



Part Four

Increase our capabilities and effectiveness

We have benchmarked our turnaround time for approval against the most competitive jurisdictions to reduce time-to-market and keep regulatory costs low. For approval processes, we are comparable with more developed markets in the crucial aspects of speed, efficacy, and timeliness. We are committed to reinforcing and addressing any remaining area of inefficiency.

INCREASE OUR CAPABILITIES AND EFFECTIVENESS

INTRODUCTION

The SC introduced various initiatives in 2007 to further increase our capabilities and effectiveness. We invested in our people and in information technology, and further improved our work processes to achieve efficiency in service delivery and operational excellence.

We undertook new process designs to entrench a collaborative work culture across the SC and introduced pre-submission consultations to better serve the market. We also undertook an in-depth market survey to obtain feedback on our performance so that we can further improve. Overall, our stakeholders said that the quality of our service had continued to improve.

The SC's most important asset is our people. This year, our ability to attract and retain talent was further augmented. Innovative recruitment strategies and internal sourcing were adopted to effectively fill the SC talent pipeline across all levels with the right people. Our investment in human capital development also included continuous learning and developmental programmes to inculcate a high performance work culture.

ENHANCING TRANSPARENCY AND EFFICIENCY

We continued to institute faster turnaround times in our dealings with market participants and other stakeholders, and increased the level of transparency of our decisions by publishing our latest and improved process maps on the SC website. These included:

- Complaints management and a guide on “How do I lodge a complaint?”;

- Approval processes for collective investment schemes such as “The approval process of initial public offerings (IPOs) of real estate investment trusts (REITs) in Malaysia” and “Establishment of unit trust funds”;
- Take-overs and mergers, specifically “The approval process of take-overs and mergers applications in Malaysia”; and
- The approval process of PDS in Malaysia.

Internally, we continued to reward collaborative efforts which promoted efficient and effective work practices across the organisation. All departments reviewed and improved all key business processes. Bottlenecks and duplication were eliminated through collective process re-engineering. These enhanced process maps were made available to all staff via the Intranet. We also set a minimum key performance indicator (KPI) of 90% achievement rate for all applications made to the SC to be considered and completed within the stipulated time charter.

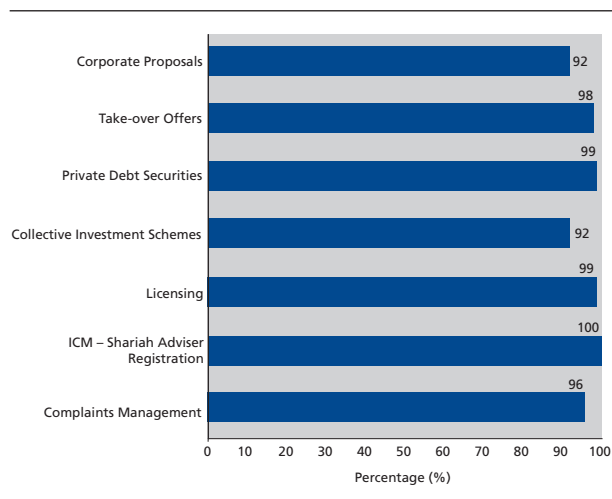
A key finding from our evaluation of applications was a high rate of submissions that did not adhere to the SC guidelines. Examples included incomplete submissions on proposals for approval using the assessment approach and insufficient disclosure on proposals for approval using the declaratory approach. We found ourselves giving advice and/or seeking additional information for processing these applications, resulting in tighter time pressures to meet our service delivery charter.

Based on this finding, we introduced pre-submission consultations for all corporate proposals. This gives us the opportunity to better serve the market by giving advice

on the interpretation of the various acts, guidelines and disclosure requirements, as well as on structuring transactions in accordance with Shariah principles. We highlighted areas that we felt could put investors at too much risk and helped to find solutions for such proposals.

With enhanced internal processes, we see improved results in our scorecard. We highlighted on a quarterly basis, the reasons for rejection of corporate proposals, and this helped to improve the quality of submissions to us and assisted companies in their fund-raising efforts. We met our time charters for 92% of applications submitted, thus exceeding the 90% KPI set for the year.

Chart 1
Applications Meeting Time Charter in 2007



Integrated Business Planning

The SC's annual business plan is formulated by taking into account long-term strategic plans and assessing market developments to adequately address challenges and risks resulting from frequent changes taking place in the economy and the market place.

The annual planning process begins with a review of long-term strategies, such as the CMP and Ninth Malaysian Plan, as well as an assessment of strategic issues and risks to determine priorities for the year. These themes are cascaded into business goals and strategies to support the achievement

of the strategic priorities. The business goals and strategies are then cascaded into detailed work programmes which set out the deliverables and key performance indicators.

The business planning and budgeting processes are integrated into a single process. This helps to achieve greater linkages between strategy and resource allocations, generate time savings across the organisation and greatly improve goal alignment.

LEVERAGING ON INFORMATION TECHNOLOGY

Systems for Internal and External Stakeholders

During the year, the SC significantly improved the efficiency of our business operations by embedding information technology (IT) in our core business processes. We upgraded existing systems and developed new systems where required. We further automated processes for approving corporate proposals so that our gate-keeping function is more effective. New systems were set up for surveillance and enforcement to facilitate more proactive regulatory intervention.

To facilitate more efficient and timely submissions from external stakeholders, new systems were introduced to improve the reporting and submission processing capabilities. They were the Electronic Reporting System (ERS) for unit trusts in September and an improved Electronic Licensing Application (ELA) system in November.

The ERS enables online monthly reporting for statistical and compliance purposes by unit trust management companies (UTMCs) to the SC. This means a faster turnaround time for the release of industry statistics.

The new ELA meets the new requirements under the CMSA which introduced the single licensing regime in September 2007. Apart from implementing information systems, focus was given to the total security of our technical infrastructure. In 2007, we put in place an upgraded Information Security Management System (ISMS) framework for our ERS platform which received ISO 27001:2005 certification in August 2007.

Capital Market Database Project

We had embarked on a long-term project to build a comprehensive and authoritative database for capital market statistics. The efficient collection of capital market statistics would improve data collection and data quality. The efficient dissemination of reliable capital market statistics on a timely basis would assist the SC in conducting its regulatory, supervisory and developmental functions more effectively. It was also intended that the database would provide a platform for information sharing and strengthening the modelling and analytical capacity of the organisation.

In 2007, we established the database architecture and commenced detailed design of data models for various components of the database.

HUMAN CAPITAL DEVELOPMENT

The SC adopted a holistic human capital management philosophy focusing on people, performance management, information, and work flows. In 2007, our human capital development programmes continued to focus on attracting and retaining talent, retaining core capabilities, promoting high performance culture, promoting high integrity and accountability among SC staff, as well as developing our capital market leadership development programme.

Attracting and Retaining Talent

Our HR practices are geared to motivate and retain the best staff to meet organisational goals and objectives. We source and hire candidates with the right experience, expertise and attitude, and once recruited, we continuously manage their development and career paths.

In 2007, staff recruitment was further augmented by scholarship awards, external recruitment through advertisements, and engagements with young graduates. Internal recruitments were conducted through open resourcing (OR), internal transfers and secondments, and internships.

The SC Scholarship Programme, which offers scholarships to the best and brightest young Malaysians, who then return to exciting careers with the SC, was increased three fold. We offered scholarships for 15 places for A-Levels and

independent studies in local and overseas universities. Now in its twelfth year, the SC Scholarship Programme is an integral component of the SC talent pipeline, and over the years, 80 scholars have been successfully brought into our workforce.

New talents continued to be sourced externally through fresh recruitment approaches. This included engagements with young graduates where we recruited fresh graduates with strong academic qualifications as Graduate Management Executives (GMEs). GMEs are rotated through various departments to gain exposure to different regulatory functions before assuming specific positions. The GME Programme began in August 2005, drawing a total of 56 GMEs to the workforce, with 34 of them joining us in 2007.

Apart from recruiting externally, the SC also practises internal staff secondments, transfers, promotions and OR. While OR provides opportunities for recruiting internally from among staff, and providing for career development, the other initiatives help boost staff morale, acknowledge internal excellence, and serve as an incentive for staff to perform at their highest level.

From July through September 2007, the SC welcomed the first batch of 13 short-term placement interns from local and overseas universities under the SC Internship Programme. Another batch of 11 interns commenced their internships in December 2007. These young undergraduates take on challenging roles in the SC, at the same time gain direct exposure to the Malaysian capital market and a deeper appreciation of regulatory matters.

Our recruitment initiatives were not isolated from the challenge of high mobility of Malaysia's workforce. We had to compete with other organisations for the best and brightest people. Hence, our remuneration package was redesigned to remain attractive and competitive. A better salary structure in tandem with market movements, and where necessary, a degree of flexibility built into the remuneration, were factored in to attract critical skills needed to deliver our business mandates.

High Performance Culture

We continued our journey in driving and entrenching a high performance culture in the organisation where superior performance is acknowledged, recognised and appropriately

rewarded. We set performance standards and measured our achievements against key performance indicators and client charters. In addition to assessing the achievement of results, we also emphasised the creation of value in the process of delivering our targets. Attention was given to the level of professionalism and excellence demonstrated. We not only generated our own reservoir of technical expertise, but strived to equip our people with strong leadership capabilities, particularly those from mid-managerial levels. We continued to promote team-based performance by encouraging staff to be more involved in cross-functional projects and assignments. This was part of our efforts in building cross-functional expertise and providing opportunities for lateral growth and exposure.

Leading the efforts were programmes geared towards the development of structured learning where learning requirements were mapped against the SC competency framework. Learning programmes ranged from technical and technology-related to leadership development programmes. Several programmes were provided through e-learning, thereby encouraging staff to pace their learning suited to their work schedule.

In 2007, we initiated a structured induction programme for new staff, including the GMEs to promote a high performance culture. The programme assimilated new staff into the SC's work culture and climate, assisting them to become loyal and enthusiastic staff who understand their role in the development and regulation of the capital markets and see the connection between our vision, mission and our values.

We subscribed to the International Institute of Management Development's (IMD) weekly web cast to provide staff with exposure on the latest in thought leadership and international best practices in management adopted by organisations. Staff were also given opportunities to further enhance their skills, knowledge and understanding in a focused area, through PROFOUND. This is a financial award scheme where those who meet requirements can work while studying towards a professional qualification.

We conducted the Evening Talk Series which discussed topics other than capital or finance issues to give staff a wider perspective on topics of the day. Subjects ranging from human rights to environment and gender issues helped

contextualise their work at the SC with the broader issues affecting our stakeholders and the community we live in and try to serve.

The SC constantly promotes health and safety among our staff. In 2007, we organised a Health and Safety Week from 25–29 June 2007. Several safety and health-related activities, such as daily talks, exhibitions, free health screening, quizzes, and healthy food promotions were organised. The event encouraged staff to maintain a healthy work lifestyle.

Capital Market Leadership Development Programme

In 2007, the SC introduced a new initiative to develop and foster strategic and business capabilities among Malaysia's financial leaders. We partnered with the IMD, a top European business school based in Lausanne, Switzerland, to bring a world-class capital market leadership development programme to financial leaders in Malaysia.

The "Advanced Business Management Programme (ABMP) for Senior Leaders in the Capital Markets" was held from 2–6 April 2007 and 29–31 May 2007, targeting CEOs, COOs, CFOs, and senior management.

The highly successful ABMP provided 27 financial leaders and regulators with insights and a thorough understanding of the breadth of issues, challenges and opportunities in a globally connected business environment.

Promoting Integrity and Accountability

As a high performing and values-based organisation, we continuously look into the adequacy and integrity of our systems and internal controls. Consistent with practices that the SC expects from the market, we undertook several initiatives to enhance the level of professionalism of our staff:

- Internal whistle-blowing procedure

We designed a safe channel to expose internal wrongdoing. Our internal whistle-blowing procedure plays a dual role – as an internal risk-management tool,

and as an avenue for staff to put across genuine concerns through an open approach where anonymity is guaranteed.

- Asset declaration

From 2007, staff can undertake this mandatory declaration of interest and assets through an online process, providing a more efficient and effective approach in maintaining up-to date data. Such a single-custodian approach also increased the credibility of the process.

- Protocol for stakeholder engagements

We developed a best practice guide to extract optimum value from engagements with both internal and external stakeholders.

SEEKING MARKET FEEDBACK

Having introduced several measures to enhance our effectiveness and professionalism over the last few years, we felt it was time to evaluate the impact of these initiatives on the market and to get feedback. We wanted to know how the market viewed the SC in terms of what we do, as well as how we do things to enable us to—

- evaluate our progress and identify challenges and opportunities;
- improve our performance and effectiveness; and
- listen and respond to the market's needs.

We began by conducting an independent and in-depth survey. We sought feedback from our stakeholders which included the stockbrokers, investment banks, fund managers, and the media, on how they rate what we do and how well we do it, specifically in the areas of—

- investor protection;
- regulation;
- enforcement;

- facilitation and development;
- time to market;
- transparency and consultation;
- market sensitivity;
- quality of organisational talent; and
- customer service.

The feedback from our stakeholders was positive. Internal feedback was also obtained, so that where there were clear gaps, the SC would know how to prioritise in terms of improving or closing the gaps and addressing the concerns. Taking into account the feedback, we set out to articulate what we stand for as an organisation, and established an implementation plan.

Moving forward, we will focus our collective energy on key organisational behaviours, such as being more facilitative, collaborative and working in partnership with the market in discharging our functions and duties. We strongly believe that by adopting this approach, the SC can bring about greater improvement and effectiveness, not just for ourselves but more importantly, for the overall Malaysian capital market.

RECOGNITION AND AWARDS

Best Regulator for Islamic Funds

The SC and Dubai Financial Services Authority (DFSA) were awarded the “Best Regulator for Islamic Funds” at the inaugural Master of Islamic Funds Awards held in Dubai on 13 November 2007. The mutual agreement signed between the SC and DFSA was acknowledged as pioneering efforts in the development and promotion of a comprehensive Islamic capital market.

The Master of Islamic Funds Awards confers international recognition for outstanding achievement in the global Islamic funds industry.

This international acknowledgement is also an endorsement

of the government’s efforts to position Malaysia as a global Islamic financial hub that specialises in, among others, the origination, distribution and trading of Islamic funds and wealth management.

The award was organised by Terrapin Pte Ltd, a global business media company that specialises in producing leading global funds conference series, among others. The eminent panel of judges included international Shariah experts and practitioners.

SC Director Awarded Most Outstanding Person for Contribution to Islamic Finance

SC Senior Executive Director, Dato Dr Nik Ramlah Mahmood, was named the “Most Outstanding Person for Contribution to Islamic Finance” at the 4th Kuala Lumpur Islamic Finance Forum 2007 (KLIFF).

The annual KLIFF Islamic Finance Awards honour and appreciate efforts of institutions and organisations which have contributed significantly to develop the Islamic finance industry.

Dato Dr Nik Ramlah received the award from the Second Finance Minister of Malaysia, Tan Sri Nor Mohamed Yakcop at the KLIFF gala dinner and award presentation ceremony held on 20 November 2007 in Kuala Lumpur.

Recipients of National and State Awards

The following SC staff were conferred national and state-level awards in 2007:

Name	Award	Occasion
Ranjit Ajit Singh Senior Executive Director	Darjah Mulia Seri Melaka (DMSM)	Birthday of Yang Di-Pertua Negeri Melaka, Tun Mohd Khalil Yaakob
Dr Nik Ramlah Nik Mahmood Senior Executive Director	Darjah Panglima Setia Bintang Sarawak (PSBS)	Birthday of Yang Di-Pertua Negeri Sarawak, Tun Datuk Patinggi Abang Muhammad Salahuddin Abang Barieng
Fong Yee Mei Senior Manager	Pingat Darjah Setia Negeri Sembilan (DNS)	Birthday of DYMM Tuanku Yang Di-Pertuan Besar Negeri Sembilan Darul Khusus