

PART IX

CAPITAL MARKET DEVELOPMENT FUND

Establishment of Capital Market Development Fund

- 332.** (1) There shall be established a fund to be called the Capital Market Development Fund, referred to in this Part as “the Fund”.
- (2) The Fund shall be administered by the Capital Market Development Fund Board, referred to in this Part as the “Board”, who shall act as trustees for the Fund.
- (3) The Commission shall be responsible to assist the Board in the day-to-day administration and management of the affairs of the Fund.

Assets constituting Fund

333. The Fund shall consist of–

- (a) such shares as are approved for the Fund under paragraph 4(1)(d) of the Demutualisation (Kuala Lumpur Stock Exchange) Act 2003 [Act 632];
- (b) proceeds raised in connection with the sale of the shares that are referred to in paragraph (a);
- (c) such sums as may be provided from time to time for the purposes of this Part by Parliament;
- (d) all donations and gifts accepted by the Board for the Fund;
- (e) all interest, dividend and other income derived from the investment of the monies of the Fund; and
- (f) all other sums or property which may in any manner become payable to or vested in the Fund.

Objects of the Fund, etc.

- 334.** (1) The objects for which monies of the Fund may be applied are as follows:
- (a) the promotion of the capital market within Malaysia to be an efficient, innovative and internationally competitive market;
- (b) the development and upgrading of skills and expertise required by the capital market in Malaysia;
- (c) the development of self-regulation by professional associations and market bodies in the securities and futures industries; and
- (d) the development and support of high quality research and development

programmes and projects relating to the capital market in Malaysia.

- (2) The Fund shall be expended for the purposes of—
 - (a) meeting all payments required to be made by the Fund consistent with its objects;
 - (b) paying any expenses lawfully incurred by the Fund including fees and costs, and the remuneration of persons employed or engaged by the Board, including the granting of loans, superannuation allowances or gratuities;
 - (c) paying any other expenses, costs or expenditure properly incurred or accepted by the Board, for purposes of its powers and carrying out of its duties; and
 - (d) generally paying any expenses for carrying into effect the provisions of this Part and in connection with the administration of the Fund.
- (3) The Minister may approve the payment out of the Fund of any cost, expense or other payment for purposes other than those specified in subsection (2) that are consistent with the objects of the Fund.

Membership of the Board

- 335.** (1) The members of the Board shall be appointed by the Minister and the Board shall consist of—
- (a) the Chairman of the Commission, as an *ex-officio* member, who shall be the Chairman;
 - (b) the Deputy Chief Executive of the Commission, as an *ex-officio* member;
 - (c) a senior representative of an exchange holding company; and
 - (d) four other members who possess knowledge and experience in finance, business, law or other relevant experience.
- (2) If the Chairman of the Board is absent or unable to act due to illness or any other cause, the Deputy Chief Executive of the Commission shall act in his place as the Chairman of the Board.
 - (3) Members of the Board shall not be entitled to any remuneration but may be paid such honorarium and travelling and subsistence allowances as the Minister may determine.
 - (4) The Board shall have such powers and shall perform such duties as are given or imposed by this Act or as may be prescribed from time to time by the Minister and may by instrument in writing delegate to any person all or any of such powers and duties.

Tenure of office

- 336.** (1) Subject to subsection (2), a member of the Board, other than the *ex-officio* members referred to in subsection 335(1), shall hold office for a term not exceeding three years and shall be eligible for reappointment.
- (2) In the case of the Chairman of the Commission and the Deputy Chief Executive of the Commission, who are *ex-officio* members of the Board, their tenure of office as members of the Board shall be the tenure of their appointments as Chairman of the Commission and Deputy Chief Executive of the Commission respectively under the Securities Commission Act 1993.

Resignation and revocation of appointment

- 337.** (1) A member of the Board may, at any time resign his office by a written notice addressed to the Minister.
- (2) The Minister may at any time revoke the appointment of a member of the Board if he thinks fit.

Vacation of office

- 338.** The office of a member of the Board shall be vacated if—
- (a) he dies;
 - (b) he has been convicted of any offence involving fraud or dishonesty;
 - (c) he becomes bankrupt;
 - (d) he is of unsound mind or is otherwise incapable of discharging his duties;
 - (e) he is absent from three consecutive meetings of the Board except on leave granted by the Minister; or
 - (f) he is guilty of serious misconduct in relation to his duties under this Act.

Quorum and procedures of meetings

- 339.** (1) The Board shall meet as often as may be necessary for the performance of its functions or duties under this Part.
- (2) Four members of the Board shall constitute a quorum at any meeting of the Board.
- (3) Subject to this Part, the Board shall determine its own procedures.
- (4) The Board may invite any person to attend any meeting or deliberation of the Board for the purpose of advising it on any matter under discussion, but any person so attending shall have no right to vote at the said meeting or deliberation.

- (5) Subject to section 340, if on any question to be determined, there is an equality of votes, the Chairman of the Board shall have the casting vote in addition to his original vote.

Disclosure of interest

- 340.** (1) A member of the Board who directly or indirectly has by himself, his spouse or children, any interest in any matter under discussion by the Board shall disclose to the Board the existence of such interest and nature thereof.
- (2) A disclosure made under subsection (1) shall be recorded in the minutes of the Board, and after the disclosure—
- (a) the member shall not take part nor be present in any deliberation or decision of the Board;
 - (b) the member shall be disregarded for the purpose of constituting a quorum of the Board relating to the matter; and
 - (c) no act or proceedings of the Board shall be invalidated on the ground that any member of the Board has contravened the provisions of this section.

Conservation of the Fund

- 341.** (1) It shall be the duty of the Board to conserve the Fund consistent with the provisions of this Part or any regulations made under this Part.
- (2) The Board may invest the monies of the Fund available for investment in such manner as the Board may, by any regulations prescribed by the Minister, be authorised to invest.
- (3) Without affecting the generality of section 335, the Board may by written instrument delegate all or any of its powers and functions under subsection (2) to any employee or person as it may appoint.
- (4) The Board may pay to any person appointed under subsection (3) a fee for any service rendered in exercise of any power and function delegated to that person under that subsection.

Financial year

- 342.** For the purposes of this Part, the financial year of the Fund shall commence on first January and end on thirty-first December of each year.

Accounts and audit

- 343.** (1) The Board shall keep or cause to be kept proper accounts and other records in respect of the operation of the Fund and shall prepare statements of accounts in respect of each financial year.

- (2) The Board shall, not later than three months after the end of each financial year, cause the accounts of the Fund to be audited by auditors appointed by the Board.
- (3) At the end of each financial year and as soon as the accounts of the Fund have been audited, the Board shall cause a copy of the statement of accounts to be submitted to the Minister, together with a report dealing with the investments of the Fund the preceding financial year and containing such information relating to the proceedings and policies of the Board as the Minister may from time to time direct.

Power of Minister in relation to the Board

344. The Minister may give the Board such directions of a general nature that are consistent with the provisions of this Part that relate to the exercise and performance of its functions and the Board shall give effect to such directions.

Dissolution of the Fund

- 345.** (1) Where the Minister is satisfied that there are insufficient funds standing to the credit of the Fund to adequately fulfil the objects referred to in section 334, he may, by notification in the *Gazette*, dissolve the Fund and transfer such assets and monies as may remain to the credit of the Fund to such other fund that has similar objects to the Fund.
- (2) In the event the Fund is dissolved under subsection (1) and there is no other fund that satisfies the provisions of subsection (1) with regards to its objects, the assets and funds that remain to the credit of the Fund shall be transferred to the Federal Consolidated Fund.

Power to make regulations

- 346.** The Minister may make such regulations for the better carrying out of the provisions of this Part or as may be necessary or expedient for—
- (a) giving full effect to the provisions of this Part;
 - (b) carrying out or achieving the objects and purposes of this Part; or
 - (c) the further, better or more convenient implementation of the provisions of this Part.