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CAPITAL MARKET DIRECTOR PROGRAMME (CMDP) MODULE 1: DIRECTORS AS GATEKEEPERS OF MARKET PARTICIPANTS

3 MARCH 2020
SECURITIES COMMISSION MALAYSIA



Fee: **RM1,250**

**Fee is not inclusive of 6% SST*

PROGRAMME OVERVIEW

Licensed intermediary institutions play an important systemic role in the capital market eco-system. The growth or decline of the capital market is influenced by, among others, the success and failure of these institutions. Hence, the quality of leadership at these institutions is paramount. Kiel et al (2012) suggest four levels of competence required on a board. They are as follows:

- Industry:** Experience in and knowledge of the industry in which the organisation operates
- Technical:** Technical/professional skills and specialist knowledge to assist with ongoing aspects of the board's role
- Governance:** The essential governance knowledge and understanding all directors should possess or develop if they are to be effective board members
- Behavioural:** The attributes and competencies enabling individual board members to use their knowledge and skills to function well as team members and to interact with key stakeholders

PROGRAMME OBJECTIVE

The Capital Market Director Programme is an exclusive platform for directors (and other senior leaders) of licensed intermediary institutions to be equipped with the relevant knowledge, skills and abilities (basic to intermediate level) to meet the four levels of competence as described above. The programme is also designed to allow directors and other participants to explore and deliberate on pertinent issues affecting the industry from multi-stakeholders' perspectives. The specific objectives of the programme are as follows:

- 1) Equip members of the board with knowledge and skills to provide leadership and oversight of the running of the licensed intermediary institutions.
- 2) Assist directors of licensed intermediary institutions to be an effective member of the board through latest developments in regulations and challenges, business and governance, in the capital market.
- 3) Promote a thorough understanding of the role of the Securities Commission in regulating a dynamic and competitive capital market.

This programme aims to strengthen intermediation standards and capabilities as espoused by the Capital Market Masterplan 2 (CMP2).

LEARNING OUTCOMES

At the end of the module, participants will be able to:

- understand the high-level contextual function of the board and the directors in discharging their mandates;
- appraise the roles, duties, responsibilities and liabilities of directors as provided for in applicable laws relevant to licensed intermediaries;
- apply the relevant key principles and recommendations of the Malaysian Code on Corporate Governance to oversee the compliance and performance roles of licensed intermediaries;
- understand the critical functions played by independent directors in building confidence and trust for licensed intermediaries; and
- exercise judgement appropriately in dealing with issues of legal and governance brought to the attention of the board.

METHODOLOGY

Experiential learning via facilitated discussion and reflective observation of concepts, case studies and real-life experiences

TARGET AUDIENCE

Directors (executive and non-executive) of:

- Stockbroking companies;
- Investment banks;
- Futures brokers;
- Fund management companies; and
- PRS providers.

PROGRAMME

8.30 am Registration

9.00 am Session 1:

- Core duties of directors – fiduciary duty, duty of care, skill and diligence and other legal and regulatory expectations as specified by the extant laws including but not limited to:
 - Companies Act (Act 125)
 - Capital Market and Services Act (Act 671)
 - Anti-Money Laundering and Terrorism Financing Act (Act 613)
 - New and pending laws and rules, including Personal Data Protection Act, Competition Act, and Goods and Services Tax Act; Foreign Account Tax Compliance Act ("FATCA") – impact, compliance requirements and implementation challenges.
- Discussion of recent selected enforcement cases.

PROGRAMME

11.00 am Session 2:

- Discussion of how the application of selected principles and recommendations of the Malaysian Code on Corporate Governance can deliver sustainable values for licensed intermediaries. The selected principles and recommendations include:
 - Establishing a board charter where, among others, clear roles and responsibilities between the board and management are articulated; The Code suggests that the board should assume, amongst others, the following responsibilities:
 - Reviewing and adopting a strategic plan for the licensed intermediaries;
 - Overseeing the conduct of the licensed intermediaries' business;
 - Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
 - Succession planning of senior management of licensed intermediaries;
 - Overseeing the development and implementation of a shareholder/stakeholder communication policy for the licensed intermediaries; and
 - Reviewing the adequacy and integrity of the management information and internal controls system of the licensed intermediaries.
 - Strengthening the composition of the board by having sufficient representation of non-executive directors of right competencies and skills to ensure independent oversight;
 - Effective risk oversight through sound and adequate risk management and internal controls systems.
- Independent directors as value enhancers or value destroyers;
 - Independent directors to assist boards to remain vigilant and diligent in robust CG structure and process to facilitate sufficient control and direction;
 - Independent directors as gatekeeper in dealing with situations of conflicts of interest including related party transactions, self-dealing by directors and management, and whistleblowing;
 - Role of company secretary, internal auditor, and/or compliance officer to support independent directors.
- Failure of governance and the implication on licence to operate – Case study.

12.30 pm End of Module



Securities Industry Development Corporation (765264K)
3, Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur, Malaysia
Email: sidc@sidc.com.my Website: www.sidc.com.my



Find us on YouTube (SIDC TV), LinkedIn, Facebook & Instagram at Securities Industry Development Corporation - SIDC

For enquiries on registration, please contact **+603 6204 8439 / 8274** | Register today at **www.sidc.com.my**