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CAPITAL MARKET DIRECTOR PROGRAMME (CMDP) MODULE 4: EMERGING AND CURRENT REGULATORY ISSUES IN THE CAPITAL MARKET

5 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:

- Equip members of the board with knowledge and skills to provide leadership and oversight of the running of the licensed intermediary institutions.
- 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.
- 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 and articulate the emerging issues potentially affecting the business of licensed intermediaries
- identify and understand the red flags of potential misconducts and;
- exercise judgement appropriately in ensuring (i) proper conduct of licensed intermediary and (ii) effective dealing with the regulator – the Securities Commission Malaysia.

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.

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8.30 am Registration

9.00 am Session 1:

- Recognise the emerging issues potentially affecting the business of licensed intermediaries:
 - Systemic risk, prudential standards, capital adequacy and stress test;
 - Reputation risks arising from counterparties and/or service vendors/providers;
 - Remuneration driving malpractices;
 - Not adhering to KYC protocols;
 - Conflicts of interest;
 - Churning customer accounts;
 - Dealing with customer complaints and alternative dispute resolutions;
 - Use of social media (e.g. Facebook and Twitter) by market participants and intermediaries to differentiate between advice and guidance;

PROGRAMME

- Cyber-threats (including examples below) and the impact on the capital markets:
 - Loss of critical data or data leakage – whether caused by unintentional or deliberate act;
 - Social engineering in which customers are manipulated into disclosing confidential information which could lead to identity thefts, email frauds, and spams; and
 - Loss of control over Internet Protocol (IP) addresses resulting from Distributed Denial of Service (DDoS) attacks.

10.30 am Coffee Break

11.00 am Session 2:

- Understand the role of the Securities Commission (SC) Malaysia as primary stakeholder in ensuring proper conduct through sound appreciation of:
 - SC's supervisory objectives and philosophy;
 - Eleven core principles of SC supervision –
 - Integrity
 - Skill, care and diligence
 - Supervision and control
 - Financial requirements
 - Market conduct
 - Priority to client's interests
 - Communication with clients
 - No conflicts of interests
 - Safeguarding clients' assets
 - Compliance culture
 - Dealing with regulators
 - Importance of strong compliance framework and culture of compliance
 - Core supervisory process;
 - Spectrum of supervision including risk posed to the intermediaries from the perspective of conduct, microprudential, AML/CFT and systemic issues; and
 - Common supervisory findings in the areas of Compliance framework and culture;
 - Awareness and understanding of regulatory requirements;
 - Adequacy of resources and controls.

- Based on interactive discussions regarding red flags identify indicators of possible market misconduct.

12.30 pm End of Module



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