

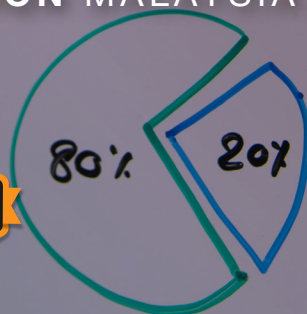


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# CAPITAL MARKET DIRECTOR PROGRAMME (CMDP) MODULE 3: RISK OVERSIGHT AND COMPLIANCE – ACTION PLAN FOR BOARD OF DIRECTORS

4 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:

- review a framework that identifies, assesses and manages key strategic and operational risks associated with the conduct of licensed intermediaries;
- explain the importance of risk oversight, ethical and compliance programmes and the consequences of failures in such programmes; and
- exercise judgement appropriately in dealing with issues of risk oversight and compliance 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

1.30 pm Registration

2.00 pm Session 1:

- Role of the board of directors in building and sustaining an effective ethics and compliance framework that aims to meet the directors' fiduciary duties
  - Identifying and understanding the requirements of the relevant regime;
  - Identifying and understanding the current state of systems and processes in the organisation; and
  - Undertaking detailed impact assessment and gap analysis so as to determine what needs to be done to comply with the requirements of the relevant regime.
- The board's role in managing conflicts of interest situations, including:
  - Connected/Related party transaction;
  - Insider information;
  - Liquidity and risk management; and
  - Customer complaints and dispute resolution.

3.30 pm Coffee Break

4.00 pm Session 2:

- What happens when there is compliance failure? How to prevent compliance failure?
  - Best practices in compliance for capital market intermediaries; including monitoring compliance as an important part of directors' oversight responsibilities;
  - Board's rights and obligations to demand the right information;
  - Relationship between compliance and internal audit function and the impact on board's functions; and
  - Case studies of compliance functions and activities.

5.30 pm End of Module



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