	963	89,984	200,113
At 31 December 2014/ 1 January 2015	262,024	1,264,586	73,470	288,697	325,755	89,984	2,304,516
Additions	620	306,044	60,830	-	-	-	367,494
Transfer from/(to)	-	89,984	-	-	-	(89,984)	-
At 31 December 2015	262,644	1,660,614	134,300	288,697	325,755	-	2,672,010
<b>Depreciation</b>							
At 1 January 2014	181,944	1,000,019	62,035	231,798	137,028	-	1,612,824
Depreciation for the year	18,278	156,502	4,997	32,378	32,575	-	244,730
At 31 December 2014/ 1 January 2015	200,222	1,156,521	67,032	264,176	169,603	-	1,857,554
Depreciation for the year	21,814	236,728	17,162	1,346	32,575	-	309,625
At 31 December 2015	222,036	1,393,249	84,194	265,522	202,178	-	2,167,179
<b>Carrying amounts</b>							
At 1 January 2014	40,933	217,055	8,471	37,356	187,764	-	491,579
At 31 December 2014/ 1 January 2015	61,802	108,065	6,438	24,521	156,152	89,984	446,962
At 31 December 2015	40,608	267,365	50,106	23,175	123,577	-	504,831

## 4. Trade and Other Receivables

	Note	2015 RM	2014 RM
<b>Non-current</b>			
<b>Non-trade</b>			
Other receivable	4.1	32,795	-
<b>Current</b>			
<b>Trade</b>			
Trade receivables		5,657,799	3,213,789
Less: Allowance for impairment loss		(583,247)	(142,180)
		5,074,552	3,071,609
<b>Non-trade</b>			
Amount due from the SC	4.2	250,000	263,147
Other receivables	4.3	409,623	285,385
Less: Allowance for impairment loss		(10,344)	(10,344)
		649,279	538,188
		5,723,831	3,609,797
		5,756,626	3,609,797

4.1 Non-current other receivable relates to study loan for an employee. The study loan is interest-free and repayable over a maximum period of 5 years once the full loan has been released.

4.2 Amount due from the SC is unsecured, interest-free and repayable on demand.

4.3 Included in current other receivables are interests due from fixed deposits placement of RM337,595 (2014: RM273,088).

## 5. Other Investments

	2015 RM	2014 RM
<b>Loans and receivables</b>		
Deposits placed with licensed banks and other corporation	22,500,000	24,560,000

The other investments are placed with licensed banks and other corporations which are under common control by the Government of Malaysia.

# Notes to the Financial Statements

## 6. Cash and Cash Equivalents

	2015 RM	2014 RM
Cash and bank balances	875,504	788,340

The cash and bank balances are placed with a licensed bank which is under common control by the Government of Malaysia.

## 7. Long-term Prepaid Expenses

	2015 RM	2014 RM
<b>Non-current</b>		
Long-term prepaid expenses	10,145,066	13,861,618
Grant from Capital Market Development Fund ("CMDF")	61,018,558	64,750,000
Refund of unutilised grant to CMDF	-	(3,731,442)
	61,018,558	61,018,558
Grant from the SC	30,900,000	27,900,000
	91,918,558	88,918,558
Less: Utilisation of long-term prepaid expenses		
Grant from CMDF	(51,892,766)	(48,599,542)
Grant from the SC	(29,880,726)	(26,457,398)
	10,145,066	13,861,618
At the end of the reporting period		

The details of grants from the SC and CMDF are as follows:

### Grant from the SC

SC agreed to provide assistance to the Company with an amount of RM3.0 million for the year (2014: RM3.5 million) and for subsequent years, the utilisation of such sums granted are to be agreed upon by both the SC and the Company based on a budget proposal to be prepared by the Company, supported by clear justifications and Key Performance Indicators (KPIs). Any unutilised balance of the grant will be carried forward and utilised against the future approved programmes by the SC.

### Grant from the CMDF

The CMDF agreed to provide RM64.75 million in the first five years beginning year 2007 until year 2014. This is due to the fact that the Company shall implement the activities and deliver the products and services defined as the Industry Transformation Initiative ("ITI"), the Islamic Capital Market Graduate Training Scheme ("ICMGTS"), the Advanced Business Management Programme ("ABMP"), the Investor Education Initiatives ("IEI") and the Graduate Development Programme ("GDP") over five (5) years. The grants are provided solely for financing the development, implementation and administration of the projects, including any expenses, and shall not be used for any other purpose unless approved by the CMDF.

Per approval by the CMDF Board, the SIDC will be utilising the remaining balance of CMDF funding as at 31 December 2014 by continuing to implement the above activities in 2015 and onward until the funds are exhausted. In 2014, SIDC refunded the unutilised funding balance of RM3,731,442 in relation to the GDP programme to CMDF.

## 8. Trade and Other Payables

	Note	2015 RM	2014 RM
<b>Trade</b>			
Trade payables		247,232	448,594
<b>Non-trade</b>			
Other payables		326,748	257,672
Accrued expenses		46,192	45,292
Amount due to the SC	8.1	69,698	47,581
		689,870	799,139

8.1 The amount due to the SC is unsecured, interest-free and repayable on demand.

## 9. Finance Income

	2015 RM	2014 RM
Interest income of financial assets that are not at fair value through profit or loss	918,001	883,892

## 10. Staff Costs

	2015 RM	2014 RM
Employees Provident Fund	1,037,424	926,792
Remuneration, bonus, staff medical, staff training and overtime	7,633,288	6,918,198
	8,670,712	7,844,990

The number of employees of the Company at the end of the year was 61 (2014: 55).

# Notes to the Financial Statements

## 11. Income before Tax

	2015 RM	2014 RM
<b>Income before tax is arrived at after charging:</b>		
Auditor's remuneration	45,000	45,000
Depreciation on plant and equipment	309,625	244,730
Impairment loss on receivables	455,459	107,866
Management fees	501,600	266,400
Rental expenses	344,337	436,296
<b>and after crediting:</b>		
Rental income	249,018	382,150
Reversal of impairment loss on receivables	14,392	-
Utilisation of long-term prepaid expenses	6,716,552	5,641,237

## 12. Tax expense

The Company was granted approval from the Minister of Finance to be exempted from taxation for statutory income except for dividend income with effect from Year of Assessment (YA) 2013 until 2017.

## 13. Related Parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the SIDC are as follows:

	2015 RM	2014 RM
<b>(i) Securities Commission Malaysia:</b>		
- Management fees	501,600	266,400
- Grant	(3,000,000)	(3,500,000)
- Training and consultancy services	(6,505,375)	(5,713,013)
<b>(ii) Entities that are under common control by the Government of Malaysia:</b>		
Bursa Malaysia Securities Berhad		
- Training services	(93,164)	(145,050)
Licensed banks and other corporation		
- Interest income	(918,001)	(883,892)
Permodalan Nasional Berhad		
- Training services	(12,610)	(36,143)
PNB Investment Institute Sdn Bhd		
- Training services	(144,000)	-
<b>(iii) Entities with common directors:</b>		
Aberdeen Asset Management		
- Training services	(37,500)	(1,764)
Kenanga Investment Bank Berhad		
- Training services	(135,110)	(244,590)



# Notes to the Financial Statements

## 14. Financial Instruments

### 14.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R); and

(b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R/ (FL) RM
<b>2015</b>		
<b>Financial assets</b>		
Trade and other receivables	5,756,626	5,756,626
Other investments	22,500,000	22,500,000
Cash and cash equivalents	875,504	875,504
	<u>29,132,130</u>	<u>29,132,130</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>(689,870)</u>	<u>(689,870)</u>
<b>2014</b>		
<b>Financial assets</b>		
Trade and other receivables	3,609,797	3,609,797
Other investments	24,560,000	24,560,000
Cash and cash equivalents	788,340	788,340
	<u>28,958,137</u>	<u>28,958,137</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>(799,139)</u>	<u>(799,139)</u>

### 14.2 Net gains arising from financial instruments

	2015 RM	2014 RM
Loans and receivables	<u>476,934</u>	<u>776,026</u>

### 14.3 Financial risk management

The Company has policies and guidelines on the overall investment strategies and tolerance towards risk. Investments are managed in a prudent manner to ensure the preservation and conservation of the fund. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 14.4 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has a formal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Fixed deposits are placed with licensed banks and another corporation. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The ageing of receivables as at the end of the reporting year was:

	Gross RM	Individual impairment RM	Net RM
<b>2015</b>			
Not past due	4,408,876	-	4,408,876
Past due 1 – 30 days	833,277	-	833,277
Past due 31 – 60 days	215,933	-	215,933
Past due more than 60 days	892,131	(593,591)	298,540
	<u>6,350,217</u>	<u>(593,591)</u>	<u>5,756,626</u>
<b>2014</b>			
Not past due	2,816,369	-	2,816,369
Past due 1 – 30 days	29,124	-	29,124
Past due 31 – 60 days	133,760	-	133,760
Past due more than 60 days	783,068	(152,524)	630,544
	<u>3,762,321</u>	<u>(152,524)</u>	<u>3,609,797</u>

The movements in the allowance for impairment losses of receivables during the financial year were:

	2015 RM	2014 RM
At 1 January	152,524	44,658
Impairment loss recognised	455,459	107,866
Impairment loss reversed	<u>(14,392)</u>	<u>-</u>
At 31 December	<u>593,591</u>	<u>152,524</u>

The allowance account in respect of receivables is used to record impairment losses. Unless the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivables directly.

# Notes to the Financial Statements

## 14. Financial Instruments (cont'd)

### 14.4 Credit risk (cont'd)

#### Investments and other financial assets

##### *Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than sovereign or near sovereign.

##### *Exposure to credit risk, credit quality and collateral*

At the end of the reporting period, the Company has only invested in fixed deposits. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

### 14.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors and maintains a level of cash and cash equivalents deemed necessary by the Company to finance its operations and to mitigate the effects of fluctuations in cash flows.

##### *Maturity analysis*

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual cash flow:

	Carrying amount RM	Contractual cash flows RM	Under 1 year RM
2015			
Financial liabilities			
Trade and other payables	689,870	689,870	689,870
2014			
Financial liabilities			
Trade and other payables	799,139	799,139	799,139

### 14.6 Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Company's financial position or cash flows.

#### 14.6.1 Interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2015 RM	2014 RM
Fixed rate instruments		
Financial assets	22,500,000	24,560,000

##### *Interest rate risk sensitivity analysis*

##### *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### 14.7 Fair value information

The carrying amount of trade and other receivables, other investments, cash and cash equivalents and trade and other payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instrument not carried at fair value for which fair value is disclosed together with their carrying amounts shown in the statement of financial position.

#### Fair value of financial instrument not carried at fair value

	Level 1 RM	Level 2 RM	Level 3 RM
2015			
Non-current			
Financial asset			
Other receivable	-	-	32,795

# Notes to the Financial Statements

## 14. Financial Instruments (cont'd)

### 14.7 Fair value information (cont'd)

#### Level 1 fair value

Level 1 fair value is derived from unadjusted quoted price in active markets for identical financial assets that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets, either directly or indirectly.

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2014: no transfer in either directions)

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets.

#### Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Long-term other receivable	Discounted cash flows using a rate based on the current market rate of borrowing

## 15. Reserves Management

The Company’s reserves management objective is to maintain adequate reserves to safeguard the Company’s ability to perform its duties and functions independently and effectively. The Management monitors the long-term capital commitments to ensure that sufficient funds are available to meet the obligations. The Company’s investments are managed in a prudent manner to ensure the preservation of the reserves.

# Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 57 to 78 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato’ Seri Ranjit Ajit Singh



Datuk Seri Tajuddin Atan

Kuala Lumpur

Date: 3 May 2016

# Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Azman Hisham Che Doi, the officer primarily responsible for the financial management of the Securities Industry Development Corporation, do solemnly and sincerely declare that the financial statements set out on pages 57 to 78 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 3 May 2016.



Azman Hisham Che Doi

Before me:





# Independent Auditors’ Report

to the members of Securities Industry Development Corporation

(Company No. 765264-K)  
(Limited by Guarantee - Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of Securities Industry Development Corporation, which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 57 to 78.

## Directors’ Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG  
Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Malaysia

Date: 3 May 2016

Loh Kam Hian  
Approval Number: 2941/09/16(J)  
Chartered Accountant





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