

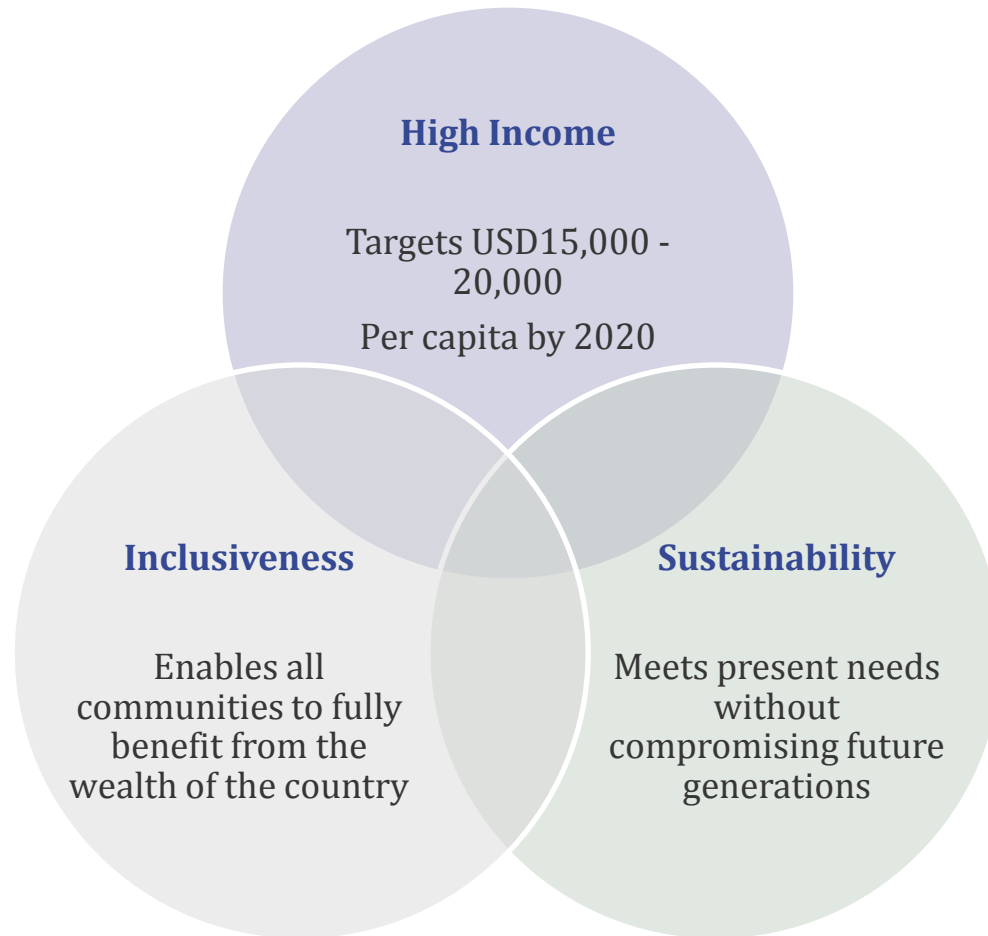
“Malaysia’s CG Developments”



The Emerging Market Perspective

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Securities Commission Malaysia

Goals and characteristics of Malaysia by 2020, as envisioned in the New Economic Model...



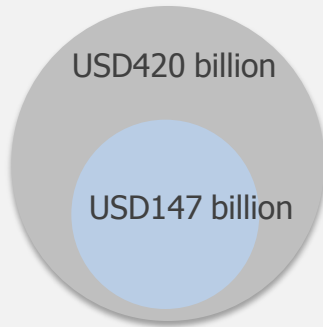
Malaysia's aspirations

- Market led
- **Well-governed**
- Regionally integrated
- Entrepreneurial
- Innovative

Eight years to 2020 and Malaysia is in leading positions across segments...

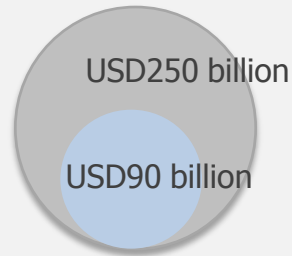
Equity market

Largest number of public listed companies & 2nd largest market cap. in the Association of southeast Asian Nations (ASEAN)



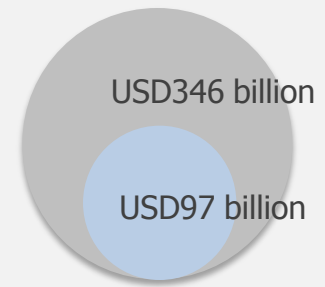
Bond market

3rd largest in Asia



Islamic Capital Market

Leading international centre



Investment management

Largest domestic unit trust industry in ASEAN



Derivatives market

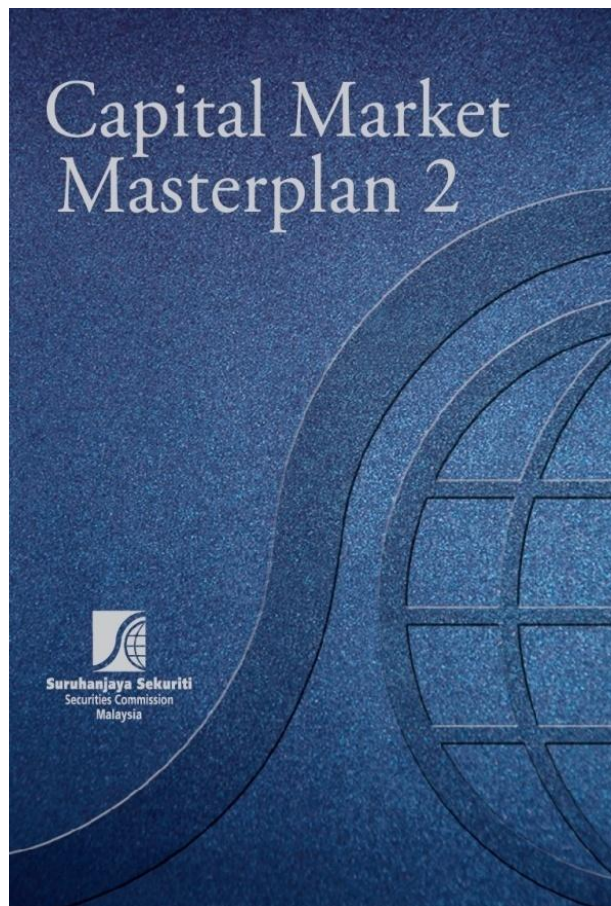
Centre for CPO price discovery



● 2000 ● 2010

Underlying theme: Growth with Governance

“... describes the challenge for the Malaysian capital market to expand its role in invigorating national economic growth while addressing concerns about the efficacy of markets in the aftermath of the global financial crisis.”



CMP2 STRATEGIES

GROWTH

- Promote capital formation
- Expand intermediation efficiency and scope
- Deepen liquidity and risk intermediation
- Facilitate internationalisation
- Build capacity and strengthen information infrastructure

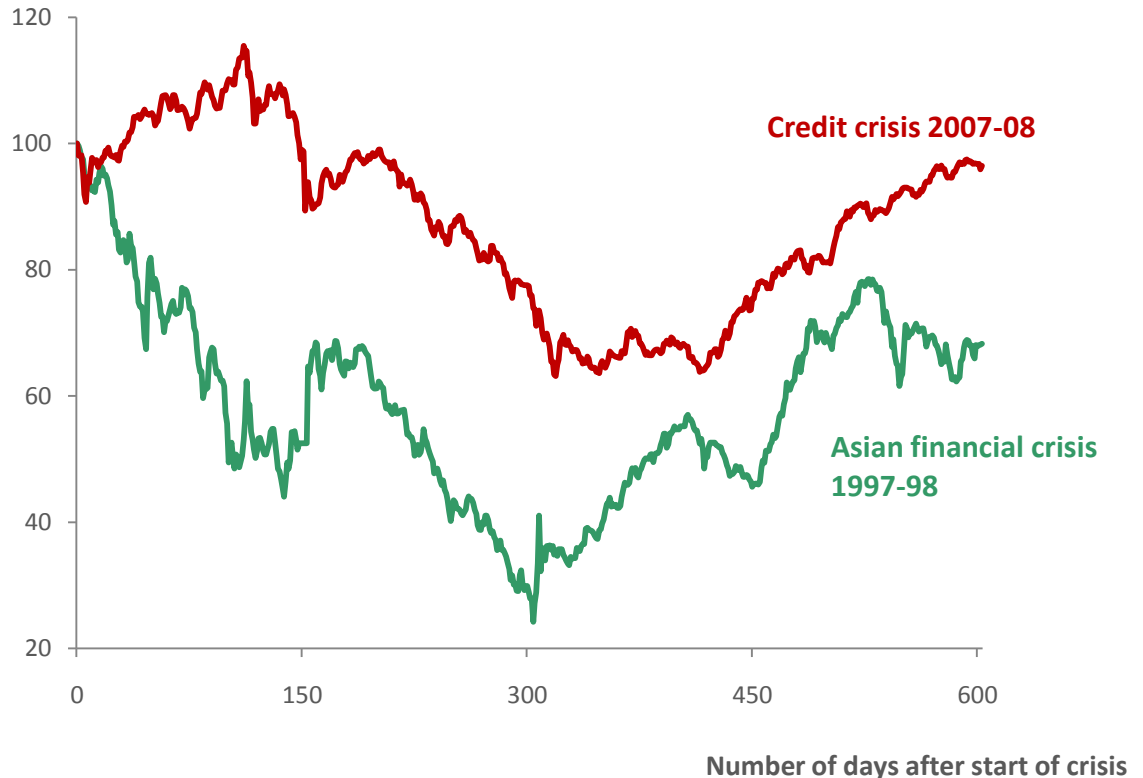
GOVERNANCE

- Enhance product regulation to manage risks
- Expand accountabilities as intermediation scope widens
- Robust regulatory framework for a changing market landscape
- Effective oversight of risks
- Strengthen corporate governance
- Broaden participation in governance

Sound corporate governance contributes to resilience...

In the case of Malaysia, the market demonstrated resilience in the credit crisis, stronger performance compared to the 1997/98 Asian financial crisis.

KLCI Composite Index Aug 9 2007/Jul 2 97 =100



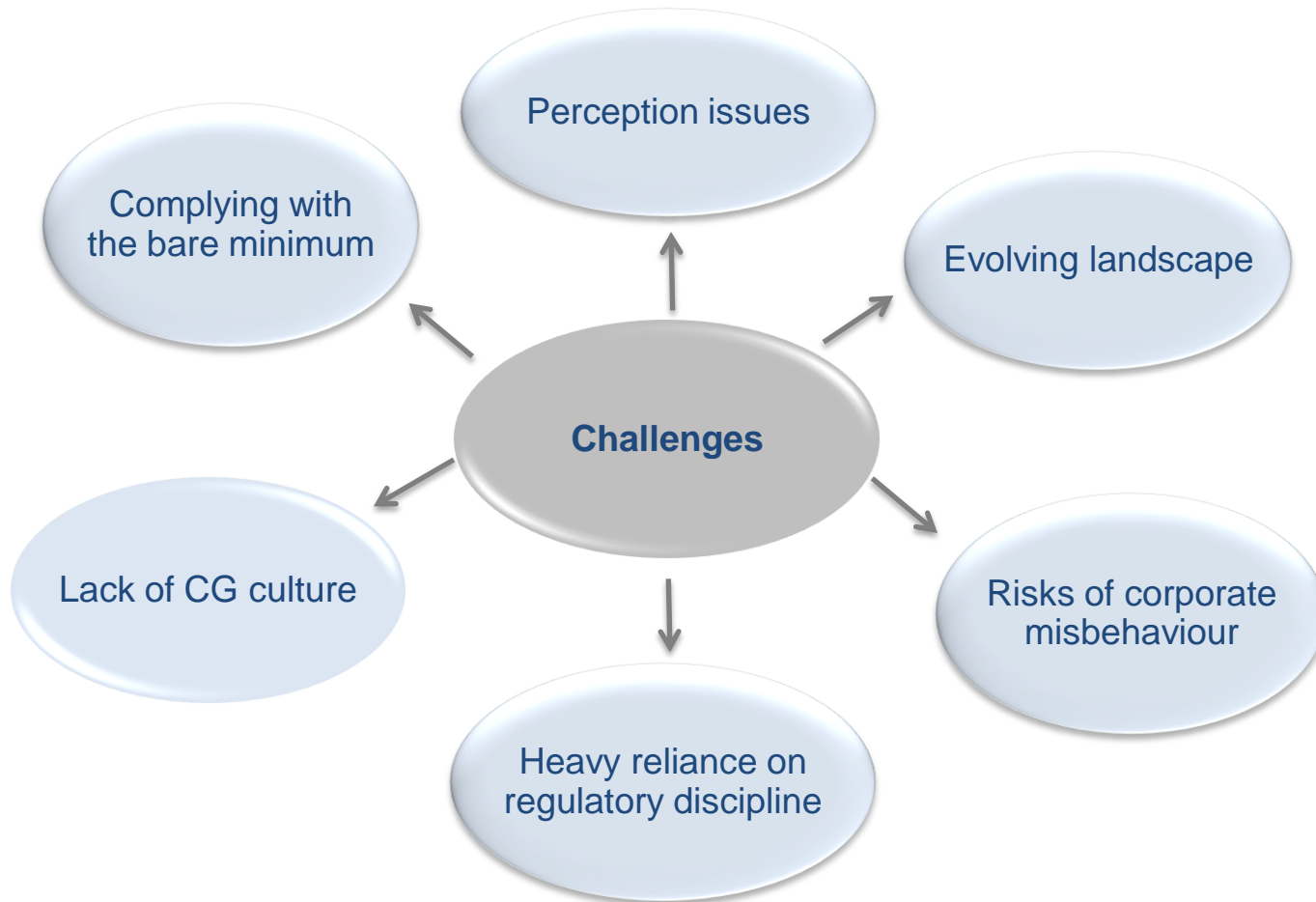
Good CG practice among companies create quality markets and a strong fundamental base that can cushion or protect markets from crises....

Malaysia's corporate governance milestones...

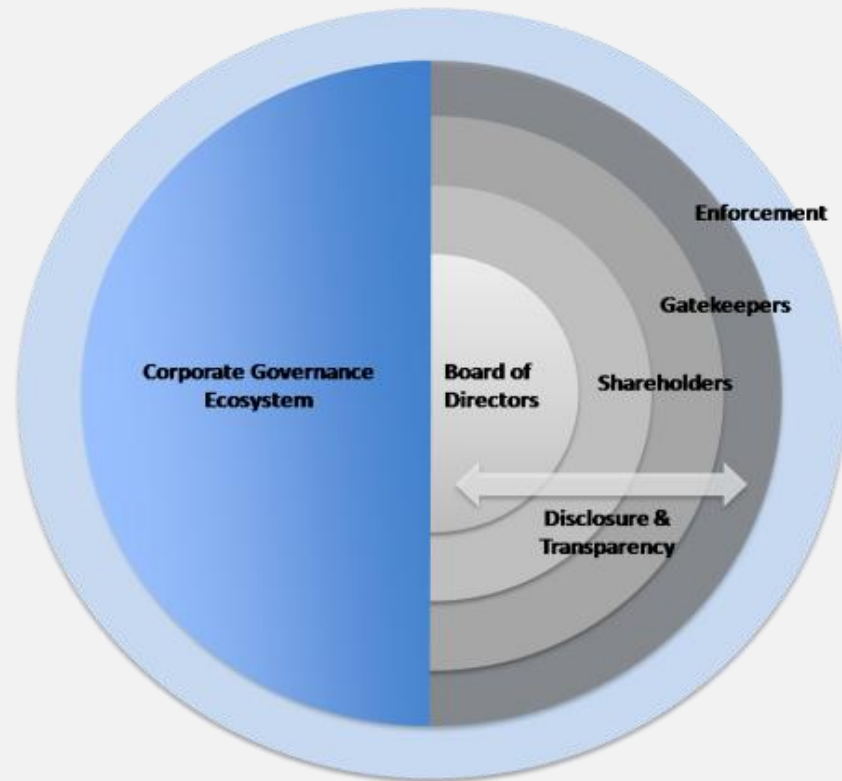
Defined corporate governance as "...the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, while taking into account the interest of other stakeholders"

Date	Events
1999	<ul style="list-style-type: none"> High Level Finance Committee Report on Corporate Governance
2000	<ul style="list-style-type: none"> Malaysian Code on Corporate Governance
2001	<ul style="list-style-type: none"> Capital Market Masterplan First Corporate Governance Report on the Observance of Standards and Codes by World Bank (CG ROSC)
2004	<ul style="list-style-type: none"> Whistle-blowing provisions in securities laws
2007	<ul style="list-style-type: none"> Introduce qualification criteria for directors, strengthened audit committee and mandated internal audit function Enforcement powers for civil and administrative actions was expanded
2009	<ul style="list-style-type: none"> Sections 317A and 320A introduced in the Capital Markets and Services Act 2007 which broadened the scope of enforcement to cover actions against wrongful loss
2010	<ul style="list-style-type: none"> Audit Oversight Board
2011	<ul style="list-style-type: none"> Securities Industry Dispute Resolution Center Capital Market Masterplan 2 Corporate Governance Blueprint 2011

Key challenges faced by emerging markets...

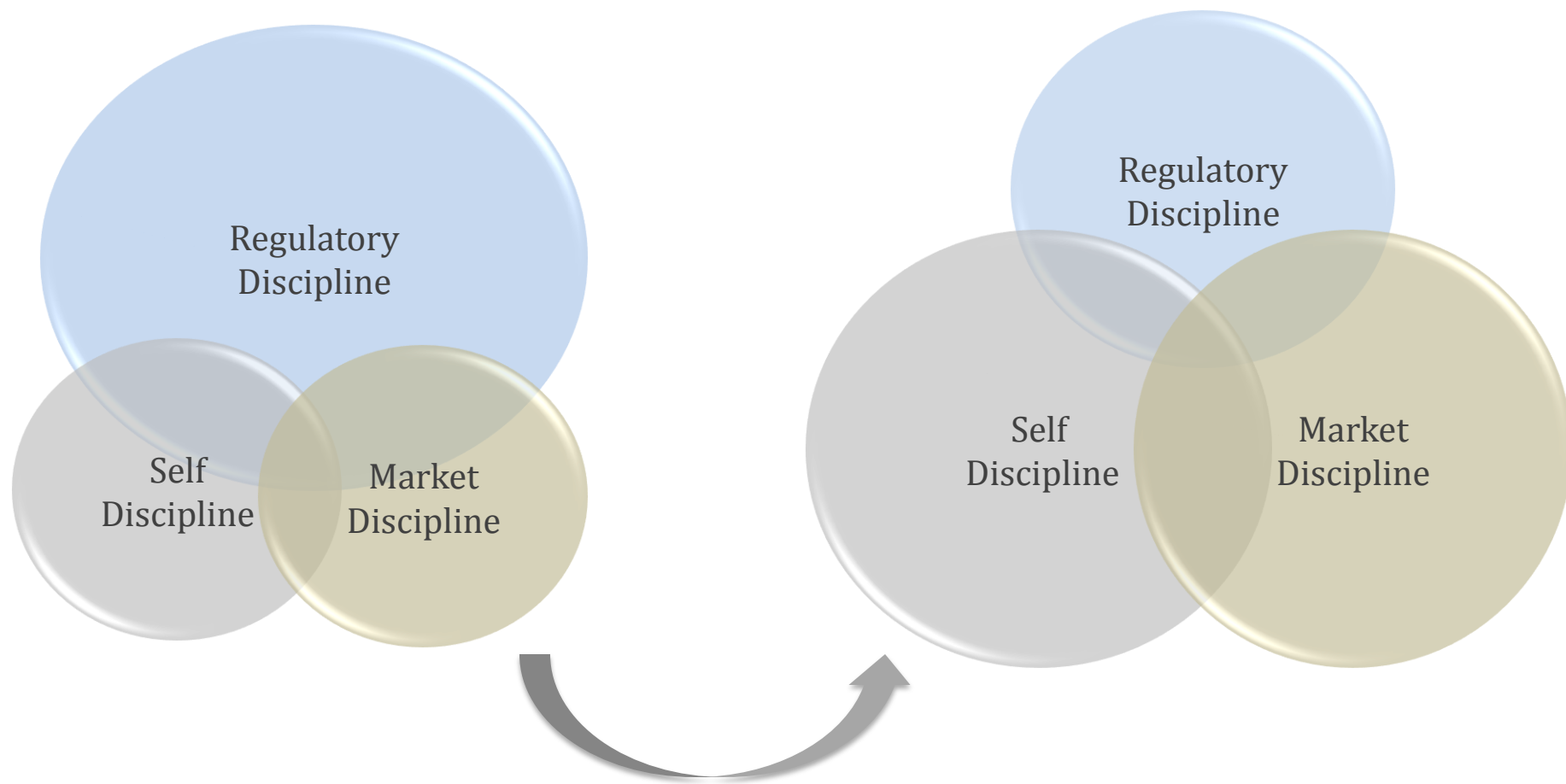


Strengthening corporate governance...



Focuses on strengthening self and market discipline

Regulation is a means instead of being the main driver of change...



Key focus areas of the CG Blueprint...

Areas	Strategic Thrusts
▪ Shareholder Rights	▪ Empowering shareholders through a fair, efficient and transparent voting process
▪ Role of Institutional Investors	▪ Institutional investors taking leadership in governance by exercising responsible ownership
▪ The Board's Role in Governance	▪ Amplifying the role of boards as active and responsible fiduciaries
▪ Disclosure and Transparency	▪ Enhancing disclosure standards and practices for informed decision making by shareholders
▪ Role of Gatekeepers and Influencers	▪ Recognising and supporting the role of professionals in fortifying self and market discipline
▪ Public and Private Enforcement	▪ Reinforcing the critical and complementary roles of public and private enforcement for market confidence

Some of the key outcomes...

- ❑ A new Malaysian Code on Corporate Governance
- ❑ Amendments to the Listing Requirements
- ❑ Establishment of an umbrella body for institutional investors
- ❑ Release of a new code for institutional investors

To enable ...

- ❑ Fostering of **real commitment** to corporate governance
- ❑ Cultivate stakeholders to be **proactive** in governance
- ❑ Focus on **sustainability**.



The market needs qualified, dynamic, ethical corporate citizens...

To populate the directors' registry with qualified candidates

- To serve on boards of companies as stewards

To support the diversity agenda

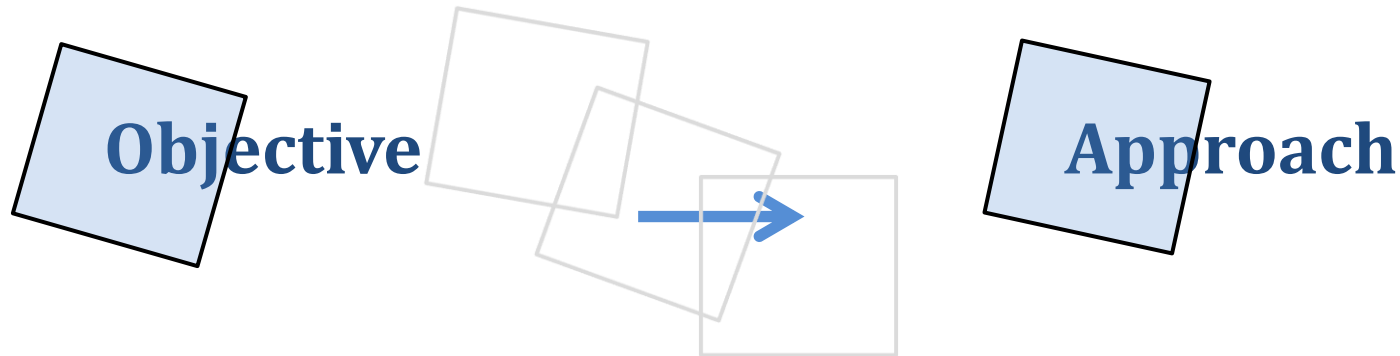
- To be part of a diverse board which harnesses different insights and perspectives
- To have more women participation on boards

The drive sustainable growth

- Ensuring that sustainability is factored into everyday business operations



ASEAN CG Scorecard – an initiative under the ACMF



1. Raise CG standards & practices of ASEAN public listed companies
2. Showcase & enhance visibility of well governed ASEAN public listed companies internationally
3. Complement the other ACMF initiatives and promote ASEAN as an asset class

1. Devise universal scorecard embracing ASEAN & international best practices
2. Assessment & ranking by independent Corporate Governance (CG) experts appointed by ADB
3. Publish a CG ranking of ASEAN public listed companies
4. Target roll out (Q1 2012)

Thank You

Securities Commission Malaysia

