

2017

ANNUAL REPORT



VISION

To be the preferred one stop independent dispute resolution avenue for disputes involving monetary claims relating to capital market products and service

MISSION

To provide the investing public and our members, with a quality, specialised capital market dispute resolution service, through a trusted, independent and impartial platform that contributes to enhancing investor confidence in participating in the capital market



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PART 1



Message from the Chairman

“Your communication to your customers about SIDREC is an assurance, especially to smaller investors, that you are confident enough in your service and products, to offer your customers an independent and impartial avenue for redress, should a dispute arise.”

**DATO' RANITA
MOHD HUSSEIN**
Chairman



As SIDREC reaches the seventh year of its establishment, it faces interesting and challenging times, moving into a digital era that has blurred boundaries and fundamentally affected how the financial markets as a whole do business, how markets are accessed, and how markets access clients and other market participants.

This creates new opportunities and challenges for both capital markets participants and investors. It also requires regulators and other market stakeholders including dispute resolution bodies such as SIDREC, to ensure we keep up with the changing landscape to effectively play our respective roles.

The Securities Commission Malaysia (SC) has been proactive in facilitating the digital space tempered with the appropriate level of controls and oversight. In the last couple of years, it launched frameworks for equity funding platforms, peer-to-peer lending, digital investment managers (or robo advisers as they are often referred to) to name a few. These provide more opportunities and access points between the market and investors, and a greater variety of investment choices to the investing public. Concurrently, it gives rise to the need for the investor protection eco-system to evolve to remain effective in contributing to market self-discipline, ethical practices and investor confidence.

The current market developments give rise to a necessary push by regulators and markets globally to focus on issues of governance, and sustainable and ethical practices.

In this context, the responsibility of SIDREC members is to ensure that their compliance and internal controls are sufficiently robust and effective to meet developmental challenges.

SIDREC's responsibility is to ensure we remain relevant to the developments in the market and the needs of investors.

In this respect, SIDREC's efforts this year have centred on deepening and consolidating our efforts in two specific areas of focus, namely, accessibility to SIDREC services, and building and maintaining expertise in SIDREC:

Accessibility

- To ensure that SIDREC's scope and purview have the flexibility to accommodate the expansion of market access to and by investors;
- To create and maintain adequate awareness of SIDREC, the service it provides and its processes among members and the investing public;
- To facilitate access to our services with regard to disputes involving domestic and cross border transactions, across state lines within the country and beyond national borders.

SIDREC's purview has over the last two years been expanded to reflect a more meaningful reach and accessibility.

- SIDREC's membership now includes commercial banks and Islamic banks as well as specified Development Financial Institutions. In light of the fact that the breadth of the distribution network for capital market products cuts across Capital Markets and Services License holders to include commercial banks and Islamic banks, the expanded purview means that investors in capital market products are able to access SIDREC's services no matter where the point of transaction or sale took place.

Based on our statistics in the last year, 22% of the eligible claims registered in SIDREC relate to investments transacted with this segment of our members. We will continue to work with the regulators to ensure our purview remains relevant to developments in the market and regulatory framework.

- While the RM250,000 claim limit under SIDREC's mandatory process remains unchanged, SIDREC has taken the next step of introducing a voluntary process for claims exceeding RM250,000. Under the voluntary process, both the claimant and member must agree to seek SIDREC's help; lawyers are permitted into the dispute resolution process and both parties are charged a reasonable fee for the service. With the inclusion of this component, SIDREC is a step closer to its aim of becoming a one stop centre for capital market related disputes. In the coming year, more effort will be made to ensure there is greater awareness of the availability of this voluntary route. It may interest you to know that this development could well be the precursor to SIDREC's and KLRCA's (now known as Asian International Arbitration Centre) proposed collaboration to provide for specialist capital market arbitration in the near future.
- SIDREC has, furthermore, positioned itself to provide mediation for cases referred to it by the courts within the Judiciary's court referred mediation scheme.
- In terms of awareness, SIDREC undertook an intensive campaign over the last two years, using the different modalities of delivery channels, including print, broadcast, and digital media in addition to participating in roadshows run by SC, Bank Negara Malaysia (BNM) and other stakeholders. We have introduced a Facebook page that has contributed to increasing visits to our website from an average of 900 visitors per month to an average of 9,155 visitors per month. We have also benefited from the coverage SIDREC had received through interviews and articles run by industry associations and the media.
- In keeping with its aim to provide cross border services, SIDREC has put into place the infrastructure in terms of our rules and technological capacity to conduct mediations and adjudications across jurisdictions, within the necessary security and confidentiality parameters.

Capacity in Terms of Expertise

- Obviously, the value of SIDREC's service is dependent on the quality of the service and the expert assistance it provides. As such, the importance of ensuring we have the technical expertise required in both alternative dispute resolution (ADR) as well as the capital market, its products and services cannot be overstated. In this regard, SIDREC has embarked on developing a structured training programme to ensure the effectiveness and sustainability of our capacity building efforts. Details of this will appear in the CEO's report.

- SIDREC Advisory Group (SAG) - The Advisory Group was established to comprise selected domestic and international experts, who would be able to provide SIDREC advice on policy and strategic issues as well as specific input from their respective areas of expertise and experience. The process of appointing members for SAG is ongoing.

The scope of expertise in this group would be to meet the varying needs from both a policy and operational perspective e.g. strategy, policy and rules reform, operational and structural issues, technical input in our capacity building component etc. The Advisory Group is a sounding board and point of consultation for SIDREC generally and specifically in their own area of expertise and may also be reached out to for specific project work.

Member and Stakeholder Engagement

SIDREC has, as in past years, continued its engagement with members and industry associations to better understand members' concerns and provide more specific feedback to them. I believe as members become more familiar with our service there is increased trust in the process and appreciation of the quality of help provided. Both members and investors are assured of confidentiality, impartiality and, where relevant, decision-making that is based on what is fair and reasonable. Where parties are open to resolving disputes in an amicable and speedy manner, both parties can together control and determine a mutually satisfactory outcome. This, I am happy to note, has resulted in a more constructive approach in the dispute resolution process when members return to use the service for other cases.

SIDREC has resolved over 90% of the eligible disputes received through case management or mediation, which is an excellent reflection of the value of mediation and SIDREC's strong commitment to helping parties resolve their disputes.

Help in Building Awareness

It takes a lot of resources to promote SIDREC as a specialist dispute resolution service for the capital markets. In the last couple of years, we have had the benefit of Capital Market Development Fund (CMDf) funding to support our awareness and capacity building efforts. From primarily engaging with members of the public face-to-face at events when we started in 2011, we ventured more energetically into the digital world from 2015, enhancing our website in 2016, moving on into programmatic advertising via Google and Facebook, and in 2017 we launched our Facebook. We were also able to leverage on radio, print and podcast advertising with the support of the CMDf.

We welcome the effort made by SIDREC members in promoting awareness by printing and distributing SIDREC brochures at customer touchpoints. I would like to thank our members for this commitment and encourage you to keep up the momentum.

I would further like to urge you to think out of the box and imagine new ways of communicating with stakeholders, ways that need not necessarily add more cost to business. SIDREC has 184 members and there is much that each member can do to publicise SIDREC to your stakeholders directly, through your marketing tools. For example, add in a line about SIDREC in your marketing communications, share posts from SIDREC's Facebook. Think of this as a part of your marketing strategy, as it would certainly

contribute to investor confidence if they knew they had independent and free recourse to a neutral third party should they encounter a problem. Your communication to your customers about SIDREC is an assurance, especially to smaller investors, that you are confident enough in your service and products, to offer your customers an independent and impartial avenue for redress, should a dispute arise.

As an example of how any level of help can have a significant impact on awareness, let me cite our experience with Bursa Malaysia. Bursa Malaysia includes a simple alert informing account holders about SIDREC on its Central Depository System (CDS) statement twice a year. This alert was the source of approximately 60% of SIDREC enquiries in 2017. If this is the result of one organisation adding a line in a key communications tool, imagine what the impact would be if each SIDREC member does a little more to place SIDREC within the focus of attention and reach of its customers as part of its marketing strategy.

SIDREC's true value as the preferred ADR avenue for monetary disputes involving capital markets products, cannot be realised without the support of stakeholders, especially members themselves.

International Engagement

In conjunction with the INFO Network 2017 Conference held in Australia, SIDREC representatives undertook a practical study visit to the Financial Ombudsman Service Australia (FOS Australia). The purpose of the visit was to gain insight from FOS Australia on their processes and procedures as well as to share lessons learnt from the comprehensive review undertaken by them after the Ramsay Review¹, that resulted in dispute resolution flow changes.

This was invaluable in feeding into SIDREC's own efforts to enhance our framework and processes and will be of tremendous help in our work on the proposed merger with Ombudsman for Financial Services (OFS), as well as in our preparation for an independent assessment at the appropriate time.

As SIDREC reaches out to learn from the experiences of relevant bodies in other countries, SIDREC has also had the privilege of sharing our experience with our peers in the region by hosting visits from other schemes and regulators. We were happy and privileged in the past year, to host a visit organised by the Indonesian Financial Services Authority, Otoritas Jasa Keuangan (OJK) and the Australia Indonesia Partnership for Economic Governance (AIPEG) for a delegation comprising OJK, AIPEG and senior representatives of four alternative dispute resolution bodies from the Indonesian financial sector.

The discussions and innovative ideas gained from the interactions are invaluable in contributing to any review process. What stood out is the clear and vital role played by ADR/Ombudsman schemes in the financial markets from the perspective of investor protection and market discipline.

Going Forward

Last year we shared the news that SIDREC and OFS would start discussions in the last quarter of 2017 on the proposed merger of SIDREC and OFS, towards the establishment of a single centre for dispute resolution for the financial markets as a whole. I am pleased to report that a working group comprising the SC, BNM, OFS and SIDREC has commenced the required review and discussions. Members can be assured that the process will include the necessary engagement and consultation with members and other relevant stakeholders at the appropriate time.

We will also be consulting with members again on our proposed funding structure in the latter half of 2018 with a view to implementing the same in 2019. In doing this, we will ensure that any funding structure we implement will take into account the ongoing merger discussions and provide the necessary flexibility to accommodate any agreed changes.

As we navigate a growing and innovative market place, it is essential that we are able to sustain the quality of our service as well as ensure that we build awareness of the investing public to an acceptable level. To this end, we will again be seeking necessary funding from CMDP to support our continued awareness and capacity building efforts

Appreciation

On behalf of the board, I would like to record my appreciation to the SC for its continued support, both financially and in guiding SIDREC to be aligned with changes in the regulatory framework and policies.

I would also like to record my appreciation to BNM and OFS as well as Bursa Malaysia, Financial Planning Association of Malaysia (FPAM), Private Pension Administrator (PPA), Federation of Investment Managers Malaysia (FIMM), and Agensi Kaunseling dan Pengurusan Kredit (AKPK), for being supportive and going out of their way to push out awareness of SIDREC.

It would be remiss of me not to also record here our sincere appreciation to FOS Australia for its generosity in hosting the study visit of SIDREC's representatives in 2017 and sharing with us the benefit of its long experience as ADR in the financial sector.

To my fellow board members, thank you for your active and enthusiastic participation and commitment to SIDREC. We place on record our deepest appreciation to Dato' Kok Wee Kiat who retired in April 2017. Dato' Kok is a founding member of SIDREC and had been with SIDREC since 2011. SIDREC had benefitted much from his wisdom and counsel.

I would also like to take the opportunity to welcome onto SIDREC's board, Dato' Mohamad Ariff bin Md Yusof and Dato' Idris Kechot. Dato' Ariff is a retired Judge of the Court of Appeal Malaysia; he replaces Dato' Kok as Independent Director. Dato' Idris who is currently the Deputy President & Group Chief Operating Officer of Perbadanan Nasional Berhad comes on board as an Industry Director, replacing Tan Sri Hamad Kama Piah who retired in 2016.

My appreciation also goes to our panel of mediators and adjudicators and members of SIDREC's Appeals Committee for their commitment. To our SIDREC management and staff, thank you for your hard work over the past year.

And last but not least, I would like to thank SIDREC members for your continued support and commitment.

DATO' RANITA MOHD HUSSEIN

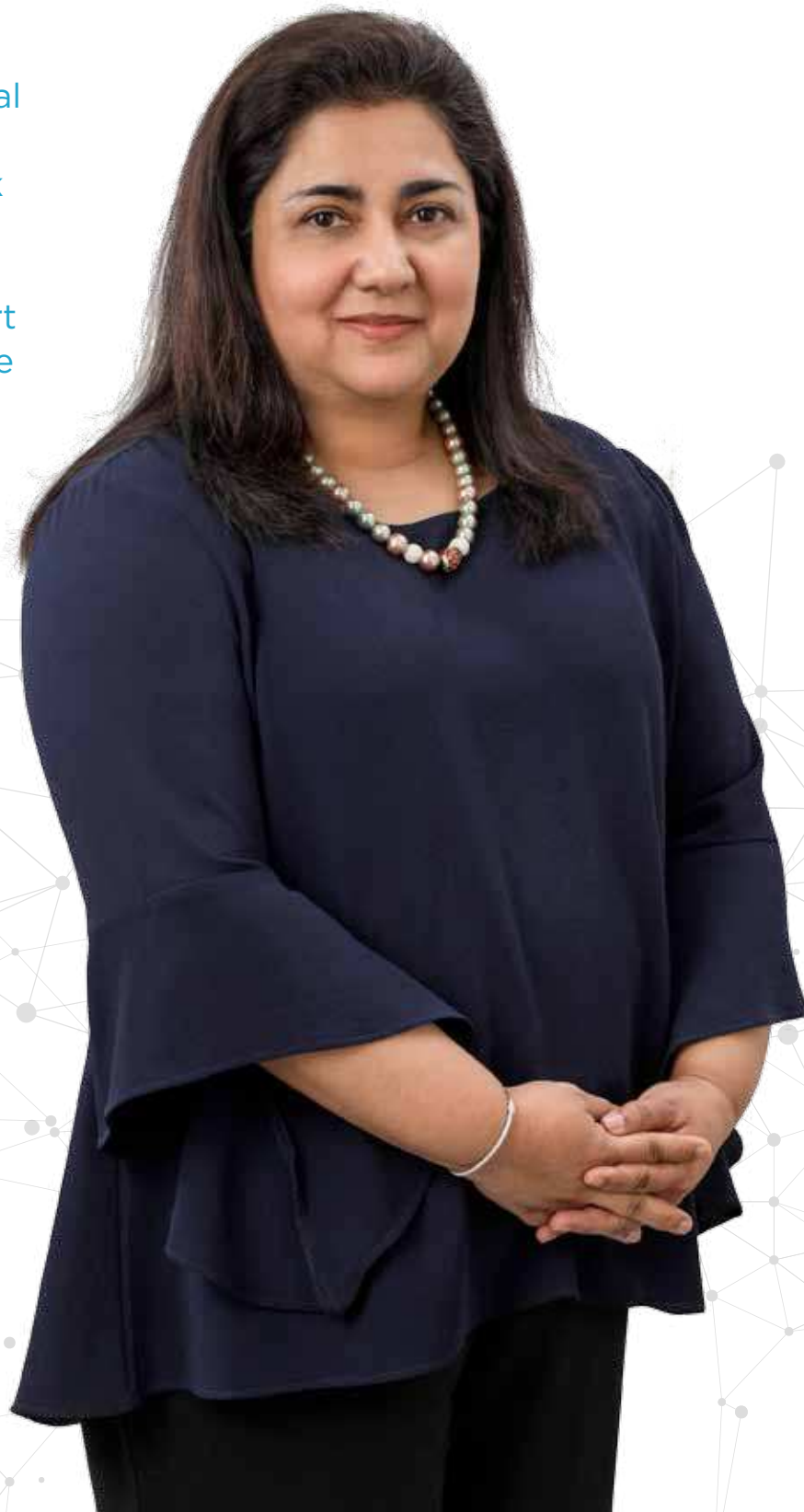
Chairman

1. The report is downloadable at <http://192.195.49.161/ConsultationsandReviews/Reviews/2016/Review-into-Dispute-Resolution-and-Complaints-Framework/Final-Report>

Report by the Chief Executive Officer

“ Dispute resolution bodies can act as an effective ‘nudge’ towards better or more responsible and ethical behaviour and habits. This supports members own risk management and efforts to instil self-discipline and ethical practices, on the part of both the member and the investor claimants. ”

SUJATHA SEKHAR NAIK
Chief Executive Officer



In 2013, we set out SIDREC’s vision to be the preferred one stop independent dispute resolution avenue, for disputes involving monetary claims relating to capital market products and services. In working to this objective, our mission was to provide the investing public and our members, with a quality, specialised capital market dispute resolution service, through a trusted independent and impartial platform that contributes to enhancing investor confidence in participating in the capital market.

Four years on, we have much more to do, but I believe we are well on track and have come a significant way towards our vision and are everyday fulfilling our mission with commitment. A commitment that comes from the simple but clear belief, that we are providing practical and effective help to both investors and our members in resolving their disputes, and through this contribute to investor confidence. Indeed, the fact that we continue to be able to resolve more than 90% of the eligible disputes we receive through our case management or mediation, is a testament to the effectiveness of this commitment.

Integral to this is that SIDREC’s specialist dispute resolution service is underpinned by our independence and impartiality and provided through the lens of what is fair and reasonable.

Nudging Better Market Behaviour and Investing Habits

Alongside this, SIDREC also has a role in contributing to market discipline and improving the overall standards in the capital market. In the process of trying to resolve a dispute, we seek to engage both parties on the issues, ensuring both the investor claimant and our member, understand the underlying cause of the dispute, any gap or oversight in process or conduct etc. and to commit to the steps required to address the issue. We are in a unique position of being able to identify issues in context and the realities of the investor’s and market intermediary’s experience, and provide insight to both our members and investors on concerns and shortcomings they ought to take on board.

The fact that all this happens in a confidential environment means the conversations can be far more open and productive. Parties in any event always leave the table with an understanding of what caused the dispute and steps that could have been taken to avoid a repeat of the same. In this way dispute resolution bodies can act as an effective ‘nudge’ towards better or more responsible and ethical behaviour and habits. This supports members own risk management and efforts to instil self-discipline and ethical practices, on the part of both the member and the investor claimants.

You will find more information and some of our observations from cases received over the year later in this report.

Whilst there will always be some parties who will not be content unless the outcome is in their favour or with unreasonable expectations, we find in the main, parties come with a genuine desire on both sides to resolve their dispute and achieve some closure. We have also found members to be open to the feedback we provide and, in some instances, members have taken further steps to reflect these within their internal controls.

We are also well placed to provide regulators valuable insight on trends and gaps we see in cases, including challenges faced by investor and members, whilst maintaining confidentiality. We also of course, meet our obligations of reporting any serious concerns or systemic issues to the Securities Commission Malaysia (SC) as the regulator.

Focus in 2017

All this has been possible only because of the unique mix of both capital market and ADR knowledge and expertise that SIDREC brings to the table, through a structured, but relatively informal and flexible process. The expertise that informs the service, is crucial to SIDREC's ability to provide quality service with the appropriate purview and level of expertise, that keeps in step with developments in the market and regulatory framework.

Of equal importance and a continuing challenge is the need to build awareness of our service, so that the investing public know about the help we provide and how to access our service, and for our members understand and appreciate value add to them and participate constructively in the process.

It is in recognising this that we sought and received funding from the Capital Market Development Fund in 2016, to put to our developmental initiatives of building capacity and expertise, as well as growing awareness of SIDREC, and formulating ways to do so in a sustainable manner. This then, has been our focus over the year.

Increased Scope and Purview

With SIDREC's purview extending to include commercial banks, Islamic Banks and specified development financial institutions, the increase of our claim limit to RM250,000 under our mandatory scheme, and the opening of our service to higher claims, our Rules and processes had to adequately reflect these changes. To this end, SIDREC's Terms of Reference was amended to inter alia, provide for two schemes:

- The mandatory scheme for disputes involving claims not exceeding RM250,000. Participation is mandatory for members and the service is free for claimants
- A voluntary scheme comprising two routes:
 - (i) Route for claims exceeding RM250,000, where both parties agree to seek SIDREC's help for mediation and/or adjudication; and
 - (ii) Route for court referred claims for mediation, with no limit (minimum or maximum) on the claim amount, again where both parties agree to seek SIDREC's help for mediation.

The process for the mandatory scheme remains the same, whilst the voluntary scheme does differ. Apart from there being no claim limit, both parties will be required to pay a reasonable fee and are permitted to have their legal counsel participate in the process.

In tandem with the introduction of our voluntary scheme, we will also be progressing our proposed collaboration with the Kuala Lumpur Regional Centre for Arbitration (now the Asian International Arbitration Centre), in developing a specialist capital market arbitration route. Concurrently with our efforts, we will also be taking steps to build our resource levels to ensure we are able to continue to provide a quality and effective service.

Member Engagement

To apprise members of the new developments and amended Rules, we undertook two briefing sessions with a good level of attendance. Through the course of the year, I am pleased to say that members have followed up with us to arrange for briefing sessions for their management teams, covering both the compliance and operational functions. The intent of these sessions was to share SIDREC's insights on cases; ensure there is a practical understanding by members of SIDREC's processes; how to best prepare themselves in participating in the process, as well as discussing some of the member's challenges. These were excellent opportunities for SIDREC to engage at a deeper level and we very much appreciate the members initiative in this regard.

In this context, we are very pleased that industry associations such as Malaysian Investment Banks Association (MIBA) and Association of Stockbroking Companies (ASCM) are also proactively engaging us where they need any further clarity on our approach or issues that are of concern to their members. As was the case following the decision of the Federal Court ruling in dismissing the judicial review application by a member against two of our awards with costs, upholding the High Court's decision that SIDREC had followed due process in the mediation and adjudication of the matter and had correctly applied the 'principal-agent' relationship in the two cases concerned.

The decision finally brought closure on the issue and compensation to the claimants. More importantly it speaks to the integrity and quality of SIDREC's due process. It also confirms that the award did not suffer from any error of law and in this regard, the correct application by the Adjudicator of the principal-agent relationship in the awards.

There were some concerns on the part of members that the principle would going forward be applied by SIDREC, on a 'strict liability' basis. We were able through the engagements with MIBA and ASCM and other smaller groups, to correct any misconceptions, provide context and explain how the decision reiterated the current law on the application of the principal-agent relationship and provide some practical understanding of SIDREC's approach in its application. The sessions did I believe, serve as somewhat of an alert while providing the necessary balance of understanding and reassurance. I must thank Bursa Malaysia, in both facilitating and hosting a rather large engagement session for this purpose.

Awareness and Capacity Building Initiatives

As you will see later in this report, we have put the CMDF funding to good use over the last two years. We continued with our on-ground awareness efforts, participating in events organised by our stakeholders and the SC's InvestSmart initiatives, increasing our digital footprint through social media with the launch of our Facebook page as well as reaching out to the investing public through radio and print broadcast advertising and interviews. We believe the digital media is critical to any sustainable awareness strategy. It must, however, be balanced with an adequate level of broadcast and print media coverage and on-ground efforts.

We have found strategic collaborations to be invaluable and the 'pay it forward' effect of any help extended is tremendous. In this, we are very grateful for the help extended by all our stakeholders and I add my appreciation to that of the Chairman. Special thanks go out to Bursa Malaysia, Financial Planning Association of Malaysia (FPAM), Agensi Kaunseling dan Pengurusan Kredit (AKPK), Private Pension Administrator (PPA), Securities Industry Development Centre (SIDC) and Federation of Investment Managers Malaysia (FIMM) and KLRCA, who have gone the extra mile to help enhance awareness of SIDREC and contribute to our capacity building efforts.

From the perspective of capacity building, our focus has been to develop a structured training programme to ensure the expertise required in our operations is a sustainable commodity that remains relevant to regulatory and market developments, enabling SIDREC to consistently deliver the quality service required. To give you a flavour of the work undertaken, we are currently developing a tailored competency framework to meet the needs of SIDREC as a capital market dispute resolution body. We developed and rolled out SIDREC's Advanced Mediation Training Programme, tailored to cater to SIDREC's Rules and capital market perspective, running the first training in November 2017. Work has also started on training programmes for Collective Investments Schemes and Financial Planning, both of which will be ready for roll out by mid-2018. We have also in this regard ensured that we build the Islamic capital market component into these programmes to ensure we are informed by the requisite knowledge and expertise in shariah investments and the specific requirements and perspectives.

We will continue to cover the different market segments and will build into this a continuing professional development requirement that will keep our case managers, mediators and adjudicators relevant and in step with developments. In developing these training programmes, we are prioritising the need for the modules to be very practical in approach, to provide a clear perspective and understanding of the actual workings of market products and services, the processes, application of the laws, market best practices and rules.

International Engagement

We have also been able to harness the invaluable breadth and depth of experience of our peers and other market participants and standard setters on the international stage, through the sharing at various international fora organised by the SC, IOSCO and more recently at the INFO Network's 2017 Conference and a workshop organised by the Australian Securities and Investments Commission (ASIC) and Organisation for Economic Co-operation and Development (OECD), following the conference with the International Network of Financial Services Ombudsman Schemes (INFO Network). Specifically, as highlighted by our Chairman, I thank Financial Ombudsman Service (FOS) Australia and their wonderful team for generously sharing their experience by both the visit to SIDREC by Dr Jamie Orchard, their General Manager of Resolutions, as well as hosting SIDREC's team on a study visit to FOS Australia in September 2017.

Going Forward

In its 2017 Annual Report, the SC announced that it would liberalise requirements for retail access to bond and sukuk markets in 2018. This further points to the relevance and importance of the avenue for redress provided by SIDREC in the investor protection eco-system that contributes to both investor confidence and market discipline.

This year will also see focus on the necessary review and leg work relating to the proposed merger between SIDREC and Ombudsman for Financial Services (OFS). Work in this regard has started and we will keep members informed of progress. Concurrently with all of this, we will of course, continue to focus on our awareness and capacity building efforts.

Much has been achieved and there is much more to be done. We could not have reached this point without the help of our stakeholders and strategic partners. I thank Bank Negara Malaysia and OFS for the positive engagement and support of SIDREC.

We are grateful for the SC's continued support of SIDREC and the level of engagement that has helped SIDREC to remain in step with regulatory expectations.

I must also express our appreciation of the CMDF's support in the funding provided. Much of the progress we have made in our awareness and capacity building efforts would not have been possible without the funding and support extended by SC and CMDF.

I have personally benefitted in carrying out my work as CEO, from the guidance of a highly committed and experienced board and excellent team at SIDREC. I thank our Chairman and the Board for their support and guidance. I thank my team at SIDREC for their hard work, passion and commitment to providing a quality service, always with good sense, patience and good cheer. Credit goes to the expertise of our panel of mediators and adjudicators and the case managers in the positive outcomes achieved in a majority of our cases.

And finally, I thank our members who have really come forward this year to not only better understand what SIDREC brings to the table, but also in a number of cases helped us extend our awareness efforts across their client base. I look forward to working closely with members to take our conversation to the next level.

SUJATHA SEKHAR NAIK
Chief Executive Officer

About SIDREC

SIDREC is an expert, independent and impartial alternative dispute resolution (ADR) body established by the Securities Commission Malaysia (SC) as part of its investor protection framework. It was established in 2010 under the Capital Markets and Services (Dispute Resolution) Regulations 2010 (Regulations) as an ADR centre to help resolve disputes related to capital market products or services, involving monetary claims made by individuals or sole proprietors against market intermediaries licensed to deal in securities, or derivatives, or Private Retirement Schemes (PRS) or to carry out fund management activities under the Capital Markets and Services Act 2007 (CMSA).

SIDREC undertakes a periodic review of our purview to ensure we remain relevant to market developments and needs, and work closely with the regulator in this regard. To this end, SIDREC's purview has grown since its inception on 15 December 2010.

- In September 2015, SIDREC expanded its scope to include the regulated activity of dealing in PRS, over and above dealing in the capital markets products such as shares, unit trusts, bonds, structured products, and derivatives, and fund management services.
- In September 2016, the Regulations were further amended to allow commercial banks, Islamic banks and specified development financial institutions (DFIs), (who are Registered Persons under the CMSA), to become SIDREC members, thus allowing individual investors to make a claim against any of these entities, if a dispute arises from the procurement of capital market products and services from any of them.

With these changes, SIDREC's purview is more product and service based, as opposed to entity based. Investors are able to avail themselves of SIDREC's services regardless of who they transact with as long as the entity is a SIDREC member. All licensed and registered capital market intermediaries such as investment banks, commercial banks, stockbrokers, derivatives brokers, fund management companies and unit trust management companies as well as PRS providers and distributors among others, who undertake these regulated activities under the CMSA are deemed to be SIDREC members, and are bound to participate in SIDREC's dispute resolution process.

SIDREC's operations are currently being funded by the SC pending the finalisation of SIDREC's funding structure which will be based on contributions by Members.

SIDREC has 184 members as at 31 January 2018.

Accessibility

- SIDREC's ADR service is free for investors with disputes involving claims up to RM250,000 under its mandatory scheme.
- SIDREC now accepts disputes involving claims above RM250,000, where both parties wish to use SIDREC's services. This falls under SIDREC's newly introduced voluntary scheme.
- SIDREC is now also open for court-referred mediation under our voluntary scheme.
- A fee is chargeable under the voluntary scheme and for court-referred mediation.
- SIDREC's service to investors is nationality neutral and is as such available to both Malaysian and foreign clients of SIDREC members.

Logistical accessibility is also an important factor which is reflected in our location and the different modes through which an investor may access SIDREC to submit a dispute or enquiry.

Location

SIDREC's office is at Menara UOA Bangsar, Kuala Lumpur, conveniently located next to the Bangsar Light Rail Transit (LRT) station, a stop away from KL Sentral, a major transportation hub for the country.

Modes of submitting an enquiry or a dispute

SIDREC accepts enquiries and disputes at its office (walk-ins), as well as through the telephone, post, email, fax and its website.

Additionally, our web content is in English and Bahasa Malaysia, while our brochures are available in four languages i.e. English, Bahasa Malaysia, Mandarin and Tamil. SIDREC also launched our own Facebook page in July 2017, to enhance awareness of our services and for greater public engagement.

Claim Limit

SIDREC's claim limit was RM100,000 when it was first established. The limit under SIDREC's mandatory scheme was raised to RM250,000 in 2015 to make it more relevant to the retail investor.

A SIDREC member is obliged to participate in SIDREC's dispute resolution service under our mandatory scheme, if the dispute meets four criteria:

- the dispute is against a SIDREC member;
- the claimant is an individual investor or a sole proprietor;
- it involves a capital market product or service purchased from or offered by a SIDREC member or its representative; and
- the claimant's monetary claim does not exceed RM250,000.

SIDREC may also mediate and adjudicate disputes involving claims above RM250,000, if both the investor and member agree to seek SIDREC's help. This falls under SIDREC's voluntary scheme. If a claim was adjudicated under this voluntary scheme, both the member and the claimant are bound by the decision, as both parties have contracted to resolve their dispute through this avenue.

Under the mandatory scheme on the other hand, the member is bound by the decision of the adjudicator if the claimant accepts it, whilst the claimant can choose to reject the decision and pursue other legal recourse. The claimant would however be bound by the decision under the mandatory scheme once they accept the decision and enter into a settlement agreement to reflect the same.

Limited Appeal

While an award by the adjudicator is final, a limited avenue for appeal was introduced in November 2015. Through this avenue, an appeal may be made if the appellant can meet any one of the grounds of appeal i.e. if there was:

- a serious error of law or fact; or
- new evidence that could not, with reasonable diligence, have been produced during adjudication; and
- the error or new information has a material impact on SIDREC's award.

Subject to meeting these grounds, the member or claimant may submit an appeal to SIDREC's Appeals Committee (SIAC) This avenue is only available under the mandatory scheme.

SIAC members: • Datuk Dr Khaw Lake Tee (Chairman - Independent) • Dato' Karam Chand Vohrah (Senior SIDREC Representative) • Foo Lee Mei (Senior SC Representative) • Datuk Noripah Kamsu (Independent) • Hasnah Omar (Independent) • Dato' Kok Wee Kiat (alternate to Dato' Karam Chand Vohrah). Dato Kok retired on 5 April 2017.

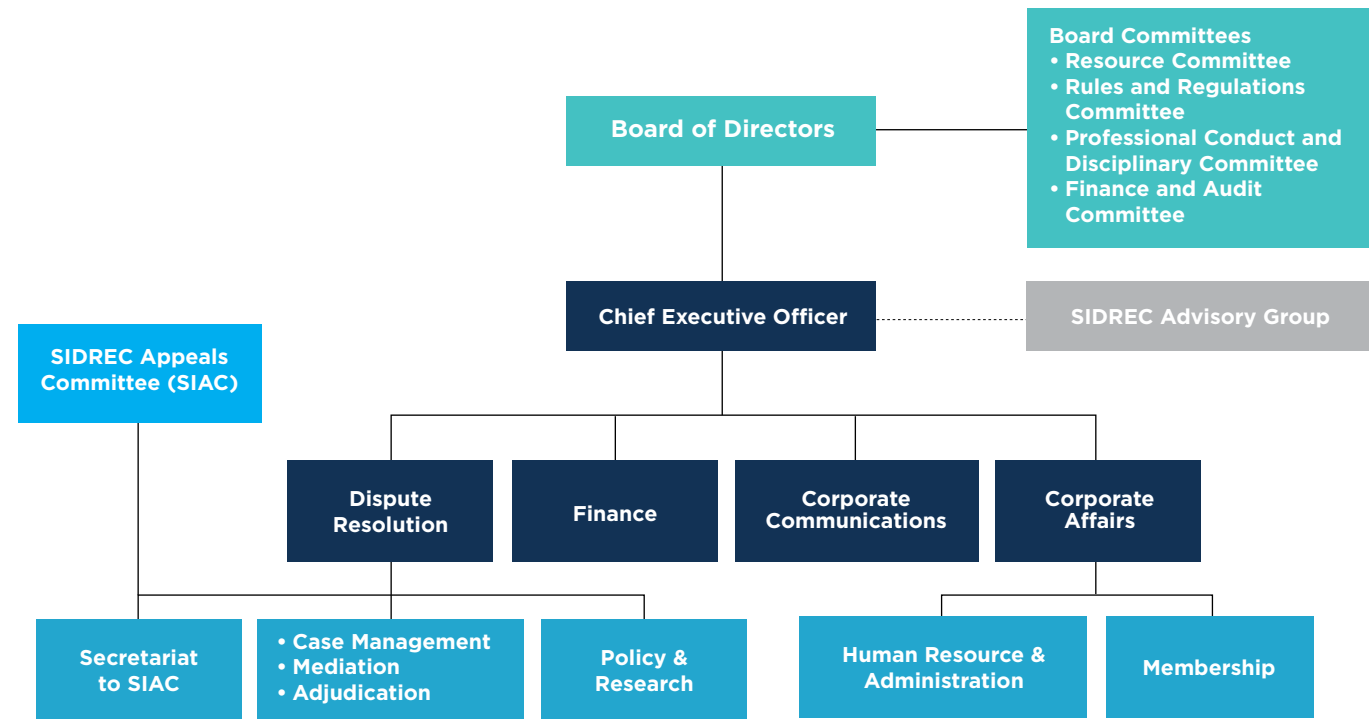
Advisory Group

SIDREC's Advisory Group is an informal group comprising domestic and international experts, who would be able to provide SIDREC with general advice as well as specific input covering strategy, policy, rules reform, operational and structural issues.

Organisation Structure

SIDREC is supported by a team of full-time staff and our panel of mediators and adjudicators (which include both in house and external members). In addition, our appeal process falls under SIAC and we benefit from the ability to reach out to the expertise and experience of the members of our Advisory Group.

Organisation Structure



Relationship Building

SIDREC believes in working together with its members and other capital markets stakeholders for the benefit of the capital markets as a whole. We work with the SC, Bank Negara Malaysia, Bursa Malaysia, self-regulatory bodies, industry associations, the Malaysian Bar Council and other stakeholders including the mass media and other ADR bodies, domestic and international, to bring about greater awareness of SIDREC and the benefits of ADR.

SIDREC seeks to learn from dialogue with industry players as well as other ADR bodies, both local and international, towards our efforts to enhance our processes and services as an ADR body.

International Engagement

Recognising the global environment in which the Malaysian capital market sits, SIDREC places importance in ensuring we stay informed of market and regulatory

developments, both on the domestic and global arena. With the increase in cross-border transactions and diverse products that are accessible by the investing public, we are aware of the need to keep our service and expertise relevant and in step with these developments. We do this by staying engaged with our peers in Malaysia and the region as well as the broader stakeholders of regulators and standard-setting bodies.

In this context, SIDREC contributes and participates in regional and international events. In this regard, we also contribute:

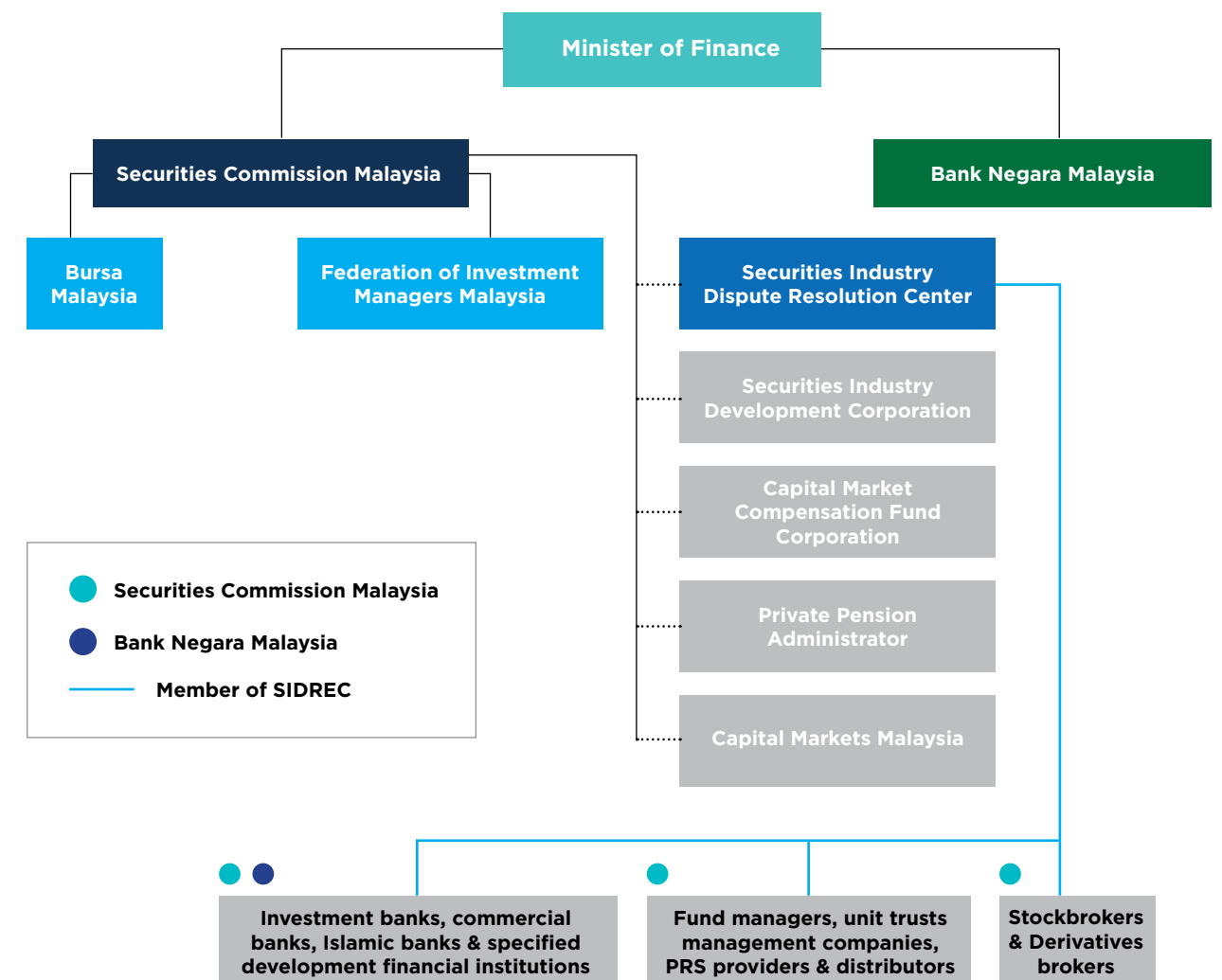
- Through sharing of experience with peers and regulators in the region;
- Locally, as the SC's InvestSmart partner in investor education and strategic work in investor empowerment and education; and
- We also participate in other capital market or ADR events locally.

International Participation

- SIDREC has been a member of the International Network of Financial Services Ombudsman Schemes (INFO Network) since 2013. SIDREC's CEO is a member of the INFO Network Committee. INFO Network was set up for relevant ADR schemes for financial services around the world to work together to develop their expertise in dispute resolution, by exchanging experiences and information in a wide array of areas, including among others, functions and governance models, handling of systemic issues, cross border referral of complaints and training.

- Participation in international meetings and conferences organised by bodies such as International Organization of Securities Commissions (IOSCO), International Forum for Education (IFIE) and Organisation for Economic Co-operation and Development (OECD).
- Supported IOSCO's World Investor Week 2017, a global investor education campaign through educational messages on SIDREC's own website and Facebook page.

SIDREC in the Capital Market Institutional Framework



Malaysian Capital Market

The Malaysian capital market continues to grow as evidenced by further improvement in its overall performance. The overall size of the Malaysian capital market grew by about 12.6% or RM358.5 billion and recorded a total of RM3,198.7 billion at the end of 2017.

Approximately 67% or RM239.5 billion of the growth was contributed by equity market capitalisation. Total funds raised in 2017 via the equity and debt securities markets was RM146.6 billion as compared to RM98.5 billion in 2016. Primary market fund raising for 2017 of RM132.1 billion exceeded that of the previous year by 52.4%.

In the fund management industry, assets under management also continues to grow with an increase of 11.5% or about RM80 billion, recording a total of RM776.2 billion. The unit trust industry contributed significantly to this growth with a 19.1% increase in its net asset value to RM427.0 billion at the end of 2017. The net asset value of Private Retirement Schemes of RM2.23 billion as at 31 December 2017 represents, an increase of 46.7% compared to the total net asset value of PRS in 2016.

As at 31 December 2017, the Malaysian equity market capitalisation increased by 14.4% to about RM1,906.8 billion, a significant improvement compared to the previous year. Shariah compliant securities comprise 76.2% of the total number of securities listed on Bursa Malaysia, and contributes to approximately 59.5% or RM1,133.8 billion of the total Malaysian stock market capitalisation. While shariah compliant listed securities reflect a higher proportion of the total stock market capitalisation, about 57.1% or RM136.6 billion of the total increase of the stock market capitalisation is attributable to conventional securities.

Debt securities outstanding recorded a total of RM1,291.9 billion or an increase of about 10.1%. Sukuk outstanding continues to make a significant contribution to the debt securities market by recording an increase of about RM98.6 billion or 82.8% of the total increase in total debt securities outstanding in 2017. As at 31 December 2017, sukuk outstanding recorded a total of RM759.6 billion or 58.8% of the total debt securities outstanding.

Conventional fund management maintains its strength, comprising 77.8% or RM604.1 billion of total assets under management. Islamic fund management continues to contribute positively with 22.2% or RM172.2 billion of total assets under management.

Overall, unit trust funds continue to be the main source for funds under management by recording a net asset value of about RM427 billion followed by the Employees Provident Fund, wholesale funds and corporate bodies of RM118.5 billion, RM84.7 billion and RM84.3 billion respectively. These sources of funds and their net asset value accounted for about 92% of the total funds under management as at 31 December 2017.

With total sales valued at RM200.2 billion for unit trust funds in 2017, unit trust management companies formed the main distribution channel, followed by institutional unit trust advisers, comprising 40.9% (RM81.9 billion) and 32.4% (RM65 billion) respectively of total unit trust sales.

In 2017 structured warrant issuers registered 925 term sheets which represents an increase of 26.4% compared to that of 2016. The increase was attributable to the active issuance by issuers in meeting investor interest during the year with an offering of up to 48.25 billion structured warrants. In 2017, there was also an increase in issuances of structured warrants based on shares from 537 in 2016 to 788 in 2017. Additionally, issuance of structured warrants based on ETFs increased to 17 in 2017 compared to 2 in the previous year.

As for structured products, 20 new programmes were lodged in 2017 with an aggregate size of RM100 billion where each programme has a size limit of up to RM5 billion. These programmes comprised a variety of underlying references.

SIDREC's Role in the Capital Market

Against this backdrop, market intermediaries providing investors access to a diverse range of products and services comprised 236 Capital Market Services Licence (CMSL) holders and 45 Registered Persons. As at 31 January 2018, SIDREC's membership stands at 184, comprising 139 CMSL holders and 45 registered persons. Our members cut across the whole spectrum of the market and include securities and derivatives brokers, fund managers, unit trust management companies, Private Retirement Scheme (PRS) providers and distributors, corporate unit trust advisers, corporate PRS advisers, investment banks, commercial banks, Islamic banks, specified DFIs and issuing houses. Their business include the regulated activities that fall under SIDREC's purview of dealing in securities, dealing in derivatives, dealing in PRS and fund management.

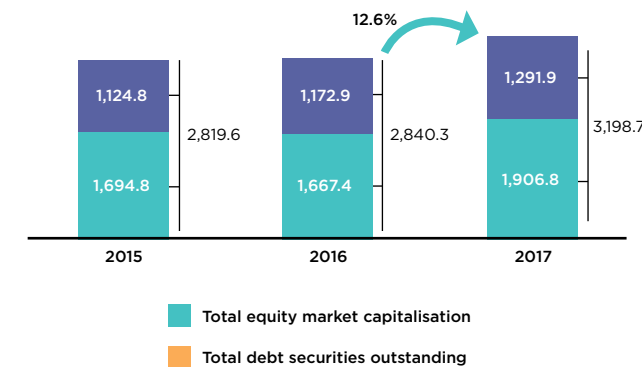
In delivering their services to the investing public, our Members are supported by their distribution channel. As at 31 December 2017, there were 9,545 Capital Markets Services Representative's Licence (CMSRL) holders, of whom more than 80% was involved in dealing in securities, dealing in derivatives and fund management.

Apart from these CMSRL holders, the distribution channels of SIDREC's members are also supported by 57,296 unit trust consultants and 20,646 PRS consultants who are registered with the Federation of Investment Managers Malaysia. In addition, 4,379 employees of Registered Persons, are involved in the delivery of capital market products and services to the investing public.

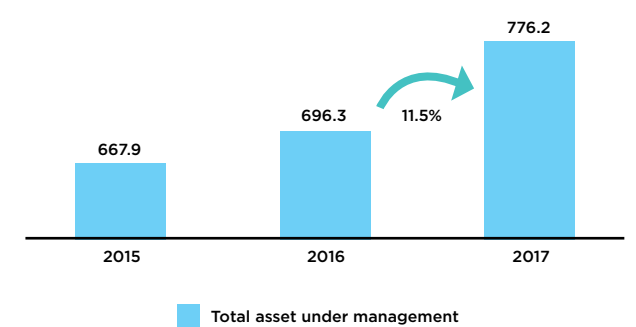
Notes:
Source for all capital market statistics - Securities Commission Malaysia

Market Statistics

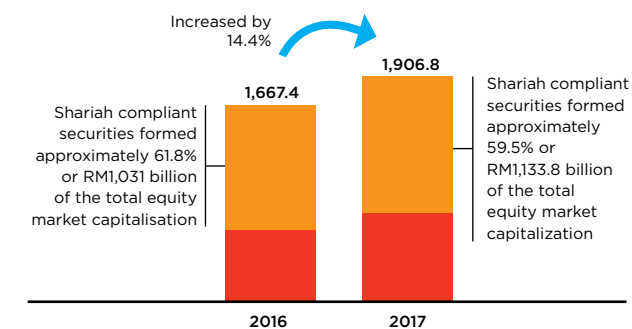
MALAYSIAN CAPITAL MARKET (IN RM BILLION) AS AT 31 DECEMBER 2017



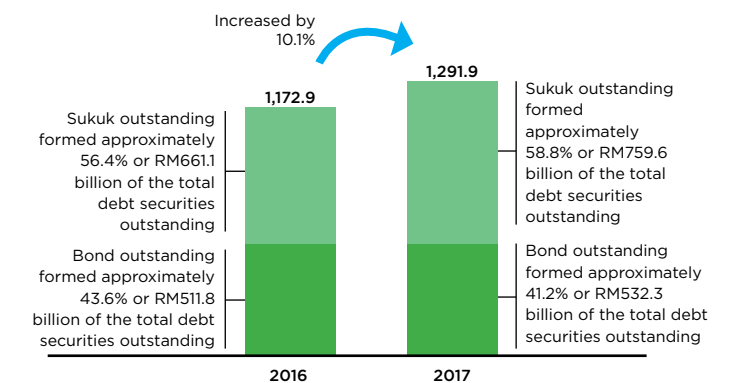
ASSET UNDER MANAGEMENT (IN RM BILLION) AS AT 31 DECEMBER 2017



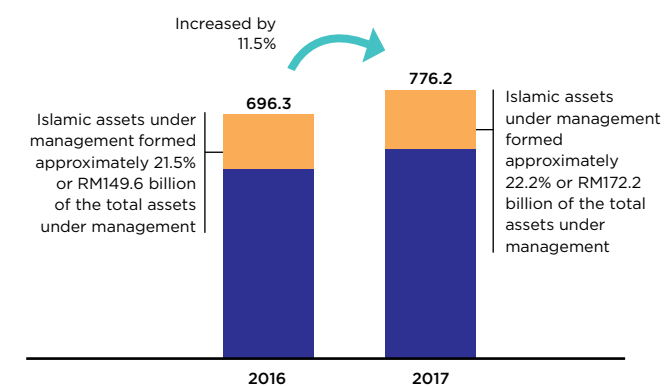
EQUITY MARKET CAPITALISATION (IN RM BILLION) AS AT 31 DECEMBER 2017



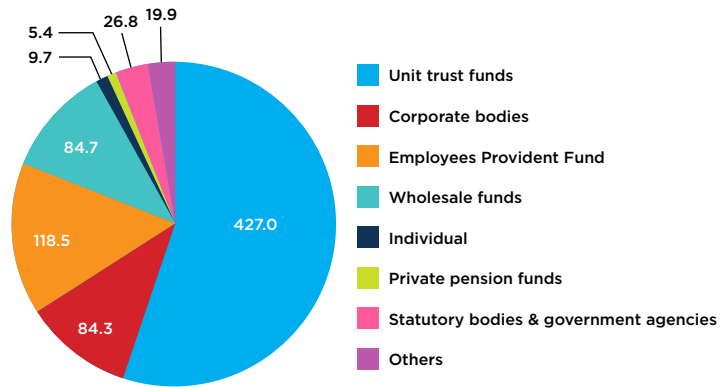
DEBT SECURITIES OUTSTANDING (IN RM BILLION) AS AT 31 DECEMBER 2017



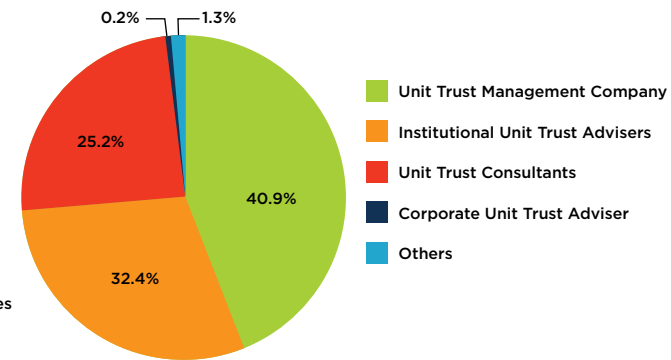
ASSETS UNDER MANAGEMENT (IN RM BILLION) AS AT 31 DECEMBER 2017



SOURCE OF CLIENTS' FUNDS UNDER MANAGEMENT AS AT 31 DECEMBER 2017 (NET ASSETS VALUE IN RM BILLION)

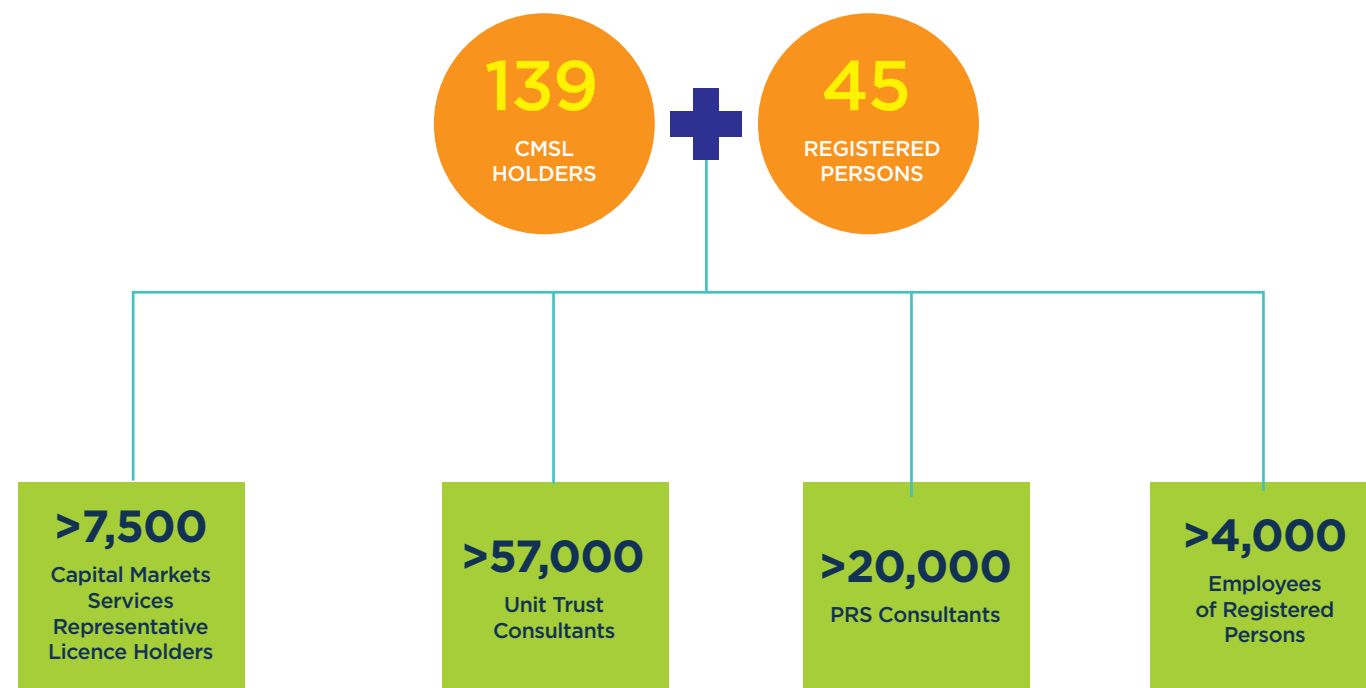


UNIT TRUST FUNDS DISTRIBUTION CHANNEL AS AT 31 DECEMBER 2017



Role of SIDREC in the capital market

SIDREC MEMBERS' DISTRIBUTION CHANNEL



Board of Directors & Management

INDEPENDENT DIRECTORS

DATO' RANITA MOHD HUSSEIN

Chairman & Independent Director

Dato' Ranita Mohd Hussein has been the Chairman of SIDREC since its inception in 2010. She is a legal consultant and served as a member of the Advisory Council of Jurists of the Asia Pacific Forum for National Human Rights Institutions. She also served as a member of the Permanent Court of Arbitration, The Hague.

Dato' Ranita's other previous posts include that of a Commissioner in the Human Rights Commission Malaysia (Suhakam), a partner of Skrine & Co, a Judicial Commissioner in the High Court, Malaysia and an Adviser (now re-designated as Assistant Governor) to Bank Negara Malaysia.

She began her career in the Judicial and Legal Services, where from 1969 to 1991, she served in various positions ranging from magistrate and Senior Federal Counsel at the Economic Planning Unit (EPU) and Foreign Investment Committee to Head of Advisory & International Division, Attorney General's Chambers and later during her tenure, Chief Parliamentary Draftsman.

Where the capital markets are concerned, Dato' Ranita served as a member of the Governing Committee of the Kuala Lumpur Stock Exchange from 1997 to 2000 and as a director on the board of the Kuala Lumpur Options and Financial Futures Exchange from 1999 to 2000.

Dato' Ranita holds an LLB (Hons) from the University of Singapore.

DATO' HALIPAH BINTI ESA

Independent Director

Dato' Halipah binti Esa is a founding director of SIDREC. She currently serves as Independent Non-Executive Director of several public-listed companies, including Malaysia Marine and Heavy Engineering Holdings Bhd, KLCC Property Holdings Bhd and SP Setia Bhd. She also serves on the boards of Cagamas Bhd, Putrajaya Holdings and Malaysian Maritime Academy Sdn Bhd. She was Chairman of Pengurusan Aset Air Bhd and has also served on the boards of MISC Bhd, Petronas, FELDA, Employees Provident Fund, Pensions Trust Fund, Inland Revenue Board, Putrajaya Corporation,

Malaysia Deposit Insurance Corporation, NCB Holdings Berhad, UDA Holdings Bhd and Malaysia - Thailand Joint Development Authority.

Having started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department, she held various senior positions, rising to the position of Director General of EPU before she retired from government service in 2006. She has also served as Deputy Secretary General at the Ministry of Finance.

She has previously been a consultant to the World Bank and United Nations Development Programme (UNDP), advising the Royal Kingdom of Saudi Arabia on economic planning and providing technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

Dato' Halipah holds a BA Hons (Econs), as well as a Master of Economics from the University of Malaya.

DATO' KARAM CHAND VOHRAH

Independent Director

Dato' Karam Chand Vohrah is active in both domestic and international arbitration. He is a member of Kuala Lumpur Regional Centre for Arbitration (now known as Asian International Arbitration Centre), member of the Singapore International Arbitration Centre (SIAC), former Fellow of the Singapore Institute of Arbitration (SI Arb) and former member of the Permanent Court of Arbitration in the Hague, Netherlands.

He is also Adjunct Professor, College of Law, Government and International Studies of University Utara Malaysia; Adjunct Professor, Faculty of Law and Government, HELP University College, Kuala Lumpur and was formerly External Examiner, Faculty of Law, University of Malaya, Malaysia.

He was a consultant with Messrs Lee Hishammuddin Allen & Gledhill. Before that he was a Judge of Court of Appeal, Malaysia and had served in the Judicial and Legal Service of Malaya and became Head of

the Advisory Division, Attorney General's Chambers. He participated in many negotiations as legal adviser relating to international loan agreements (including those of the World Bank and the Asian Development Bank) and Swiss and Japanese bond issues, and also various conferences in relation to the Tin and the Rubber Buffer Stock Agreements. He was involved in the Law of the Sea Conferences in New York and Geneva.

He served as a Commissioner of the Human Rights Commission of Malaysia from July 2002 up to April 2008 and was Chairman of the Corporate Law Reform Committee, Malaysia.

He was a trustee of the Tun Suffian Foundation Incorporated and is presently the Chairman of Loke Yew Scholarship Trust Fund.

Dato' Vohrah has written many articles on law and on human rights and co-authored the 5th Edition of *Sheridan & Groves: The Constitution of Malaysia* (2004) and *Vohrah and Hamid on the Malaysian Penal Code* (2005).

Dato' Vohrah joined SIDREC board on 30 April 2014.

DATO' MOHAMAD ARIFF BIN MD YUSOF

Independent Director

Dato' Mohamad Ariff bin Md Yusof is a retired Judge of the Court of Appeal, Malaysia. He is a graduate of the University of London (London School of Economics) (LL.B, LL.M), and Lincoln's Inn. He started his career in 1974 as a law lecturer and subsequently an Associate Professor of the Law Faculty of the University of Malaya before venturing into legal practice as an advocate and solicitor in 1985.

He was one of the founding partners of Messrs Cheang & Ariff. He took leave from legal practice between 1993 and 1995 to join the newly-formed Securities Commission of Malaysia and became the first Director of its Market Supervision Department. He became a Judicial Commissioner, High Court of Malaya in 2008, later a Judge of the High Court, and thereafter became a Judge of the Court of Appeal in 2012.

He retired from the Malaysian Judiciary in early 2015. His experience has ranged from company and commercial

law, banking, securities, constitutional and administrative law, intellectual property to arbitration. He is presently a Consultant at Messrs Cheang & Ariff.

Dato' Ariff joined SIDREC board on 27 October 2017.

DATO' KOK WEE KIAT

Independent Director (retired)

Dato' Kok Wee Kiat is a founding director of SIDREC. He currently sits on the board of Bata Malaysia Sdn Bhd. He has retired from the boards of Aluminum Company of Malaysia Berhad and AWLU Malaysia Foundation (AWLU: Asia Women Leadership University).

Dato' Kok was the Deputy Minister of Trade & Industry and Member of Parliament for Selandar (1986-1990). He also served as co-patron of Malaysian Canadian Business Council (1989-2010), Vice President of Malaysian Chinese Association (1985-1990), as well as President of Rotary Club of Petaling Jaya (1985).

His active involvement in the area of corporate responsibility is clearly reflected in his previous positions. Dato' Kok has been the Honorary President of the Business Council for Sustainable Development Malaysia (now renamed Business Council for Sustainability & Responsibility Malaysia) since 1998. He was Chairman of the Environmental Quality Council, Malaysia (2000-2009). He sat on the Advisory Board of the Greening of Industry Network (2002-2005). He also had been a judge for the ACCA Sustainability Reporting Awards, and StarBiz-ICR Corporate Responsibility Reporting Awards. Dato' Kok has been a member of the organising committee of the Prime Minister's Hibiscus Awards since its inauguration in 1996, sitting as its Chairman from 1998 to 2012 and continues to be the Advisor to the Committee.

Dato' Kok was an advocate and solicitor, holding an LLB (Hons)(Singapore). He was a founding partner of Mah & Kok (later renamed Mah-Kok & Din). He ceased legal practice since January 2001.

Dato' Kok retired from SIDREC on 5 April 2017.

INDUSTRY DIRECTORS

DATO' SAIFUL BAHRI BIN ZAINUDDIN

Industry Director

Dato' Saiful Bahri bin Zainuddin is a founding director of SIDREC. Currently, he is an the Executive Director of OSK Holdings Berhad, an Investment Committee Member of Eastspring Investments Berhad, Independent Non-Executive Director of KAF Investment Bank Berhad where he chairs the Nomination & Remuneration Committee and sits on KAF Investment Board, Audit Committee and Risk Committee respectively; he is also the Financial Adviser to the State Government of Negeri Sembilan and a member of the Negeri Sembilan state's think tank.

Dato' Saiful was appointed by the Minister of Finance as Independent Non-Executive Director of Bursa Malaysia Berhad in 2008 and a Board Member of Bursa Malaysia Securities Berhad and Bursa Malaysia Securities Clearing Sdn Bhd from April 2015. Dato' Saiful was then appointed as Senior Independent Director for his active role as a Director and in addition to his board member role he also sits on Committees for Market Participation, Risk Management and Nomination & Remuneration. He is also a former member of the Securities Commission Malaysia's (SC) Securities Law Consultative Committee and he is on the Board of Trustee for the Bumiputera Dealer Representative Education Fund and the Bumiputera Training Fund. Dato' Saiful was also appointed as an Advisory Council Member of the Secondary Market for the SC.

His previously held positions include Executive Director of Affin Hwang Investment Bank, Executive Director of Affin Holdings, Managing Director of Affin Securities, Executive Director Dealing of Rashid Hussain Securities, and CEO/Executive Director Dealing of Fima Securities Sdn Bhd. He was also attached to the Corporate Planning Division of Heavy Industries Corp. of Malaysia (HICOM).

He has a Bachelor of Science in Economics & Finance from Western Michigan University, USA in 1985, and had attended the Global Leadership Development Programme at Stanford University, USA.

RAYMOND TANG CHEE KIN

Industry Director

Raymond Tang Chee Kin is a founding director of SIDREC. He is currently the Chief Executive Officer and a member of the Board of Directors of Eastspring Investments Berhad effective from April 2016. He has over 30 years of experience in the asset management business, managing both institutional and unit trust funds. Prior to joining EIB, he was the Head, International & Institutional Business of CIMB-Principal Asset Management Berhad.

Currently, Raymond is also the Chairman of Malaysian Association of Asset Managers (MAAM) and Chairman of FTSE Bursa Malaysia Index Advisory Committee. He is also an invitee on the Executive Committee of Malaysia International Islamic Financial Centre (MIFC) as well as a member in Market Participants Committee of Bursa Malaysia and Financial Markets Committee of Bank Negara Malaysia.

Raymond is also a Fellow of the Chartered Institute of Management Accountants of England and a Chartered Global Management Accountant. He holds a Capital Markets Services Representative's License for fund management under Capital Markets and Services Act .

DATO' IDRIS BIN KECHOT

Industry Director

Dato' Idris bin Kechot was appointed as a Deputy President & Group Chief Operating Officer of Permodalan Nasional Berhad (PNB) on 1 December 2014. He is the designated investment manager for its funds. Prior to his present position, he was the Executive Director of ASNB. He obtained his Bachelor of Science Degree in Agribusiness from Universiti Putra Malaysia in 1983. In 1987, Dato' Idris secured his Master's degree in Business Administration specialising in Finance from the University of Stirling, UK. In 2006, he attended an Accelerated Development Programme at London Business School, UK.

He started his career in 1983 as an investment analyst at the Corporate Research Department of PNB, undertaking industry and sectoral research. In 1988, he joined the Investment Division of PNB as an equity dealer, responsible for the equity investment activities. His vast experience incorporates equity valuation, equity trading and portfolio management of the proprietary and unit trust portfolios.

He had also undergone extensive training and attachment programmes both locally and overseas, in the areas of equity valuation, portfolio management and general management development. To further strengthen his skills and knowledge in the area of investment management, Dato' Idris obtained a qualification as a Certified Financial Planner. He sits on the board of directors of several other companies.

Dato' Idris joined SIDREC's board on 27 October 2017.

MANAGEMENT

SUJATHA SEK HAR NAIK

Chief Executive Officer

Sujatha Sekhar Naik is the CEO of Securities Industry Dispute Resolution Center (SIDREC).

She was seconded by the Securities Commission Malaysia (SC) in March 2013 to take on this appointment. Under her stewardship, Sujatha helped steer SIDREC's strategic direction, building its capacity and broadening its scope to ensure that SIDREC's dispute resolution service continues to be relevant and in step with the needs of a developing capital market.

Her last post at the SC was Deputy General Manager/Head of Investor Affairs and Complaints, where she was responsible for the management of complaints relating to market misconduct and the development and implementation of SC's investor education strategy. Her work in the SC included advisory and reform work in both the General Counsel's Office and the Corporate Finance and Investments Business Groups. Sujatha has and continues to represent SIDREC and the SC as a presenter and panelist at international and domestic forums on dispute resolution, investor education and other capital market issues as well as on a number of inter-agency committees.

At the international level, Sujatha sits on the Committee of the International Network of Financial Services Ombudsman Schemes (INFO Network).

A strong advocate of investor education, Sujatha was a member of the Advisory Board of the International Forum of Investor Education (IFIE) from 2010 to July 2015. Sujatha also represented the SC on the International Organization of Securities Commissions (IOSCO), Committee 8 on Retail Investors.

Sujatha has experience in both legal practice and as an in-house legal counsel. She obtained her LLB (Hons), from the University of London and was called to the Bar of England and Wales in 1989 and re-qualified with the Law Society of England and Wales as a Solicitor in 1990. Sujatha was called to the Malaysian Bar in 1998.

Sujatha is also an accredited Mediator on the panel of the Bar Council Malaysian Mediation Centre (a member of Asian Mediation Association).



**DATO' IDRIS
BIN KECHOT**
Industry Director



**RAYMOND
TANG CHEE KIN**
Industry Director



**DATO' KARAM
CHAND VOHRAH**
*Independent
Director*



**DATO' RANITA
MOHD HUSSEIN**
*Chairman &
Independent
Director*



**DATO' HALIPAH
BINTI ESA**
*Independent
Director*



**DATO' SAIFUL
BAHRI BIN
ZAINUDDIN**
*Industry
Director*



**DATO'
MOHAMAD
ARIFF BIN MD
YUSOF**
*Independent
Director*



**SUJATHA
SEKHAR
NAIK**
*Chief
Executive
Officer*

Panel of Mediators & Adjudicators

SUJATHA SEKHAR NAIK

Sujatha Sekhar Naik is the Chief Executive Officer of SIDREC. She was seconded by the Securities Commission Malaysia (SC) to take on this role in March 2013. Prior to joining SIDREC, she was responsible for the development and implementation of SC's investor education strategy and the management of complaints relating to market misconduct. Her work in the SC included advisory and reform work in both the General Counsel's Office, and the Corporate Finance and Investments Business Groups. With just over 15 years of experience in capital market related work and specifically experience in her previous role heading the SC's Investor Affairs and Complaints function, she brings to her role as CEO and member of SIDREC's Panel of Mediators and Adjudicators, an in depth understanding of the regulatory framework and practical understanding of the capital market and as well as insight into investor concerns and challenges, in addition to the dispute resolution experience that is inherent in the management of investor complaints.

Prior to joining the SC in 2001, Sujatha gained experience both in practice and as an in-house legal counsel. She obtained her LLB (Hons), from the University of London and was called to the Bar of England and Wales in 1989 and re-qualified with the Law Society of England and Wales as a Solicitor in 1990. Sujatha was called to the Malaysian Bar in 1998 and is also an accredited Mediator on the panel of the Bar Council Malaysian Mediation Centre (a member of Asian Mediation Association).

HONG SIEW LAI

Hong Siew Lai is SIDREC's Head of Dispute Resolution. She joined SIDREC in 2011 as a full-time mediator/adjudicator with oversight of case management of claims filed with SIDREC. As a founding staff member of SIDREC, she has played a significant role in SIDREC's growth.

Siew Lai is a Fellow of the Chartered Institute of Arbitrators (FCIArb). She holds a Diploma in International Commercial Arbitration from the Chartered Institute of Arbitrators. She is also an accredited Mediator on the panel of the Bar Council Malaysian Mediation Centre.

Prior to joining SIDREC, Siew Lai spent some seven years at a Malaysian investment bank. Her last post was Assistant Vice President, Corporate Affairs, Legal & Compliance and registered Compliance Officer. Earlier, from 1998 to 2004, Siew Lai practised as an advocate and solicitor, where her scope of work included civil litigation, corporate/commercial and conveyancing matters.

Siew Lai's legal and capital market experience places her in good stead in mediating and adjudicating matters relating to capital market issues and to provide sound guidance to both clients and members through the

dispute resolution process. She also speaks regularly at capital market events. Siew Lai was admitted as an advocate and solicitor of the High Court of Malaya in 1998. She has a LLB (Hons) from the University of East London.

NAHENDRAN NAVARATNAM

Nahendran Navaratnam is the principal partner at Navaratnam Chambers. He has experience handling trial and appellate work in large corporate, commercial and administrative law disputes for private and public listed companies, major international and Malaysian financial institutions, multinational corporations and professional practices. He also acts in professional liability, tax, and securities cases and in commercial arbitration disputes.

Nahendran is a Chartered Arbitrator and a Fellow of the Chartered Institute of Arbitrators, a member of the Inter-Pacific Bar Association and Commonwealth Lawyers Association and the Australasian Forum for International Arbitration. He is also a member of the Arbitration Committee of the International Chamber of Commerce and a Fellow of the Malaysian Institute of Arbitrators. He is also a trained mediator and adjudicator. Nahendran is a graduate of Monash University Australia and holds a Bachelor of Science (Materials Science) and Bachelor of Laws. He was called to the Malaysian Bar in 1998.

LYNETTE YEOW

Lynette Yeow is a partner of Chua Associates, a specialist corporate and commercial law firm. Lynette has been in active practice in Malaysian law firms since 1995, including as a partner at Zaid Ibrahim & Co. and Kadir Andri & Partners.

Lynette is well known for her expertise in corporate and commercial advisory work, with a focus on mergers and acquisitions, corporate finance and securities regulation. She also has experience in funds establishment (including REITs and private equity funds).

Lynette graduated from the University of Cambridge with a BA (Hons) in 1992 and was called to the

Malaysian Bar in December 1994. She was also conferred an MA by the University of Cambridge. Lynette is an accredited Mediator on the panel of the Bar Council Malaysian Mediation Centre (a member of Asian Mediation Association). She is an independent non-executive director of Malaysia Building Society Berhad and a member of the board of directors of Themed Attractions Resorts & Hotels Sdn Bhd.

SHANTI ABRAHAM MATHEW

Shanti Abraham Mathew runs her own practice M/s Shanti Abraham & Associates. She has vast experience in corporate and dispute resolution matters.

She has handled trial and appellate work in major corporate, commercial and banking law disputes for private and public listed companies as well as handled a full range of corporate finance matters ranging from listing, restructurings and takeovers as well as resolving issues between investors and securities trading companies, including claims on the Compensation Fund.

Shanti is a mediator with the Malaysian Mediation Centre and an Associate Mediator with the Singapore Mediation Centre. She is both an arbitrator and mediator with the Kuala Lumpur Regional Centre for Arbitration.

She is a trainer with the Singapore Mediation Centre and Malaysian Mediation Centre and has trained a broad spectrum of professionals and officials including the Brunei Judiciary and Myanmar Judiciary in mediation skills. She is also a healthcare mediator on the specialist panel of mediators with the Singapore Mediation Centre (in a joint venture with the Ministry of Health, Singapore).

Shanti graduated with an LLB (Hons) from the National University of Singapore in 1994 and completed the Program on Negotiation and Mediation at Harvard Negotiation Institute (Harvard Law School) in 2014 as well as Advanced Mediation training – Mediating Complex Disputes in 2017. She holds a Diploma in International Commercial Arbitration and is a Fellow of the Chartered Institute of Arbitrators (FCIArb). She has been called to both the Singapore and Malaysian Bar.

DATO' LIM CHEE WEE

Dato' Lim Chee Wee has been a partner of SKRINE since 2001 and was the President of the Malaysian Bar from 2011-2013. He is a member of the Chartered Institute of Arbitrators.

He has a broad commercial practice having experience in a wide variety of commercial and corporate disputes and litigation including international arbitrations in Asia and Europe. He primarily acts as Counsel appearing at all tiers of the Malaysian courts and his portfolio of litigation work has a particular focus towards corporate litigation.

Chee Wee also has an established public and administrative law practice having regularly advised and acted as Counsel for the Malaysian stock exchange (Bursa Malaysia) in matters involving its rules and regulations and on the exercise of its enforcement powers. Chee Wee graduated from the University of New South Wales with an LLB degree and B. Comm. (Accounting) degree. He was called to the Malaysian Bar as an advocate and solicitor in 1993 and started practising in SKRINE thereon.

WONG LU PEEN

Wong Lu Peen is the Senior Partner of Wong Lu Peen & Tunku Alina. She obtained her Bachelor of Laws (Hons) degree from the University of Reading in 1978, was called to the English Bar in 1979 and admitted to the Malaysian Bar in 1983. She was awarded her Master of Business Administration by Universiti Malaya in 2014.

Lu Peen started her career in law in the Magistrates Courts in England, working as a court clerk in Uxbridge, Middlesex before returning to Malaysia. In Malaysia, Lu Peen began her practice as a general conveyancing lawyer and progressed to commercial contracts. Her practice is essentially a commercial and corporate practice. Her portfolio includes mergers, acquisitions, and investments by foreign parties into and out of Malaysia.

Lu Peen is currently the Chairperson of the Disciplinary Committee for disciplinary proceedings brought by the Bar Council Disciplinary Board. She sits in the Arbitration & Alternative Dispute Resolution Committee of the Bar Council and the council's Malaysian Mediation Centre (MMC). She is a qualified mediator registered with the MMC; she also trains and assesses candidates for accreditation with the MMC.

Lu Peen also trained with the Singapore Mediation Centre and is registered as an Associate Accredited Mediator and occasionally assists to train mediators there. She has also been appointed as a member of the advisory panel of the Australian Dispute Resolution Centre in Sydney. She has trained judges, lawyers and other professionals in mediation, and has been invited to assess students for their mediation credits in Universiti Malaya.

CHRISTOPHER LEONG

Christopher Leong is the President of LAWASIA, the Law Association for Asia and the Pacific, and was the 30th President of the Malaysian Bar (2013 - 2015).

Christopher has extensive experience in the fields of corporate and commercial litigation, shareholders' disputes, banking litigation and insolvency. Additionally, he practises in the area of constitutional and administrative law, and public interest litigation.

He is a member of the board of directors of the Institute for Democracy and Economic Affairs (IDEAS), a non-profit cross-partisan think tank foundation in Malaysia, and a member of the Taylor's University Law School Legal Profession Advisory Panel.

Christopher graduated with a Bachelor of Arts, majoring in economics and philosophy in 1984 from Monash University, Australia, and completed reading law (LLB) at the University of Nottingham in 1988. He was called to the Degree of Utter Barrister of The Honourable Society of Lincoln's Inn in 1989 and was admitted as an advocate and solicitor of the High Court of Malaya in 1990.

AISHARA ABDUL RAHIM

Aishara Abdul Rahim has over 16 years of experience in the capital markets. She joined SIDREC as a Senior Case Manager handling complaints involving a range of capital market products and services. Her exposure and experience in the capital markets has enabled her to facilitate resolution of disputes at case management level. While at SIDREC, she was also involved in capacity building initiatives for the purpose of building the capacity and quality of specialised capital market dispute resolution expertise and SIDREC's awareness initiatives to increase awareness and understanding amongst the public of the services provided by SIDREC.

Aishara's last role before joining SIDREC was as head of the group internal audit function of a local investment bank. Prior to that, she spent more than six years at the Securities Commission Malaysia gaining valuable experience as an analyst in its financial and corporate surveillance function. She started her career in 1994 with Arthur Andersen Malaysia. She is a qualified mediator accredited by the Bar Council Malaysian Mediation Centre. She is also a member of the Malaysian Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Aishara obtained her Bachelor of Science in Economics degree with a concentration in Accounting from the University of Pennsylvania, USA in 1994.

GANESAN NETHI

Ganesan Nethi is a commercial litigator, and a partner in Messrs Tommy Thomas. His practice encompasses a wide range of commercial and corporate disputes, including securities litigation, in which he regularly acts as Counsel on behalf of the Securities Commission Malaysia in their civil enforcement proceedings arising from market offences, including insider trading, market manipulation and fraudulent investment schemes. Ganesan has also acted for Danaharta, and other major local financial institutions in their bond disputes.

Ganesan graduated with an LLB (Hons) from Cardiff University in 2006, and an LLM (Distinction) in Securities Regulation from Georgetown University, Washington DC in 2015. He is one of few Malaysian lawyers who are also qualified to practise in New York and England, the world's two pre-eminent capital markets jurisdictions. Ganesan is on the Malaysian Mediation Centre's panel of mediators, and also acts as legal advisor to the disciplinary tribunals of the Financial Markets Association of Malaysia, which investigate and hear complaints of financial market misconduct against forex brokers and dealers.

Notes:

Angelina Kwan has stepped down from SIDREC's Panel of Mediators and Adjudicators and will be joining SIDREC's Advisory Group.

Leveraging on the Dispute Resolution Process

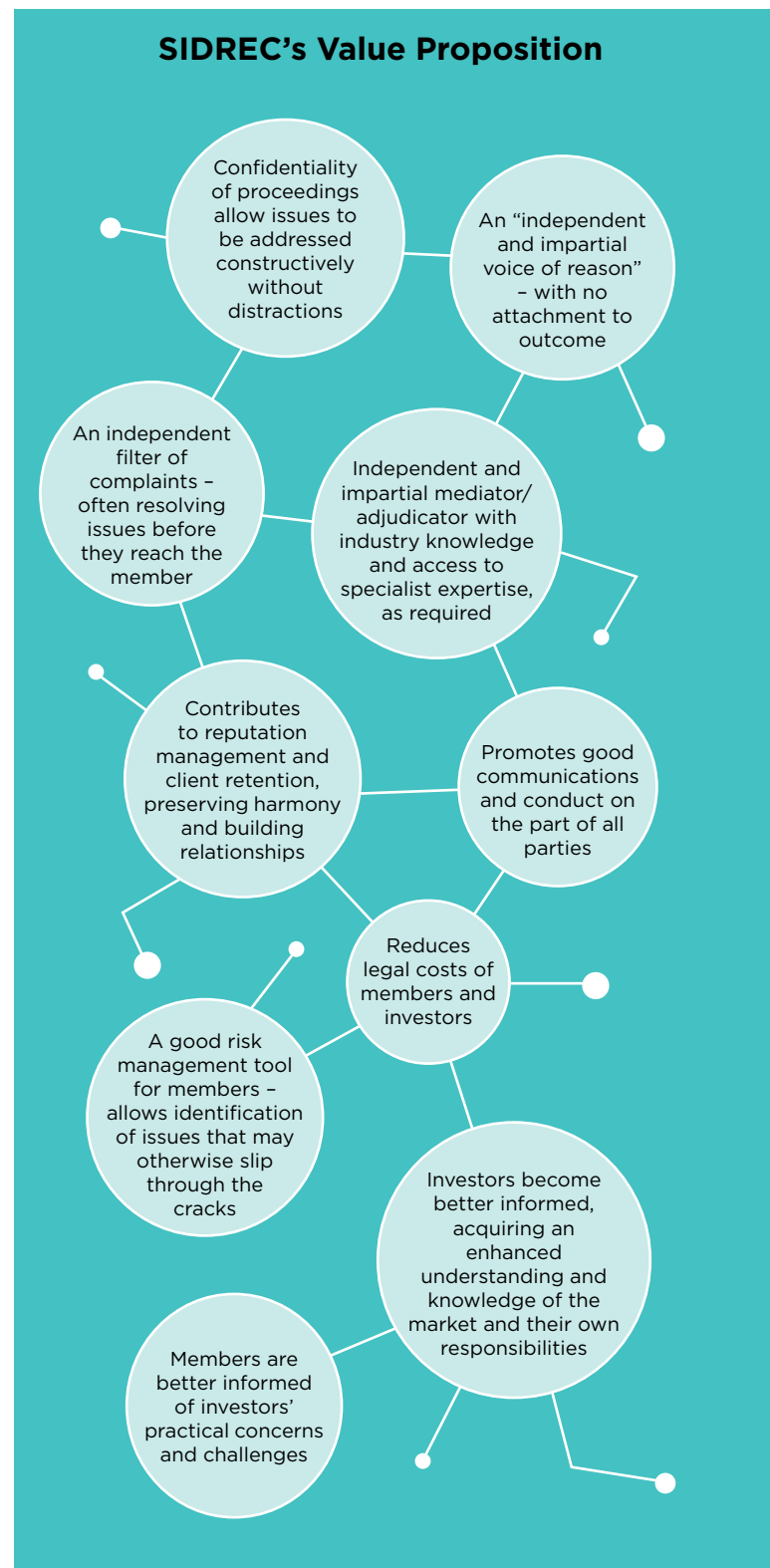
Alternative Dispute Resolution (ADR) as a means to resolve disputes is today a norm in most developed markets and many emerging markets. The importance of ADR for financial markets is evident with the accessibility of ADR avenues being a key component of best practice standards and regulatory trends set by bodies such as International Organization of Securities Commissions (IOSCO), Group of 20 (G20), Organisation for Economic Co-operation and Development (OECD), the European Union (EU) and the World Bank.

At the regional level, the ASEAN Capital Markets Forum (ACMF) that comprises securities regulators from 10 ASEAN countries have been working to ensure that member country frameworks are able to address cross border disputes with consistency in terms of quality, expertise and approach, as well as ease of enforcement. In a market where there is an increasing ability to raise capital and investors can access diverse products across borders, an effective cross-border ADR mechanism is critical.

The Working Group on Dispute Resolution & Enforcement Mechanisms (WGDREM) was set up under the ACMF umbrella to facilitate the development of an eco-system that supports cross-border transactions. SIDREC is part of the Securities Commission Malaysia (SC)'s team on the WGDREM, representing Malaysia's interests. This work is ongoing.

SIDREC is committed to the sustainable building of capacity and expertise to keep in-step with global best practice that is relevant to domestic market needs. In this regard, we have prioritised building the capacity and expertise required to address disputes for both domestic needs as well as cross-border transactions.

Concurrent with this, our processes and rules are subject to robust reviews to ensure they remain relevant and support the integrity and quality of the services we offer.

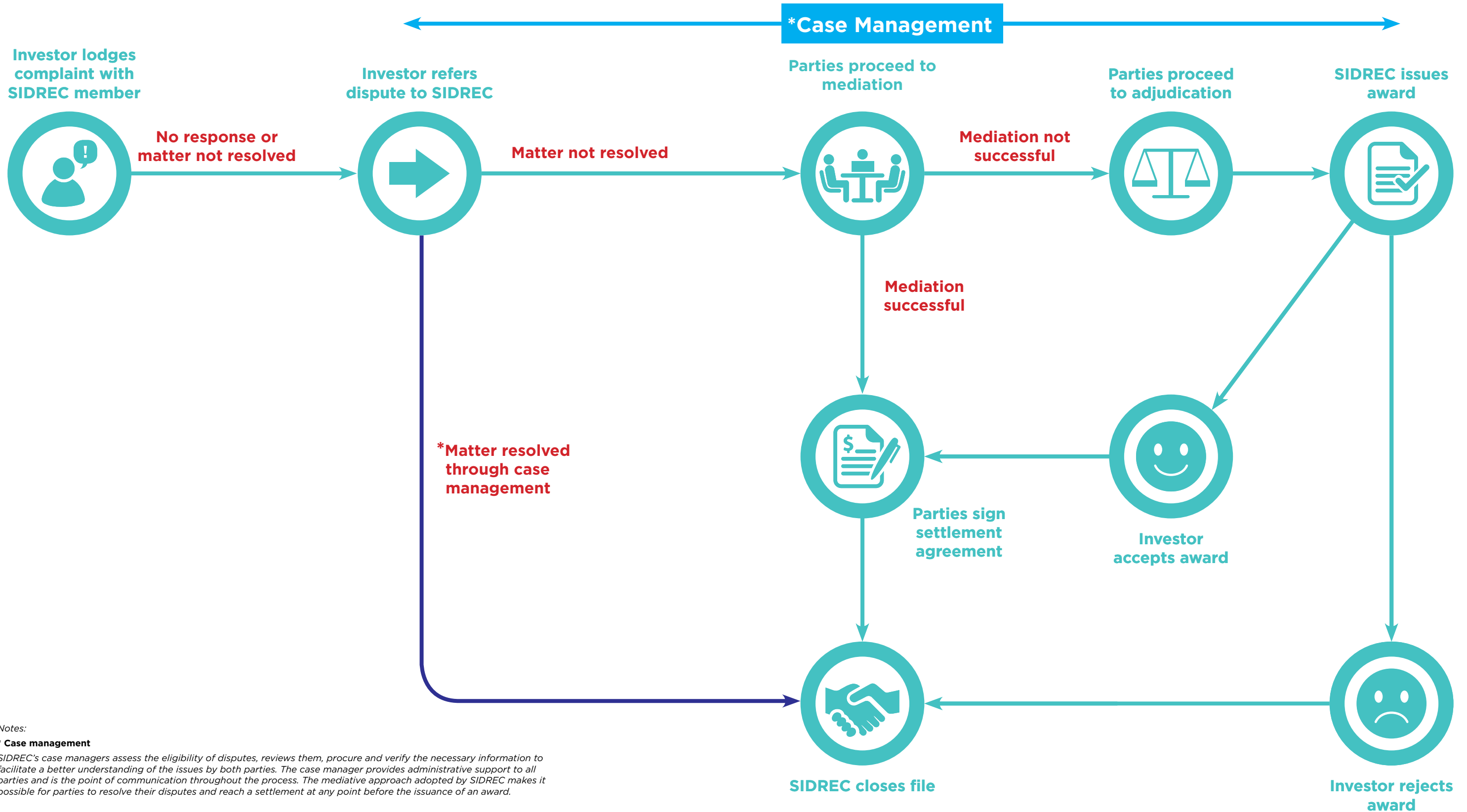


How SIDREC Benefits The Capital Markets



HOW SIDREC WORKS

Mandatory Scheme (For Claims Up To RM250,000)



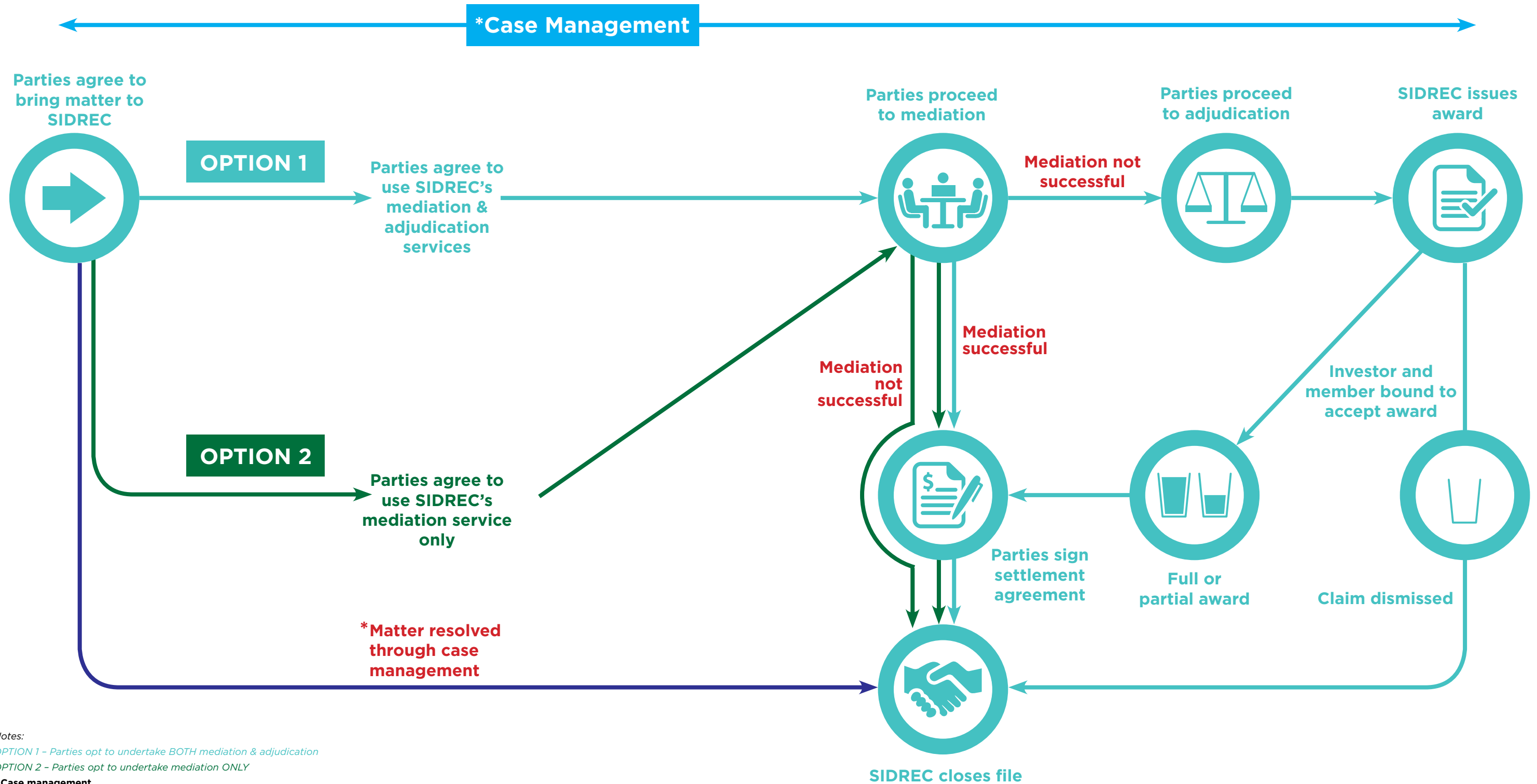
Notes:

*** Case management**

SIDREC's case managers assess the eligibility of disputes, reviews them, procure and verify the necessary information to facilitate a better understanding of the issues by both parties. The case manager provides administrative support to all parties and is the point of communication throughout the process. The mediative approach adopted by SIDREC makes it possible for parties to resolve their disputes and reach a settlement at any point before the issuance of an award.

HOW SIDREC WORKS

Voluntary Scheme (For Claims Above RM250,000)



Notes:

OPTION 1 - Parties opt to undertake BOTH mediation & adjudication

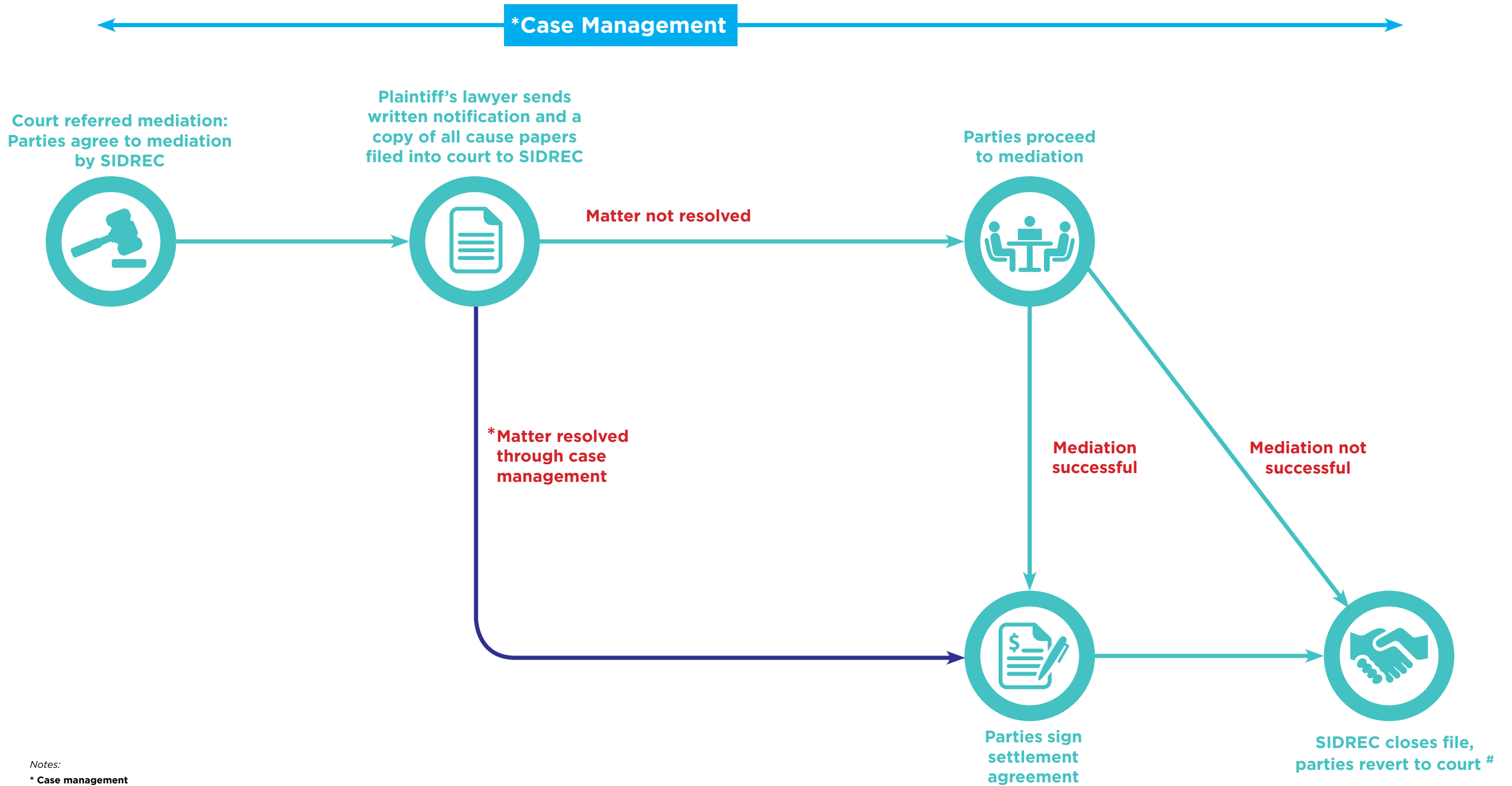
OPTION 2 - Parties opt to undertake mediation ONLY

*** Case management**

SIDREC's case managers assess the eligibility of disputes, reviews them, procure and verify the necessary information to facilitate a better understanding of the issues by both parties. The case manager provides administrative support to all parties and is the point of communication throughout the process. The mediative approach adopted by SIDREC makes it possible for parties to resolve their disputes and reach a settlement at any point before the issuance of an award.

HOW SIDREC WORKS

Court Referred Mediation



Notes:

*** Case management**

SIDREC's case managers assess the eligibility of disputes, reviews them, procure and verify the necessary information to facilitate a better understanding of the issues by both parties. The case manager provides administrative support to all parties and is the point of communication throughout the process. The mediative approach adopted by SIDREC makes it possible for parties to resolve their disputes and reach a settlement at any point before the issuance of an award.

SIDREC will be guided by the requirement set out in the Practice Direction No. 4 of 2016 (Practice Direction of Mediation)

Dispute Resolution Report and Statistics

SIDREC receives complaints/claims and enquiries from members of the public via walk-ins at our SIDREC office, phone calls, e-mails and post. Investors may also fax in their complaints or enquiries.

In 2017, SIDREC received a total of 628 claims and enquiries, comprising 72 eligible disputes, 75 ineligible disputes and 481 enquiries.

During the year, SIDREC handled a total of 89 eligible disputes (including 17 eligible disputes brought forward from previous years). The status of the eligible disputes handled by SIDREC, as at 31 December 2017, are as follows:

- 57 eligible disputes were resolved at either case management, mediation or adjudication, of which 41 (71.9%) of the disputes resolved were resolved at case management, 11 (19.3%) were resolved at mediation and 5 (8.8%) were resolved at adjudication;
- 11 eligible disputes were considered as Excluded Disputes as per Rule 8 of our Terms of Reference (TOR) (see **“What are Excluded Disputes?”**), after receiving further information from the claimants;
- 9 eligible disputes were premature, as they had not been referred to the members for internal dispute resolution process; and
- 12 eligible disputes were carried forward to the following year.

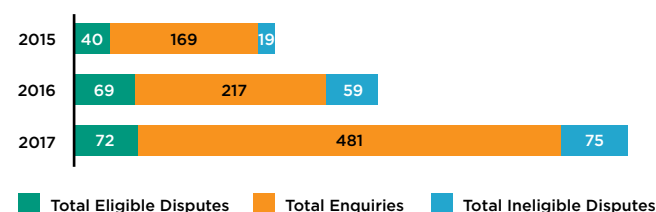
Eligible and Ineligible Disputes

Upon receipt of a complaint, SIDREC first assesses its eligibility and classifies a complaint as an eligible dispute, if it:

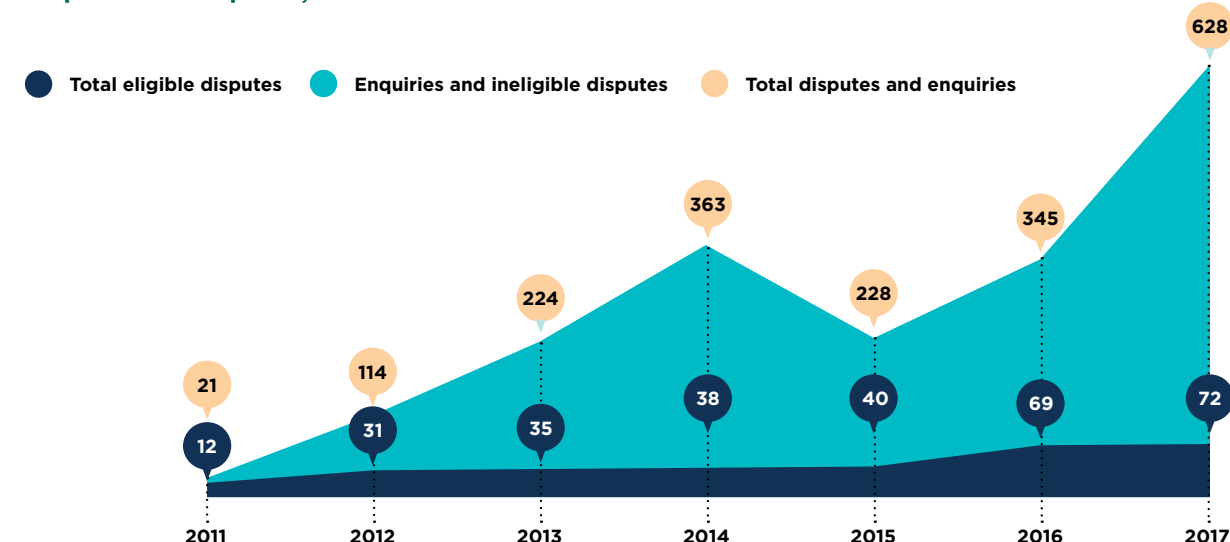
- is made against a member of SIDREC;
- involves capital market products or services under SIDREC’s purview;
- is brought by individual investor/ sole proprietor; and
- involves a claim for monetary loss and if under the mandatory scheme, falls within the maximum claim limit.

A complaint would be classified as an ineligible dispute, if it does not meet any of the criteria above or is an Excluded Dispute under Rule 8 of SIDREC’s TOR.

Total Disputes & Enquiries, 2015 to 2017



Disputes and Enquiries, 2011 to 2017



Enquiries

SIDREC also receives enquiries from consumers who seek further clarification on the services provided by SIDREC on issues they may be experiencing in their investments or other general enquiries related to the financial markets, or sometimes on unrelated matters.

In the event that the matter is not within SIDREC’s purview, where SIDREC is able to assist, we provide basic information and clarification, and where appropriate, refer the consumer to the relevant authority or agency or other points of help. We also take these instances as opportunities to create awareness about the redress avenue SIDREC provides for the general investing public.

The number of cases received by SIDREC in 2017 are still relatively low reflecting a low level of awareness. However, the consistent increase in the numbers of enquiries and claims over the years and specifically the 82% increase between 2016 and 2017, does show a discernible growing awareness and acceptance of the help and value that SIDREC brings to the table.

A significant number of the increase in enquiries emanate from the alert included by Bursa Malaysia Depository Sdn Bhd in the Central Depository System (CDS) statements issued by them, with an increase of 165% in the number of enquiries related to CDS statements (from 126 in 2016 to 334 in 2017). The enquiries we receive may not always fall within our purview but always provide an opportunity for us to inform the enquirer about the redress avenue that SIDREC provides.

Observations

In line with our focus to provide a one stop independent and specialist capital market dispute resolution

avenue, SIDREC has increased its scope and purview to provide a more complete service to the investing public and capital market intermediaries. To this end, SIDREC has, among others, increased our membership with the inclusion of commercial banks, Islamic banks and two specified Development Financial Institutions (DFIs); raised our claim limit from RM100,000 to RM250,000; and now offer our mediation and adjudication services to disputes involving monetary claims exceeding RM250,000.

SIDREC now provides two avenues for dispute resolution:

- Mandatory scheme for disputes involving monetary claims not exceeding RM250,000 and
- Voluntary scheme:
 - for disputes involving monetary claims exceeding RM250,000 and both member and claimant agree to seek our help; and
 - for court-referred mediation.

The disputes received in 2017 reflect an increase in claims exceeding RM100,000. Approximately 29% (21 out of 72 eligible disputes) of the total eligible disputes SIDREC received in 2017 involve claims above RM100,000, as compared to approximately 10% of the total eligible disputes received in 2016.

We also received four disputes involving claims exceeding RM250,000. However, these claims did not proceed under the voluntary scheme, for the following reasons:

- outside the scope of SIDREC as the claim has been referred by either the claimant or the member to the court;
- withdrawn by the claimant to pursue the dispute through the court process; or

WHAT ARE EXCLUDED DISPUTES?

Rule 8 of SIDREC’s Terms of Reference (TOR) states that certain eligible claims are outside the scope of SIDREC even though they meet the eligibility requirements. The following is a condensed version of Rule 8. The full TOR is on SIDREC website.

- disputes which involve a member against which a winding up order has been made, or where the member has been declared insolvent, or is a subject of a declaration of an event of default pursuant to the Rules of the Capital Market Compensation Fund Corporation;
- disputes arising from commercial decisions by the member, e.g. product pricing, fees & charges or rejection of credit/margin applications;
- disputes related to product or investment performance (except for alleged non-disclosure/misrepresentation);
- disputes that have been referred to a court or arbitration, and the case has been decided; or is pending in the court or arbitration unless the matter is stayed for the purpose of referral to SIDREC;
- disputes involving matters under investigation by the SC or other enforcement authority, where SC has issued a direction to SIDREC not to proceed with the Dispute Resolution Process; and
- any claim that is time barred under the Limitation Act 1953 or Limitation Ordinance (Sabah) (Cap.72) or Limitation Ordinance (Sarawak) (Cap.49)

(iii) pursued via the mandatory scheme as the claimant decided to limit the claim amount to RM250,000 to use our services under that scheme.

SIDREC is committed to resolve disputes as promptly and as amicably as possible for the parties involved. However, this does not take precedence over the quality of the dispute resolution service nor should the speed of the process be an unreasonable burden to the parties.

In this respect, of the 57 disputes resolved in 2017, 91% (52 out of 57 eligible disputes) were resolved within the mandated timeline of 90 business days. These cases were resolved during case management or at mediation stage. The remaining five disputes progressed to adjudication, with three disputes being resolved in 138 business days and two disputes being resolved in 171 business days. As all five disputes involved the same member and issue, the same adjudicator considered all five disputes for the purposes of consistency.

The availability of the parties and the scheduling of the adjudication hearing has been a challenge to SIDREC. While SIDREC tries to accommodate the schedule of parties, many a time, it has impacted on the timeline of SIDREC's dispute resolution process.

Our increased scope which resulted in commercial banks, Islamic banks and specified DFIs (who are Registered Persons under the CMSA) becoming our members in 2016, has increased our membership by approximately 30%. This is reflected in the demographics of the eligible disputes received in 2017, with approximately 78% (56 out of 72 eligible disputes) involving CMSL holders and 22% (16 out of 72 eligible disputes) involving Registered Persons.

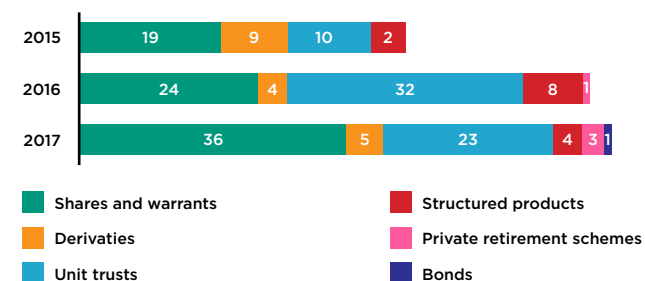
Products or Services Provided by Members

All licensed and Registered Persons under the CMSA undertaking regulated activities to deal in securities or derivatives, or private retirement schemes, or to carry out fund management activities are deemed to be members of SIDREC and are bound to participate in SIDREC's dispute resolution process for claims up to RM250,000.

We categorise the eligible disputes received by product types or services, as follows:

- (i) Shares and warrants;
- (ii) Structured products;
- (iii) Derivatives;
- (iv) Unit trusts;
- (v) Bonds;
- (vi) Private retirement schemes; and
- (vii) Fund management services.

Disputes by Product Types or Services, 2015 to 2017



In 2017, over 80% of the eligible disputes that we have received are related to shares and warrants (36 out of 72 eligible disputes) as well as unit trusts (23 out of 72 eligible disputes). We note that the smaller retail investor generally invests in shares, warrants and unit trusts as these products are less complex and are the most familiar to them. As complex products become more easily accessible through the various distribution channels, more effort needs to be put to ensuring good disclosure and ethical sales practices.

Nature of Disputes

Below are the three main types of claims as well as examples of specific issues that fall under each category 2017.

Market Conduct (61.1% of eligible disputes)

- Fraud/ defalcation/ misappropriation
- Sales practices (includes mis-selling, bad advice, product suitability, inadequate disclosures)
- Unauthorised transactions/ non-compliance with instructions
- Others

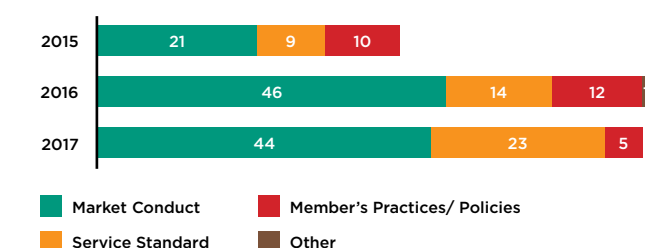
Service Standard (31.9% of eligible disputes)

- Delays/ errors/ glitches in online system
- Delays/ errors/ lapses in disclosure
- Other delays/ errors in process

Member's Practices/ Policies (6.9% of eligible disputes)

- Fees and charges
- Disclosure policy
- Product development and sales policy
- Others

Nature of Disputes Received, 2015 to 2017



Notes:
Certain disputes involved more than one nature, hence the number of disputes received based on nature may not correspond with the total disputes received during the years.

Market conduct continues to be the leading issue in 2017 (as it was in 2016), making up 61.1% (44 out of 72 eligible disputes) of total eligible disputes received in 2017. A further description the type of market conduct issues and the number of cases received, are detailed on the next page.

Disputes Relating to Market Conduct Issues, 2015 to 2017

Disputes relating to market conduct issues	No. of cases 2015	No. of cases 2016	No. of cases 2017	Total
Fraud/ defalcation/ misappropriation	7	18	19	44
Sales practices (e.g. mis-selling, bad advice, product suitability, inadequate disclosure)	6	18	12	36
Unauthorised transactions/non-compliance with instructions	8	10	12	30
Others	0	0	1	1
TOTAL	21	46	44	111

As highlighted in SIDREC's previous reports, the acceptance of cash for transactions is a continuing issue. Despite warnings to investors in prospectuses, application forms, and statements, not to pay cash to agents, many investors still give cash to agents of the intermediaries, thus there is still a need for focused awareness efforts by members and all stakeholders to educate the general public.

Out of the 44 disputes relating to market conduct issues in 2017, 12 involved sales practices (e.g. mis-selling, bad advice, product suitability, inadequate disclosure). Sales practices remains a continuing issue from the previous report, although the number has dropped from 18 disputes in 2016 to 12 disputes in 2017. Product distributors play an integral part in ensuring that there are relevant policies and processes in place that reflect ethical

sales and disclosure practices. We note that product distributors could do more by ensuring that their representatives or agents make more effort to better explain the features of the products to their clients, as investment products are becoming increasingly complex. Explanations should not solely focus on potential returns of investments, but also include explanations on the risks of such investments, as well as all the relevant fees and charges involved.

The number of disputes relating to service standards has gone up the most compared to other disputes, from 14 in 2016 to 23 in 2017. The increase was mainly contributed by a rise in the number of disputes relating to delays, errors or glitches in online systems. This could be partly due to the increased usage of online trading platforms provided by the members.

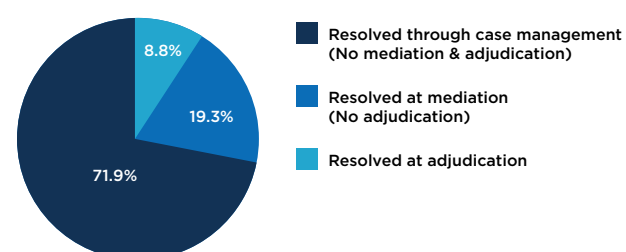
Nature Of Disputes Received by Product Types In 2017

	Shares & warrants	Structured products	Unit trusts	Derivatives	Bonds	PRS	Total
Market Conduct							
Fraud/defalcation/misappropriation	12	0	6	1	0	0	19
Sales practices (includes mis-selling, bad advice, product suitability, inadequate disclosure)	0	3	7	0	1	1	12
Unauthorised transactions/non-compliance with instructions	8	0	4	0	0	0	12
Others	1	0	0	0	0	0	1
Sub-total	21	3	17	1	1	1	44
Service standard							
Delays/errors/glitches in online system	8	0	1	2	0	0	11
Delays/errors/lapses in disclosure	2	0	1	0	0	0	3
Other delays/errors in process	3	1	3	1	0	1	9
Sub-total	13	1	5	3	0	1	23
Member's Practices and Policies							
Fees and charges	1	0	0	0	0	0	1
Disclosure policy	0	0	1	1	0	1	3
Product development and sales policy	0	0	0	0	0	0	0
Others	1	0	0	0	0	0	1
Sub-total	2	0	1	1	0	1	5
Total	36	4	23	5	1	3	72

Outcome of Resolved Disputes

SIDREC adopts a mediative approach from the start to the closure of a case. Our case management team seeks to understand the issues and engage with the parties to resolve cases before they progress to mediation or adjudication. We have found this approach to be an effective one, with 91.2% (52 out of 57 eligible disputes) of the eligible disputes that went through our process in 2017, resolved through case management and mediation. Of these, 71.9% (41 out of 57 eligible disputes) were resolved through case management and 19.3% (11 out of 57 eligible disputes) were resolved through mediation.

Disputes Resolved in 2017



Case Management

Forty-one eligible disputes were resolved through case management. Three eligible disputes were dismissed at case management as they were considered clearly unsustainable against the members.

Thirty-eight eligible disputes were resolved/withdrawn at the stage of case management.

Circumstances of withdrawal	No. of cases in 2017
Settled after SIDREC intervention/ Claimant accepted SIDREC's explanation	14
Settled without SIDREC intervention	11
Claimant decided to forgo claim	3
Claimant uncontactable/ did not furnish further information; deemed not interested to pursue claim	9
Claimant decided to pursue other avenue	1
Total	38

As SIDREC's case management team adopts a mediative approach from receipt of a dispute, a total of 14 cases were withdrawn/resolved after SIDREC's intervention or explanation to the parties concerned. These were instances where claimants withdrew their claim after receiving further explanation from SIDREC about their investments, or members decided to settle with the claimants after gaining a better understanding of the matter during case management. This speaks to the effectiveness of SIDREC's dispute resolution process. Depending on the nature of the dispute, some matters can be easily resolved at case management without further escalation, thus saving the parties time and money.

Under SIDREC's TOR, one of the pre-conditions for filing a dispute with SIDREC is that an investor must have filed a complaint with the relevant SIDREC member to allow the member to try to resolve the dispute via its internal dispute resolution (IDR) process. In 2017, we had 11 'premature' cases which were settled to the claimant's satisfaction, without the need to go through SIDREC's dispute resolution process, when they were referred back to the relevant members for the IDR process. Those cases were subsequently withdrawn by the claimants.

Mediation

During the year, SIDREC successfully mediated 11 eligible disputes, and parties entered into settlement agreements.

As mediation in the capital market corporate setting is relatively new in Malaysia, most claimants experience mediation for the first time during SIDREC's process. Sometimes, it is also the first time for SIDREC members and their representatives. Given the emotions involved and often the lack of trust between parties and communication issues, we find that a lot of the first timers are sceptical of the process. We do have the challenge of managing claimants' expectations and sometimes misplaced demands on what SIDREC ought to be doing for them. At times, claimants confuse our process and role with that of legal counsel or the courts and at times, even the regulator. However, in the main, claimants are reasonable and are able to appreciate the help provided can only be for matters within our purview and mandate.

The independence and impartiality of SIDREC helps to allay the concerns that the parties have. A good case manager and mediator, is in most cases, able to help parties navigate through the issues and soften any hostilities and mistrust to allow for a constructive dialogue and hopefully reach a resolution. This is a process that we put considerable effort into.

We increasingly see our members becoming more positive and constructive during the dispute resolution process, as they experience the value of SIDREC's expert service, become more familiar with our process, and also the result of engagement through members' briefings conducted over the years.

Adjudication

SIDREC adjudicated and issued decisions for five eligible disputes, consisting of one full award and four partial awards.

All adjudicated decisions were accepted by the respective claimants and parties entered into settlement agreements.

There were no appeals filed to SIDREC's Appeals Committee (SIAC) in 2017.

Update on Cases Under Judicial Review

We finally have closure on the two judicial review applications relating to SIDREC's awards, filed by a member, PM Securities Sdn Bhd, in 2013. The applications challenged SIDREC's due process and the adjudicator's findings that the member was liable as a 'principal' for the loss incurred by the investor caused by the misconduct of the member's representative.

During the judicial review process, the SC had also intervened on the matter relating to the member's challenge to the application of principal-agent relationship in the two cases, given the importance of the issue to the capital market framework.

The Federal Court, on 3 April 2017, dismissed with costs, the member's application for leave to appeal to the Federal Court against two decisions of the Court of Appeal, dismissing its judicial review applications against SIDREC's Awards and upholding the decision of the High Court.

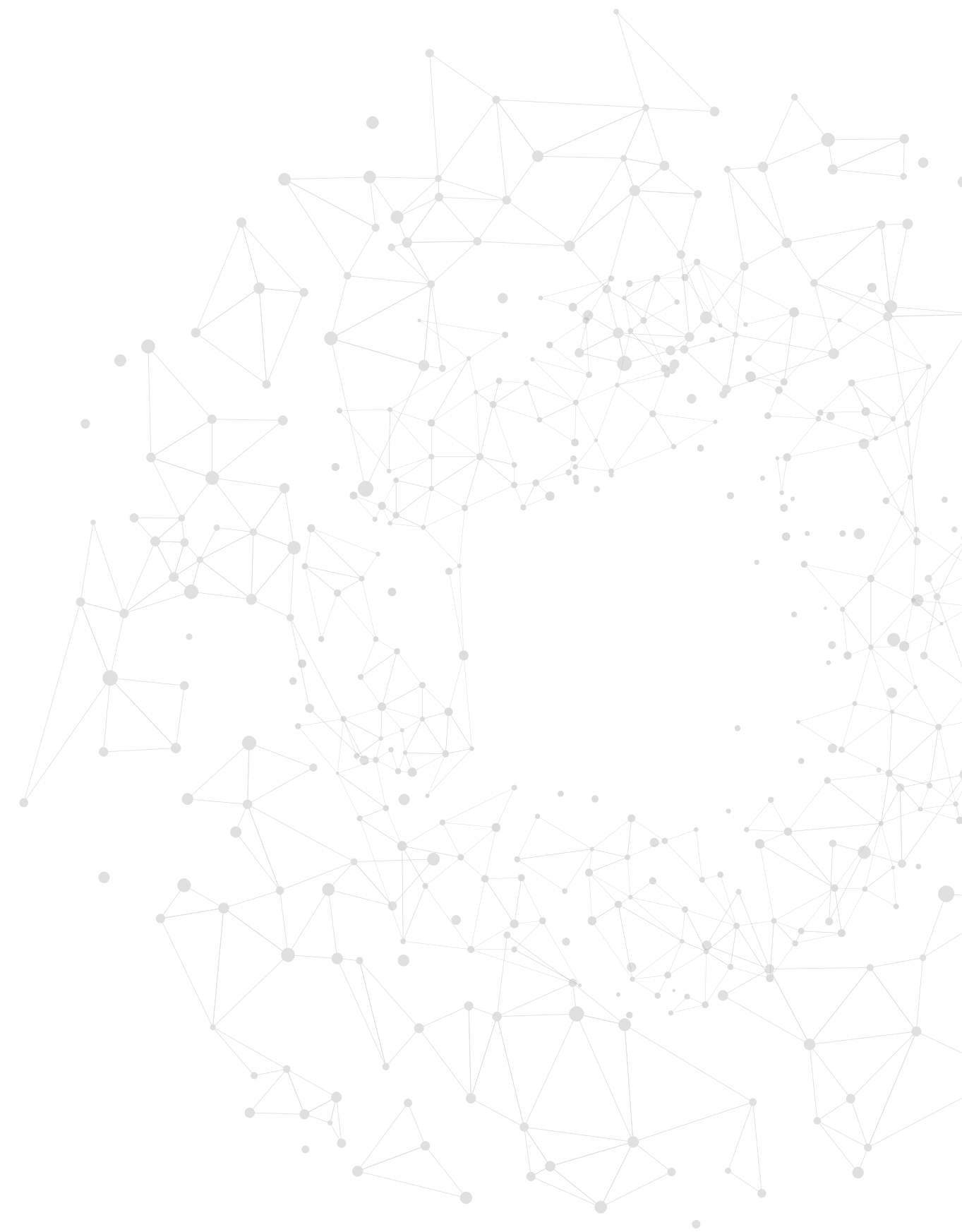
On 4 May 2017, the member complied with both SIDREC's awards. With this, both cases are closed. In delivering her judgement in relation to SIDREC's compliance to due process, the High Court Judge said, the adjudicator "had assiduously followed the steps stipulated" by SIDREC's TOR and "adopted a fair handling of the dispute resolution".

This is an important decision that speaks to the integrity and quality of SIDREC's due process. It confirms that the awards did not suffer from any error of law and in this regard, the correct application by the adjudicator of the principal-agent relationship in the awards.

Following the decision, SIDREC held a dialogue session with members to explain the principal-agent relationship that was affirmed in the Judicial Review and its implication on members.

In the dialogue session organised by Bursa Malaysia, SIDREC engaged with the stockbroking community represented by members of Association of Stockbroking Companies Malaysia (ASCM) and the Malaysian Investment Banking Association (MIBA). MIBA and ASCM members sought clarity on SIDREC's approach in relation to the principal-agent relationship. SIDREC used the opportunity to answer industry-specific questions raised by them.

Members were also advised to be more vigilant in their oversight of their agents or representatives and to put in place, effective internal controls, in this regard.



Awareness and Capacity Building

The building blocks and areas of focus for SIDREC's five year strategy developed in 2014, identifies building awareness and capacity as key focus areas.

SIDREC's awareness initiative seeks to increase awareness and understanding amongst the public of the dispute resolution services provided by SIDREC in order to promote investor protection and enhance investor confidence in an increasingly competitive and complex capital market. SIDREC's value as a specialist dispute resolution centre for the capital markets cannot be fully realised without awareness initiatives that raise SIDREC's profile as a reputable and trustworthy entity for investors to turn to in the event of conflict or complaint involving a monetary loss. Given the low level of awareness we had to formulate an awareness strategy that effectively utilised different delivery modalities to ensure we achieved the reach required. It was also important to ensure any efforts made were sustainable and effective within the limited resources available to us.

We also hope through our core work of dispute resolution, we are also able to enhance awareness and understanding of the help we provide through the parties who use our services. Based on feedback received from parties who have used our dispute resolution service, both claimants and members acknowledge the value that SIDREC's services bring in helping parties communicate and understand the different perspectives in trying to reach a mutually acceptable resolution, and the ability to gain a better understanding of the issues and steps that could have been taken to avoid the problem. In some instances, members have taken steps to close gaps that they are alerted to during the engagement. This process is reflective of how SIDREC's process contributes to market discipline and informed retail participation in the capital market.

SIDREC's awareness initiatives is complemented by its capacity building initiatives to ensure that it has the required expertise and resources to provide quality and effective capital market dispute resolution service that is relevant to the evolving needs of a growing and increasingly complex and globalised capital market. Relevant and quality specialised expertise is vital to the integrity and credibility of any alternative dispute resolution body for the financial markets.

At SIDREC, the knowledge and skills for the specialist service we provide, must encompass both the technical and practical aspects of the expertise which form a key component of SIDREC's strategic business focus of capacity building initiatives. Successful implementation

of the capacity building initiatives contributes to the remaining three components, of ensuring sustainability of our operations and infra-structure, remaining relevant and contributing to best practice. The scope of our capacity building efforts, as a matter of necessity is two-fold and requires:

- sound knowledge, skills and experience for effective case management, mediation and adjudication in the context of the capital market; and
- sound knowledge and experience of the capital markets as a whole. This encompasses, the regulatory and market frameworks, regulatory expectation, industry best practice, and processes and products across market segments. This then needs to be coupled with the ability to keep in step with market and regulatory developments.

It was to meet this imperative in a sustainable manner, that SIDREC expedited our efforts to strengthen our infrastructure to build in a structured training programme that provides the necessary competencies with the requisite continuing professional development component. With this in mind, SIDREC successfully applied for a grant from the Capital Market Development Fund of RM3.096 million to put to our developmental initiatives, comprising our capacity building and awareness efforts over a period of two years from 2016 up to April 2018.

Awareness

SIDREC's awareness initiatives encompass media and digital awareness initiatives, on-ground investor awareness efforts and engagement with members and other stakeholders. The initiatives which SIDREC undertook during 2017 include:

Media and Digital Awareness Efforts

SIDREC undertakes its media and digital awareness efforts through media interviews, advertisements via print and broadcast media, and the digital media.

SIDREC was featured in various online and print mainstream media (i.e. the Edge Financial Daily, The Edge Markets.com, Star Biz online and print, Mondovisione.com, Nanyang Siang Pau, theSundaily online and print, Daily Express, Sin Chew Daily) and periodicals (i.e. Focus Malaysia, Smart Investor) where the values that SIDREC brings to investor protection and enhancing market discipline were discussed.

During the year, SIDREC had also reviewed our advertisement channels in order to optimise our reach in terms of readership and cost incurred. SIDREC's advertisements were featured through across theSundaily, Sin Chew, Berita Harian, Focus Malaysia and The Edge from May 2017 up to December 2017 with the aim to achieve at least 890,000 in readership. Our optimisation effort had at the same time helped to enhance the level of our engagement through coverage in Focus Malaysia and Smart Investor as avenues to inform and educate members of the public about SIDREC and our dispute resolution process.

As Malaysia is a multicultural country, our efforts through broadcast media include a four-language radio advertising campaign via popular stations i.e. Sinar (Malay), Lite (English), 988 (Chinese), THR Raaga (Tamil) during morning drive time. While these channels were used to reach out to mass listeners, SIDREC had undertaken another campaign through BFM Radio to reach out to the investing public. This channel allowed a richer variety of tools via interviews, promotional segments, and advertisements. These interviews or promotional segments were also captured as podcasts, which we repost on our website and Facebook page.

As part of our efforts to reach out to the Chinese-speaking community (and also Chinese speaking viewers), SIDREC was interviewed by the producer of Astro AEC's Chinese-language lifestyle programme "Money Money Home". The interview which was accompanied by a humorous animated video was aired in April during prime time. We were informed that 178,000 Astro decoders were tuned to that channel that evening. The interview is also available on Money Money Home's Facebook and Youtube Channel and SIDREC's own website.

SIDREC's awareness initiatives through digital media has seen an improvement in terms of reach where the total number of visitors to our website from May 2016 to December 2017, stood at approximately 190,000. The average number of visitors during the same period was 9,435 per month - a significant improvement from the 903 visitors per month prior to June 2016, when we started our digital campaign. Approximately 67% of our web visitors are between the ages of 25 to 55 years old i.e. the age of income generators who are also investors and potential investors. In terms of gender, there was a fairly good balance of male and female visitors with slight month on month variations. Our website is also now available in both English and Malay.

SIDREC was able to expand our digital reach with the use of Search Engine Optimisation and Search Engine Marketing campaigns. In this regard, for added engagement, SIDREC launched our Facebook page in July 2017. Our Facebook page has allowed for more frequent and informal engagement with investors, and the communication of educational messages. All these efforts have had a very positive effect on visits to our website and allowed us engage a broader audience. In building our content for social media, we also leveraged on relevant education information from strategic partners such as Securities Commission Malaysia's InvestSmart, Private Pensions Administrator, Federation of Investment Managers (FIMM) and will continue to work with other stakeholders to share quality content. In this regard, SIDREC participated in IOSCO's World Investor Week (WIW) in October 2017, supporting it with daily investor education messages and tips (under WIW banner) shared through our Facebook.

We benefit greatly by the collaborative spirit we have with stakeholders and strategic partners in our mutual awareness efforts.



SIDREC CEO was interviewed by Money Money Home at SIDREC office

On-Ground Investor Awareness Efforts

In the first half of 2017, we took part in 15 events and reached out to 5,165 people. We also gave out more than 4,000 brochures. In cases where we did not participate in an event, where possible, we ensured that our brochures were provided to friendly stakeholders who participated in the event.

In the second half of 2017, we participated in another nine public events (either directly or by proxy) and another four key stakeholder events, through which we reached out to some 200 and 600 capital market front-liners at each event. We also met with more than 4,000 stakeholders and handed out more than 6,000 brochures.

The following are some of the events that SIDREC participated in in 2017:-

- Ministry of Finance Open Day • Minggu Saham Amanah Malaysia
- InvestSmart Day 2017 organised by SIDC at 7 locations throughout peninsula Malaysia
- InvestSmart Fest 2017
- Bursa Malaysia Shariah Investing Fair
- Global Emerging Markets Regulatory Conference 2017
- Launch of IOSCO's first Asia Pacific Hub hosted at the SC
- Kuala Lumpur International ADR Week 2017

At these events, SIDREC had the opportunity to meet and engage with the general public. It is also at events such as these that SIDREC has the opportunity to learn and at the same time respond to some of their concerns, which include matters concerning their existing investments and allay any anxiety in participating in a



Meeting with investors at Majlis Amanah Saham Malaysia in Temerloh

dispute resolution process given the informality and support built into SIDREC's process.

SIDREC has also reached out to other stakeholders such as KLRCA, the Bar Council Malaysia and academic institutions such as University Kebangsaan Malaysia and International Islamic University Malaysia.

Engagement with Members and Other Stakeholders

Members are a special group of stakeholders for SIDREC. There was a particular need to reach out to members in early 2017 as SIDREC expanded its membership to include commercial banks, Islamic banks and Development Financial Institutions. Two sessions were conducted at the SC in February: one for registered persons and another for Capital Markets Services Licence holders. Throughout the year, several other sessions were organised with different member groups on their request for more focused interactions. These sessions have been constructive, providing an excellent forum for the exchange of insights and sharing of challenges.



Attendees were all smiles after a members' briefing

SIDREC also conducted an engagement session with the stockbroking community represented by members of Association of Stockbroking Companies Malaysia (ASCM) and Malaysian Investment Banking Association (MIBA) in June 2017 focusing on matters relating to principal-agent relationship. The session was successfully facilitated and hosted by Bursa Malaysia. A total of 118 participants attended the session

Bursa Malaysia's support for SIDREC has been consistent, in inviting our participation at events and facilitating industry engagement. A simple but impactful example of their support is their inclusion of SIDREC's contact details on investors' CDS statement twice a year. SIDREC has received hundreds of calls from this source alone.

In 2017 SIDREC continued to participate in numerous events organised by its stakeholders such as the Financial Planning Association of Malaysia, Malaysian Financial Planning Council, and FIMM, where SIDREC had the opportunity to share its perspective in the context of these capital markets services providers' needs.

SIDREC also continue to provide support to peer ADR bodies and other stakeholders who wish to learn more about SIDREC's experience. In 2017 SIDREC hosted study visits by the Financial Services Authority of Indonesia, Oritas Jasa Keuangan (OJK), Australia Indonesia Partnership for Economic Governance (AIPEG) and external dispute resolution bodies from Indonesia.

Going Forward

While we are encouraged by incremental improvements and anecdotal evidence of higher levels awareness of SIDREC, especially among urbanites, SIDREC needs to continue to work hard to reach out across the country and across communities.

Capacity Building

As a capital market dispute resolution centre operating in an everchanging market environment, SIDREC has to ensure that its case managers, mediators and adjudicators are equipped with the requisite competencies in both dispute resolution and the capital markets. For this reason, SIDREC has embarked on several initiatives including developing capacity building programmes that are tailored to SIDREC's requirements.

To keep up with ADR industry best practices, SIDREC has been engaging with other ADR and financial markets ombudsman schemes, to gain insights on their policies, operations and experience while sharing their own experience and operational insights. In keeping abreast with the latest market and/or ADR development, SIDREC's representatives also take part in related seminars, workshops, conferences, panel discussions etc.

The following are some of the initiatives and/or activities which SIDREC participated in during 2017.

- An engagement and consultation programme with Dr Jamie Orchard of the Financial Ombudsman Service (FOS) Australia), a member of SIDREC'S Advisory Group. During his visit, SIDREC's management and case managers engaged with him on FOS' and SIDREC's experiences and practices covering major aspects of the two organisations' functions and processes. His visit also included a session with SIDREC's board of directors and an engagement session at the SC.
- An advanced mediation skills training programme tailored to reflect SIDREC's Rules and dispute resolution process and approach as a specialist capital market ADR body. The programme was developed and run with the expert help of a senior mediator. Materials used for the training were based on capital market related disputes to enable participants to apply both their mediation knowledge and skills and capital market knowledge and experience.

- International conferences, seminar and workshops where SIDREC had the opportunity to collaborate and share knowledge and experience with representatives of other ADR schemes and a variety of ADR stakeholders.

This included the annual meeting of the International Network of Financial Ombudsman Schemes (INFO 2017) in September 2017. The main focus of the INFO 2017 Conference was on the trends and challenges ADRs might collectively face in future, while the Asia-Pacific Seminar on consumer protection organised by the Australian Securities and Investment Commission (ASIC) and the Organisation for Economic Co-operation and Development (OECD) brought together representatives of consumer protection policy makers, regulators, financial ombudsman schemes and other key stakeholders to create a shared dialogue on issues surrounding financial consumer protection risks in an increasingly digital and financial world.

In tandem with the INFO 2017 Conference, SIDREC undertook a study visit to FOS Australia to gain insight at a practical level, on policy and operational considerations. The team were able to gain invaluable insight from their interaction with a cross section of business functions and were provided a comprehensive overview of structural, resource and capacity considerations.

The following are some of the capacity building projects that SIDREC embarked on in the last quarter of 2017 and are expected to be rolled out progressively in 2018.

Development of training modules for:

- Fund management and collective investment schemes (i.e. unit trusts, Private Retirement Schemes) and financial planning. The proposed programmes are very practical in approach and are being developed by SIDREC with subject matter experts in both conventional and Islamic capital market products and services.
- A tailored leadership and competency framework, comprising among others, learning, development and assessment components, designed to meet the specific objectives and functions of a dispute resolution body.

The Year in Brief

Q1

- Launch of the Malay edition of SIDREC website
- CEO presented at Legal & documentation issues for Islamic Treasury & Hedging Products organised by Red Money
- Briefing sessions to SIDREC members
- CEO participated at International Organisation of Securities Commission (IOSCO) Committee 8 Meeting Hong Kong
- Member outreach: CEO presented at the "2nd Annual Regulatory Seminar - Final Programme" organised by Kenanga Group
- CEO moderated at a panel discussion at Global Emerging Markets Regulatory Conference (GEMRC): Leveraging Behavioural Economics for Investor Empowerment, organised by SC
- Participated at Ministry of Finance Open Day
- Participated at the Global Emerging Markets Regulatory Conference 2017 & launch of the Asia Pacific hub of International Organisations of Securities Commissions (IOSCO)

Q3

- SIDREC launches our Facebook
- Member outreach: CEO briefing to OCBC
- SIDREC Advisory Group engagement with Dr Jamie Orchard, Financial Ombudsman Services (FOS), Australia at SIDREC
- Participated at InvestSmart Day, Kuala Lumpur
- CEO presented at International Conference on Dispute Resolution, organised by International Islamic University Malaysia (IIUM)
- Participated at Annual Financial Planning Signature Conference 2017 by Financial Planning Association Malaysia
- Study visit by representatives of ADR bodies from Indonesia, Australia-Indonesia Partnership for Economic Governance and Otoritas Jasa Keuangan
- SIDREC team undertakes study visit to FOS Australia, Melbourne
- CEO participated at INFO Network Conference 2017, and presented at OECD/Australian Securities and Investment Commission forum, Melbourne
- Participated at the FIMM Annual Convention

MEDIA CAMPAIGNS

Print media campaign via theSun, Berita Harian, Sin Chew, Focus Malaysia, Smart Investor & The Edge (May- October, December)

Radio campaign - BFM Radio (January, November-December)

Digital media throughout the year

Radio campaign in English, Malay, Chinese and Tamil (March-April, August-November)

Interviews of CEO in theSun, Sin Chew Focus Malaysia, Smart Investor & Astro TV

Q2

- SIDREC introduces voluntary scheme for claims above RM250,000 and for court-referred mediation
- Member outreach: CEO briefing to Maybank and Maybank Islamic
- SIDREC Annual General Meeting
- Participated at Minggu Saham Amanah Malaysia 2017 in Temerloh
- Participated at InvestSmart Day, Penang & Ipoh
- SIDREC presented at Kuala Lumpur International Arbitration Week - Redefining ADR, organised by Kuala Lumpur Regional Arbitration Centre, an event supported by SIDREC
- SIDREC participated at "Behavioural Insights Workshop" organised by SC
- CEO gives seminar to law students at Universiti Kebangsaan Malaysia
- Engagement with Association of Stockbroking Companies & Malaysian Investment Banks Association (MIBA) organised by Bursa Malaysia following concerns on impact of Judicial Review decision
- Visit from Malaysian Aviation Commission

Q4

- Working group on integrated alternative dispute resolution start talks
- SIDREC promotes World Investor Week organised by International Organization of Securities Commissions with daily investment tips via digital media
- CEO presented at Professional & Ethics Conference organised by Malaysian Financial Planning Council
- Participated at the annual InvestSmart Fest
- Supported PRS talk by Private Pension Administrator & CIMB-Principal Asset Management
- Engagement with MIBA
- Capacity building: SIDREC case managers and mediators undergo SIDREC Advanced Mediation Skills Programme
- Capacity Building workshop for staff on Coaching & Mentoring Skills
- Participated at Shariah Investing Fair by Bursa Malaysia

List of Members

There are two categories of members:

- A. Capital Markets Services Licence holders
- B. Registered Persons

Below are the two lists. (as at 31 January 2018)

No.	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
1	A.D. Financial Sdn Bhd		√			√
2	Aberdeen Asset Management Sdn Bhd	√				
3	Aberdeen Islamic Asset Management Sdn Bhd	√	√			
4	Affin Hwang Asset Management Berhad	√	√			√
5	Affin Hwang Investment Bank Berhad			√	√	
6	AIA Pension And Asset Management Sdn Bhd	√				√
7	AllIMAN Asset Management Sdn Bhd	√	√			
8	AIMS Asset Management Sdn Bhd	√				
9	Alliance Investment Bank Berhad			√		
10	Amanah Mutual Berhad		√			
11	Amanah Saham Nasional Berhad		√			
12	Amanah Saham Sarawak Berhad		√			
13	Amanahraya Investment Management Sdn Bhd	√	√			
14	Amara Investment Management Sdn Bhd	√				
15	AmFunds Management Berhad	√	√			√
16	AmInvestment Bank Berhad	√		√	√	
17	AmIslamic Funds Management Sdn Bhd	√				
18	Amundi Islamic Malaysia Sdn Bhd	√				
19	Amundi Malaysia Sdn Bhd	√				
20	Apex Investment Services Berhad	√	√			
21	Areca Capital Sdn Bhd	√	√			
22	Assar Asset Management Sdn Bhd	√				

No.	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
23	Bill Morrisons Wealth Management Sdn Bhd		√			√
24	BIMB Investment Management Berhad	√	√			
25	BIMB Securities Sdn Bhd			√		
26	Blueprint Planning Sdn Bhd		√			√
27	BNP Paribas Investment Partners Malaysia Sdn Bhd	√				
28	BNP Paribas Investment Partners Najmah Malaysia Sdn Bhd	√				
29	Capital Dynamics Asset Management Sdn Bhd	√				
30	CC Advisory Sdn Bhd		√			√
31	CIMB Futures Sdn Bhd				√	
32	CIMB Investment Bank Berhad			√		
33	CIMB-Principal Asset Management Berhad	√	√			√
34	CIMB-Principal Islamic Asset Management Sdn Bhd	√				
35	Citigroup Global Markets Malaysia Sdn Bhd			√		
36	CLSA Securities Malaysia Sdn Bhd			√		
37	Corston-Smith Asset Management Sdn Bhd	√				
38	Credit Suisse Securities (Malaysia) Sdn Bhd			√	√	
39	Eastspring Al-Wara' Investments Berhad	√				
40	Eastspring Investments Berhad	√	√			
41	Etalage Sdn Bhd		√			√
42	Excellentte Consultancy Sdn Bhd		√			√
43	FA Advisory Sdn Bhd		√			√
44	FA Securities Sdn Bhd			√		

No.	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
45	Fedrums Sdn Bhd				√	
46	FIN Freedom Sdn Bhd		√			√
47	Fortress Capital Asset Management (M) Sdn Bhd	√				
48	Franklin Templeton Asset Management (Malaysia) Sdn Bhd	√				
49	Franklin Templeton GSC Asset Management Sdn Bhd	√	√			
50	Genexus Advisory Sdn Bhd		√			√
51	Golden Touch Asset Management Sdn Bhd	√				
52	Goldman Sachs (Malaysia) Sdn Bhd	√				
53	Guidance Investments Sdn Bhd	√				
54	Harveston Wealth Management Sdn Bhd		√			√
55	Hong Leong Asset Management Bhd	√	√			
56	Hong Leong Fund Management Sdn Bhd	√				
57	Hong Leong Investment Bank Berhad			√	√	
58	iFAST Capital Sdn Bhd	√	√			√
59	i-VCAP Management Sdn Bhd	√				
60	Inter-Pacific Asset Management Sdn Bhd	√	√			
61	Inter-Pacific Securities Sdn Bhd			√	√	
62	JF Apex Securities Berhad			√	√	
63	JPMorgan Securities (Malaysia) Sdn Bhd			√	√	
64	Jupiter Securities Sdn Bhd			√		
65	KAF Investment Funds Berhad	√	√			
66	KAF-Seagroatt & Campbell Securities Sdn Bhd			√		

No.	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
67	Kedah Islamic Asset Management Berhad	√	√			
68	Kenanga Futures Sdn Bhd				√	
69	Kenanga Investment Bank Berhad			√		√
70	Kenanga Investors Berhad	√	√			√
71	Kenanga Islamic Investors Berhad	√				
72	Kumpulan Sentiasa Cemerlang Sdn Bhd	√				
73	Legacy Advisory Sdn Bhd		√			√
74	Libra Invest Berhad	√	√			
75	LT International Futures (M) Sdn Bhd				√	
76	M & A Securities Sdn Bhd			√		
77	Macquarie Capital Securities (Malaysia) Sdn Bhd			√		
78	Magnisave Group Sdn Bhd		√			√
79	Malacca Securities Sdn Bhd			√		
80	Malaysian Issuing House Sdn Bhd			√		
81	Manulife Asset Management Services Berhad	√	√			√
82	Maybank Asset Management Sdn Bhd	√	√			
83	Maybank Investment Bank Berhad			√	√	
84	Maybank Islamic Asset Management Sdn Bhd	√				
85	Mercury Securities Sdn Bhd			√		
86	MIDF Amanah Asset Management Berhad	√	√			
87	MIDF Amanah Investment Bank Berhad			√		
88	MTC Asset Management (M) Sdn Bhd	√				
89	Muamalat Invest Sdn Bhd	√				
90	Navis Management Sdn Bhd	√				

No.	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
91	Navis Management (I) Sdn Bhd	√				
92	Nomura Asset Management Malaysia Sdn Bhd	√				
93	Nomura Islamic Asset Management Sdn Bhd	√				
94	Nomura Securities Malaysia Sdn Bhd			√		
95	Okachi (M) Sdn Bhd				√	
96	Opus Asset Management Sdn Bhd	√	√			
97	Oriental Pacific Futures Sdn Bhd				√	
98	OUA Asset Management Sdn Bhd	√				
99	Pacific Mutual Fund Bhd	√	√			
100	PCB Asset Management Sdn Bhd	√				
101	Pengurusan Kumipa Berhad	√	√			
102	Permodalan BSN Berhad	√	√			
103	Permodalan Nasional Berhad	√				
104	Pheim Asset Management Sdn Bhd	√				
105	Pheim Unit Trusts Berhad		√			
106	Phillip Capital Management Sdn Bhd	√				
107	Phillip Futures Sdn Bhd				√	
108	Phillip Mutual Berhad		√			√
109	PineBridge Investments Malaysia Sdn Bhd	√				
110	PM Securities Sdn Bhd			√		
111	PMB Investment Berhad	√	√			
112	PTB Unit Trust Berhad	√	√			
113	Public Investment Bank Berhad			√		
114	Public Mutual Berhad	√	√			√
115	Rakuten Trade Sdn Bhd			√		

No.	Capital Markets Services Licence Holders	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
116	RHB Asset Management Sdn Bhd	√	√			√
117	RHB Investment Bank Berhad			√	√	
118	RHB Islamic International Asset Management Berhad	√	√			
119	Saham Sabah Berhad		√			
120	Saturna Sdn Bhd	√	√			
121	SDB Asset Management Sdn Bhd	√				
122	Singular Asset Management Sdn Bhd	√				
123	SJ Securities Sdn Bhd			√		
124	SP Investment Management Sdn Bhd	√				
125	Standard Financial Adviser Sdn Bhd		√			√
126	TA Futures Sdn Bhd				√	
127	TA Investment Management Berhad	√	√			√
128	TA Securities Holdings Berhad			√		
129	Threadneedle Asset Management Malaysia Sdn Bhd	√				
130	Tricor Investor & Issuing House Services Sdn Bhd			√		
131	UBS Securities Malaysia Sdn Bhd			√		
132	UOB Asset Management (Malaysia) Berhad	√	√			
133	UOB Islamic Asset Management Sdn Bhd	√				
134	UOB Kay Hian Securities (M) Sdn Bhd			√	√	
135	VCAP Asset Managers Sdn Bhd	√				
136	VCB Capital Sdn Bhd	√				
137	VKA Wealth Planners Sdn Bhd		√			√
138	Wealth Vantage Advisory Sdn Bhd		√			√
139	Whitman Independent Advisors Sdn Bhd		√			√

No.	Registered Persons	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
1	Affin Bank Berhad		√	√	√	√
2	Affin Islamic Bank Berhad	√	√	√	√	√
3	Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	√	√	√	√	√
4	Alliance Bank Malaysia Berhad		√	√	√	√
5	Alliance Islamic Bank Berhad	√	√	√	√	√
6	AmBank (M) Berhad		√	√	√	√
7	AmBank Islamic Berhad	√	√	√	√	√
8	Asian Finance Bank Berhad	√	√	√	√	√
9	Bangkok Bank Berhad		√	√	√	√
10	Bank Islam Malaysia Berhad	√	√	√	√	√
11	Bank Kerjasama Rakyat Malaysia Berhad		√		√	√
12	Bank Muamalat Malaysia Berhad	√	√	√	√	√
13	Bank of America Malaysia Berhad		√	√	√	√
14	Bank of China (Malaysia) Berhad		√	√	√	√
15	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad		√	√	√	√
16	Bank Simpanan Nasional		√		√	√
17	BNP Paribas Malaysia Berhad		√	√	√	√
18	China Construction Bank (Malaysia) Berhad		√	√	√	√
19	CIMB Bank Berhad		√	√	√	√
20	CIMB Islamic Bank Berhad	√	√	√	√	√
21	Citibank Berhad		√	√	√	√
22	Deutsche Bank (Malaysia) Berhad		√	√	√	√
23	Hong Leong Bank Berhad		√	√	√	√

No.	Registered Persons	Type of Regulated Activities				
		Fund Management	Dealing in Securities (Unit Trust)	Dealing in Securities	Dealing in Derivatives	Dealing in PRS
24	Hong Leong Islamic Bank Berhad	√	√	√	√	√
25	HSBC Amanah Malaysia Berhad	√	√	√	√	√
26	HSBC Bank Malaysia Berhad		√	√	√	√
27	India International Bank (Malaysia) Berhad		√	√	√	√
28	Industrial and Commercial Bank of China (Malaysia) Berhad		√	√	√	√
29	J.P. Morgan Chase Bank Berhad		√	√	√	√
30	Kuwait Finance House (Malaysia) Berhad	√	√	√	√	√
31	Malayan Banking Berhad		√	√	√	√
32	Maybank Islamic Berhad	√	√	√	√	√
33	Mizuho Bank (Malaysia) Berhad		√	√	√	√
34	National Bank of Abu Dhabi Malaysia Berhad		√	√	√	√
35	OCBC Al-Amin Bank Berhad	√	√	√	√	√
36	OCBC Bank (Malaysia) Berhad		√	√	√	√
37	Public Bank Berhad		√	√	√	√
38	Public Islamic Bank Berhad	√	√	√	√	√
39	RHB Bank Berhad		√	√	√	√
40	RHB Islamic Bank Berhad	√	√	√	√	√
41	Standard Chartered Bank Malaysia Berhad		√	√	√	√
42	Standard Chartered Saadiq Berhad	√	√	√	√	√
43	Sumitomo Mitsui Banking Corporation Malaysia Berhad		√	√	√	√
44	The Bank of Nova Scotia Berhad		√	√	√	√
45	United Overseas Bank (Malaysia) Bhd		√	√	√	√

PART 2



Directors' Report & Audited Financial Statements

Center No:
909583 - H

Center No:
909583 - H

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (909583 - H)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2017

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Center No:
909583 - H

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of Securities Industry Dispute Resolution Center ("the Center") for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Center are to act as an alternative dispute resolution body for investors in relation to claims involving capital market services and products that an investor may have against capital market intermediaries and to resolve such claims in a fair, reasonable, timely, efficient and accessible manner. In this regard, the Center promotes, encourages and facilitates the satisfactory resolution, mediation or withdrawal of such complaints, disputes and claims. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

Surplus for the financial year

RM

-

DIVIDEND

In accordance with the Constitution, no dividends are payable to the members of the Center.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS

The Directors who held office since the date of the last report are:

Dato' Ranita binti Mohd Hussein
Dato' Saiful Bahri bin Zainuddin
Dato' Halipah binti Esa
Tang Chee Kin

Dato' Karam Chand Vohrah

Dato' Kok Wee Kiat

Dato' Mohamad Ariff bin Md Yusof

Dato' Idris bin Kechot

(Resigned on 5 April 2017)

(Appointed on 27 October 2017)

(Appointed on 27 October 2017)

Center No:
909583 - H

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DIRECTORS' INTERESTS

None of the Directors holding office at the end of the financial year held any interest in ordinary shares in the Center or ordinary shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit by reason of a contract made by the Center 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.

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

DIRECTORS' REMUNERATION

Remuneration paid and payable to the Directors of the Center for the financial year ended 31 December 2017 amounted to RM122,000 in respect of Directors' allowances.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Center effected Directors' liability insurance during the financial year to protect the Directors of the Center against potential costs and liabilities arising from claims brought against the Directors.

There were no indemnity given to or insurance effected for the auditors of the Center during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE CENTER

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statement of profit or loss and other comprehensive income and statement of financial position of the Center were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that no provision for doubtful debts is required; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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OTHER STATUTORY INFORMATION REGARDING THE CENTER (continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

- (b) In the opinion of the Directors, the results of operations of the Center during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Center;
 - (ii) which would render the values attributed to current assets in the financial statements of the Center misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Center misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Center for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Center to meet its obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Center which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Center which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Center misleading.

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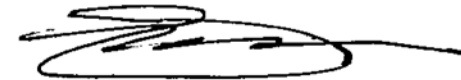
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AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Center for the financial year ended 31 December 2017 amounted to RM8,000.

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



.....
Dato' Ranita binti Mohd Hussein
Director



.....
Tang Chee Kin
Director

Kuala Lumpur, Malaysia
28 February 2018

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 11 to 22 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Center as at 31 December 2017 and of the financial performance and cash flows of the Center for the financial year then ended.

On behalf of the Board,


Dato' Ranita binti Mohd Hussein
Director


Tang Chee Kih
Director

Kuala Lumpur, Malaysia
28 February 2018

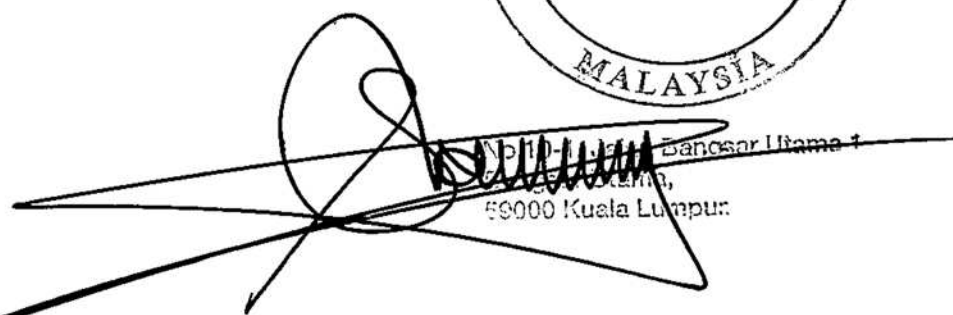
STATUTORY DECLARATION

I, Sujatha Sekhar A/P Tan Sri B.C. Sekhar, being the officer primarily responsible for the financial management of Securities Industry Dispute Resolution Center, do solemnly and sincerely declare that the financial statements set out on pages 11 to 22 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 abovenamed
at
Kuala Lumpur this
28 February 2018


Sujatha Sekhar A/P Tan Sri B.C. Sekhar

Before me:


Banjar Utama 1
50000 Kuala Lumpur

Center No:
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Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Securities Industry Dispute Resolution Center ('Center'), which comprise the statement of financial position as at 31 December 2017 of the Center, and the statement of profit or loss and other comprehensive income and statement of cash flows of the Center for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 22.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Center as at 31 December 2017, and of its financial performance and its 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Center in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)**
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Center are responsible for the other information. The other information comprises the following:

- (a) Vision & Mission Statement;
- (b) Chairman's Statement;
- (c) CEO's Report;
- (d) About SIDREC;
- (e) Board of Directors & Management;
- (f) Panel of Mediators & Adjudicators;
- (g) Leveraging on the Dispute Resolution Process;
- (h) Dispute Resolution Report & Statistics;
- (i) Awareness & Capacity Building;
- (j) Year in Brief;
- (k) List of Members; and
- (l) Directors' report.

In the annual report but does not include the financial statements of the Center and our auditors' report thereon. Our opinion on the financial statements of the Center does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Center, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Center or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Center are responsible for the preparation of financial statements of the Center that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Center that are free from material misstatement, whether due to fraud or error.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)**
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements of the Center, the Directors are responsible for assessing the Center's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Center or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Center as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Center, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Center's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)**
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Center's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Center or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Center to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Center, including the disclosures, and whether the financial statements of the Center represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 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 Center of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER (continued)**
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Center, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
28 February 2018

Rejeesh A/L Balasubramaniam
02895/08/2018 J
Chartered Accountant

Center No:
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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)**STATEMENT OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-current assets			
Property and equipment	4	197,996	235,336
Current assets			
Receivables	5	107,398	96,946
Cash and bank balances	6	1,723,552	1,563,297
		<u>1,830,950</u>	<u>1,660,243</u>
LIABILITIES			
Current liability			
Payables	7	240,112	317,985
Net current assets		<u>1,590,838</u>	<u>1,342,258</u>
		<u>1,788,834</u>	<u>1,577,594</u>
Represented by:			
Contribution from members	8	-	-
Non-current liability			
Deferred income	9	1,788,834	1,577,594

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
Revenue	10	6,000	-
Income			
Other income	11	<u>3,664,083</u>	<u>3,247,814</u>
Expenditure			
Staff costs	12	(1,808,127)	(1,379,069)
Auditors' remuneration		(8,000)	(8,800)
Over-provision of auditors' remuneration		800	-
Tax agent fees		(2,500)	(2,500)
Office and equipment rental		(303,235)	(299,536)
Professional fees		(64,354)	(103,250)
Depreciation of property and equipment	4	(83,894)	(52,781)
Directors' meeting allowances		(122,000)	(102,000)
Capacity building		(207,292)	(45,985)
Education and Awareness		(787,611)	(924,871)
Other expenses	13	<u>(283,870)</u>	<u>(329,022)</u>
		<u>(3,670,083)</u>	<u>(3,247,814)</u>
Surplus before taxation		-	-
Taxation	14	-	-
Net surplus for the financial year, representing total comprehensive income		<u>-</u>	<u>-</u>

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)**STATEMENT OF CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		-	-
Adjustments for:			
Depreciation of property and equipment	4	83,894	52,781
Amortisation of grants received	9	(3,562,759)	(2,950,634)
Interest income from deposits with a licensed bank	11	(89,514)	(85,889)
Operating loss before working capital changes		(3,568,379)	(2,983,742)
(Increase)/Decrease in receivables		(448)	2,726
(Decrease)/Increase in payables		(77,873)	252,742
Cash used in operations		(3,646,700)	(2,728,274)
Interest received		79,510	85,889
Net cash used in operating activities		(3,567,190)	(2,642,385)
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property and equipment	4	(46,554)	(215,888)
Net cash used in investing activity		(46,554)	(215,888)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from grants, representing net cash generated from financing activity	9	3,773,999	2,279,000
Net increase/(decrease) in cash and cash equivalents		160,255	(579,273)
Cash and cash equivalents at beginning of financial year		1,563,297	2,142,570
Cash and cash equivalents at end of financial year	6	1,723,552	1,563,297

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SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS**
31 DECEMBER 2017**1. CORPORATE INFORMATION**

Securities Industry Dispute Resolution Center ('the Center') was incorporated on 28 July 2010 and is a company limited by guarantee, incorporated and domiciled in Malaysia.

The registered office of the Center is located at 20th Floor, Ambank Group Building, No. 55, Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Center is located at Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

The financial statements were authorised for issuance in accordance with a resolution by the Board of Directors on 28 February 2018.

2. PRINCIPAL ACTIVITIES

The principal activities of the Center are to act as an alternative dispute resolution body for investors in relation to claims involving capital market services and products that an investor may have against capital market intermediaries and to resolve such claims in a fair, reasonable, timely, efficient and accessible manner. In this regard, the Center promotes, encourages and facilitates the satisfactory resolution, mediation or withdrawal of such complaints, disputes and claims. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Center have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ('RM'), which is the Center's functional currency.

The financial statements of the Center have been prepared under the historical cost convention except as otherwise stated in the financial statements and on the basis of accounting principles applicable to a going concern.

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6. CASH AND BANK BALANCES

	2017 RM	2016 RM
Cash and bank balances	93,552	63,297
Deposits with a licensed bank	<u>1,630,000</u>	<u>1,500,000</u>
	<u>1,723,552</u>	<u>1,563,297</u>

(a) Included in deposits with a licensed bank is a deposit amounting to RM30,000 pledged to a licensed bank as securities for banking facilities granted to the Center.

(b) Cash and bank balances are denominated in Ringgit Malaysia.

7. PAYABLES

	2017 RM	2016 RM
Payables	99,907	142,133
Accruals	<u>140,205</u>	<u>175,852</u>
	<u>240,112</u>	<u>317,985</u>

(a) Payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.

(b) Payables are denominated in Ringgit Malaysia.

(c) The maturity profile of the Center's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is within one (1) year.

8. CONTRIBUTION FROM MEMBERS

Every member of the Center undertakes to contribute, not exceeding RM1,000, to the assets of the Center in the event of the Center being wound up.

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9. DEFERRED INCOME

	2017 RM	2016 RM
At 1 January	1,577,594	2,249,228
Received during the financial year	3,773,999	2,279,000
Amortised to profit or loss	<u>(3,562,759)</u>	<u>(2,950,634)</u>
	<u>1,788,834</u>	<u>1,577,594</u>

Grants received from statutory bodies comprised the following:

	2017 RM	2016 RM
Securities Commission	2,500,000	2,279,000
Capital Market Development Fund	<u>1,273,999</u>	<u>-</u>
	<u>3,773,999</u>	<u>2,279,000</u>

During the financial year, the Center received grants from the Securities Commission Malaysia ("SC"), a statutory body established under Securities Commission Act 1993, for working capital purposes and Capital Market Development Fund ("CMDf"), a statutory body established under Capital Markets & Services Act ("CMSA") 2007, for awareness and capacity building initiatives.

10. REVENUE

Revenue in respect of rendering of services is derived from mediation fee charged.

11. OTHER INCOME

	2017 RM	2016 RM
Amortisation of grants	3,562,759	2,950,634
Interest income from deposits with a licensed bank	89,514	85,889
Other income	<u>11,810</u>	<u>211,291</u>
	<u>3,664,083</u>	<u>3,247,814</u>

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11. OTHER INCOME (continued)

Grants that compensate the Center for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grant that compensate the Center for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

12. STAFF COSTS

	2017 RM	2016 RM
Salaries and bonuses	1,480,482	1,136,001
Statutory contribution to Employees Provident Fund and social security	226,618	167,859
Other allowances	101,027	75,209
	<u>1,808,127</u>	<u>1,379,069</u>

13. OTHER EXPENSES

	2017 RM	2016 RM
Communication and utilities	50,164	46,904
Stationeries, printing and sundry expenses	43,883	34,604
Subscription and membership fees	7,004	6,713
Good Services Tax ("GST") and service tax	41,023	40,806
Meeting expenses	10,085	7,885
Online journals and equipment rental	1,732	1,519
Filing, stamping and disbursements	11,782	9,568
Advertising and promotion	1,000	3,452
Entertainment	8,953	4,340
External mediator fees	17,000	36,500
Maintenance	80,588	125,880
Others	10,656	10,851
	<u>283,870</u>	<u>329,022</u>

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14. TAXATION

On 16 October 2014, the Ministry of Finance ("MOF") has granted the Center an extension to the tax exemption status which is applicable from the year of assessment 2015 up to year of assessment 2019.

15. FAIR VALUES

The fair values of all financial assets and financial liabilities approximate their carrying amounts due to their relative short term maturities.

16. COMMITMENTSCenter as lessee

The Center had entered into a non-cancellable lease agreement for its office premise, resulting in future rental commitments which can, subject to certain terms in the agreement, be revised annually based on prevailing market rates.

The total future minimum lease payments under non-cancellable operating lease are as follows:

	2017 RM	2016 RM
Not later than one year	258,084	246,646
Later than one year but not later than five years	<u>236,577</u>	<u>-</u>
	<u>494,661</u>	<u>246,646</u>

17. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Center if the Center 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 Center and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Center include:

Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Center either directly or indirectly. The key management personnel comprise the Chief Executive Officer of the Center.

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18. CAPITAL MANAGEMENT

The Center manages its capital by following the Center's policies and guidelines and also seeks approval from the Board of Directors with regard to all capital management matters. Presently, the Center's activities are entirely funded via grants.

19. ADOPTION OF NEW MFRSs and AMENDMENTS TO MFRSs**19.1 New MFRSs adopted during the financial year**

The Center adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

Adoption of the above Standards did not have any material effect on the financial performance or position of the Center.

19.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Center:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

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19. ADOPTION OF NEW MFRSs and AMENDMENTS TO MFRSs (continued)**19.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018 (continued)**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Center (continued):

Title	Effective date
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Center is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable in future financial years.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(Company No. 909583-H)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the EIGHTH ANNUAL GENERAL MEETING of the company will be held at Conference Hall 2, Securities Commission, No. 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur on Monday, 16 April 2018 at 2.30 p.m.

AGENDA

- | | |
|--|------------------------|
| (1) To receive the Audited Accounts for the Financial Year ended 31 December 2017 and the Reports of the Directors and the Auditors thereon. | Refer to Note A |
|--|------------------------|

ORDINARY BUSINESS

- | | |
|--|------------------------------|
| (2) To re-elect Dato' Halipah Binti Esa retiring pursuant to Article 62 of the Company's Articles of Association. | Ordinary Resolution 1 |
| (3) To re-elect Mr. Tang Chee Kin retiring pursuant to Article 62 of the Company's Articles of Association. | Ordinary Resolution 2 |
| (4) To re-elect Dato' Mohamad Ariff Bin Md Yusof retiring pursuant to Article 68 of the Company's Articles of Association | Ordinary Resolution 3 |
| (5) To re-elect Dato' Idris Bin Kechot retiring pursuant to Article 68 of the Company's Articles of Association | Ordinary Resolution 4 |
| (6) To re-appoint Messrs BDO Chartered Accountants as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |
| (7) To ratify the payment of a total honorarium of RM122,000 to the Directors as per the rates approved by the Securities Commission Malaysia, for the Financial Year ended 31 December 2017 and to confirm that such payment to the Directors is for the purpose of achieving the objects of the Company. | Ordinary Resolution 6 |
| (8) To approve the continued payment of the following honorariums to the Directors as per the rates approved by the Securities Commission Malaysia, for the Financial Year ending 31 December 2018 and thereafter as set out below:- | Ordinary Resolution 7 |
| i. <u>Chairman</u> | |
| Board Meeting honorarium | RM3,000 |
| Board Committee Meeting honorarium | RM2,000 |
| Monthly Retainer | RM1,000 |

- ii. Other Board Members
 - Board Meeting honorarium RM2,000
 - Board Committee Meeting honorarium RM1,500
 - Monthly Retainer RM500

and to confirm that such payment to the Directors is for the purpose of achieving the objects of the Company.

SPECIAL BUSINESS

- (9) To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

BY ORDER OF THE BOARD



 HO YUE CHAN
 Secretary
 (BC/H/90)

Kuala Lumpur

Dated: 23rd March 2018

Note A

This Agenda item (1) is meant for discussion only as Section 248(2) of the Companies Act, 2016 does not require formal approval of members and hence is not put forward for voting.

Registration of Members will commence from 1.30p.m. on 16 April 2018. Members are kindly reminded to register early to enable the Meeting to start on time.

FORM OF PROXY

(Before completing the form, please refer to notes overleaf)

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER

(Company No. 909583-H)
(Incorporated in Malaysia)

We Company No.:.....
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

being a member of SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER ("SIDREC" or "Company"), hereby appoint

.....NRIC No.....
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

or failing him/her, NRIC No.....
(FULL NAME IN BLOCK CAPITALS)

of
(FULL ADDRESS)

as our proxy to vote for us and on our behalf at the Annual General Meeting of the Company to be held at Conference Hall 2, Securities Commission, No. 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur on Monday, 16 April 2018 at 2.30 p.m., and at every adjournment thereof.

In case of a vote taken by a show of hands, our proxy is not entitled to vote on our behalf.

Our proxy/proxies is/are to vote as indicated below:

RESOLUTION		FOR	AGAINST
ORDINARY RESOLUTION 1	RE-ELECTION OF DATO' HALIPAH BINTI ESA AS DIRECTOR		
ORDINARY RESOLUTION 2	RE-ELECTION OF MR. TANG CHEE KIN AS DIRECTOR		
ORDINARY RESOLUTION 3	RE-ELECTION OF DATO' MOHAMAD ARIFF BIN MD YUSOF AS DIRECTOR		
ORDINARY RESOLUTION 4	RE-ELECTION OF DATO' IDRIS BIN KECHOT AS DIRECTOR		

ORDINARY RESOLUTION 5	RE-APPOINTMENT OF BDO CHARTERED ACCOUNTANTS AS AUDITORS AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION														
ORDINARY RESOLUTION 6	TO RATIFY THE PAYMENT OF A TOTAL HONORARIUM OF RM122,000 TO THE DIRECTORS AS PER THE RATES APPROVED BY THE SECURITIES COMMISSION MALAYSIA, FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND TO CONFIRM THAT SUCH PAYMENT TO THE DIRECTORS IS FOR THE PURPOSE OF ACHIEVING THE OBJECTS OF THE COMPANY.														
ORDINARY RESOLUTION 7	<p>TO APPROVE THE CONTINUED PAYMENT OF THE FOLLOWING HONORARIUMS TO THE DIRECTORS AS PER THE RATES APPROVED BY THE SECURITIES COMMISSION MALAYSIA, FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018 AND THEREAFTER, AS SET OUT BELOW:-</p> <p>(I) <u>CHAIRMAN</u></p> <table data-bbox="430 856 905 1008"> <tr> <td>BOARD MEETING HONORARIUM</td> <td>RM3,000</td> </tr> <tr> <td>BOARD COMMITTEE MEETING HONORARIUM</td> <td>RM2,000</td> </tr> <tr> <td>MONTHLY RETAINER</td> <td>RM1,000</td> </tr> </table> <p>(II) <u>OTHER BOARD MEMBERS</u></p> <table data-bbox="430 1066 905 1218"> <tr> <td>BOARD MEETING HONORARIUM</td> <td>RM2,000</td> </tr> <tr> <td>BOARD COMMITTEE MEETING HONORARIUM</td> <td>RM1,500</td> </tr> <tr> <td>MONTHLY RETAINER</td> <td>RM500</td> </tr> </table> <p>AND TO CONFIRM THAT SUCH PAYMENT TO THE DIRECTORS IS FOR THE PURPOSE OF ACHIEVING THE OBJECTS OF THE COMPANY.</p>	BOARD MEETING HONORARIUM	RM3,000	BOARD COMMITTEE MEETING HONORARIUM	RM2,000	MONTHLY RETAINER	RM1,000	BOARD MEETING HONORARIUM	RM2,000	BOARD COMMITTEE MEETING HONORARIUM	RM1,500	MONTHLY RETAINER	RM500		
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BOARD MEETING HONORARIUM	RM2,000														
BOARD COMMITTEE MEETING HONORARIUM	RM1,500														
MONTHLY RETAINER	RM500														

(Please indicate with a "✓" in the space provided above how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this day of
..... 2018

.....

Signature/Common Seal

Notes:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. **Any proxy appointed by a Member shall be the Corporate Representative of another Member.** The instrument appointing a proxy must be deposited at the Registered Office of the Company at **Messrs Shook Lin and Bok, 20th Floor, Bangunan AmBank Group, 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia**, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof. (The last day and time for lodgment of the proxy form is Saturday, 14 April 2018 at 2.30pm.)

Kindly note that the Registered Office is open on Saturday, 14 April 2018, from 8.30am to 2.30pm.

SECURITIES INDUSTRY DISPUTE RESOLUTION CENTER
(909583-H)

Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar,
No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur

Tel: +603 2282 2280

Fax: +603 2282 3855

Email: info@sidrec.com.my

sidrec.com.my