

STATEMENT ON GOVERNANCE

The SC is a statutory body established under the *Securities Commission Malaysia Act 1993* (SCMA) to regulate and develop the Malaysian capital market. The SC's mission is to promote and maintain fair, efficient and transparent securities and derivatives markets and to facilitate the orderly development of an innovative and competitive capital market. It is committed to ensure investor protection, fair and orderly markets, and monitor, mitigate and manage systemic risks arising from the capital market. The SC's responsibilities, powers and authorities are clearly defined and transparently set out in securities laws, namely the SCMA, *Capital Markets and Services Act 2007* (CMSA) and *Securities Industry (Central Depositories) Act 1991* (SICDA).

ABOUT THE COMMISSION

Board Members

The Board is responsible for the overall governance of the SC. The Minister of Finance appoints Board members. The Board comprises a Chairman, a Deputy Chief Executive and seven other members who may include persons representing the government and private sector. The Chairman is entrusted with the day-to-day administration of the SC as provided by section 4B(1) of the SCMA.

Dato' Mohammad Faiz Azmi was appointed as the SC Chairman on 16 June 2024, following his appointment as a Board member on 15 August 2023. A profile of Board members is featured on pages 154 to 157 and their involvement in the various committees established by the Board is provided on page 165.

The Chairman is appointed for a term of three years, and is eligible for reappointment upon completion of his or her term. Other Board members are appointed for a term of two years, and are eligible for reappointment upon completion of the term.

A person is disqualified from holding the office of a Board member if he or she holds a full time office in any public-listed company, becomes a member of either Houses of Parliament, or becomes an officer or director of an entity that is regulated by the Commission. Similarly,

a Board member shall not hold office if he or she—

- is convicted of a criminal offence involving fraud, dishonesty, corruption or violence;
- is declared a bankrupt;
- is not capable of discharging his or her duties;
- fails to attend three consecutive meetings of the Board without leave;
- conducts himself in such a way as to bring disrepute to the Commission;
- fails to disclose his or her interests; or
- becomes involved in any activity which may interfere with his or her independence in discharging his or her functions.

The SCMA requires a Board member to manage conflicts of interest by disclosing his or her interest in any matter under discussion by the Board or any of its committees. Once a disclosure is made, he or she—

- shall neither take part nor be present in any deliberation or decision of the Board or its committees; and
- shall be disregarded for the purposes of constituting quorum of the Board or its committees, relating to the matter.

Functions of the Commission

The functions of the Commission are to:

- advise the Minister on all matters relating to the capital market;
- regulate all matters relating to the capital market;
- ensure that the provisions of the securities laws are complied with;
- regulate the take-overs and mergers of companies;
- promote and regulate all matters relating to fund management, including unit trust schemes and PRS;

- be responsible for supervising and monitoring the activities of any exchange holding company, stock exchange, derivatives exchange clearing house and central depository;
- take all reasonable measures to maintain the confidence of investors in the capital market by ensuring adequate protection for such investors;
- promote and encourage proper conduct among participating organisations, participants, affiliates, depository participants and all licensed or registered persons of an exchange, clearing house and central depository, as the case may be;
- suppress illegal, dishonourable and improper practices in the capital market, and in the provision of investment advice or other services relating to the capital market;
- consider and make recommendations for the reform of the securities laws;
- encourage and promote the development of the capital market in Malaysia including research and training in connection thereto;
- encourage and promote self-regulation by professional associations or market institutions in the capital market;
- license, register, authorise, approve and supervise all persons engaging in regulated activities or providing capital market services as may be provided for under the securities laws;
- promote and maintain the integrity of all licensed persons, registered persons, approved persons and participants in the capital market;
- register or recognise all auditors of PIEs or schedule funds, and to exercise oversight over any person who prepares a report in relation to financial information of public interest entities or schedule funds, in relation to capital market activities;
- promote confidence in the quality and reliability of audited financial statements in Malaysia, and to promote and develop an effective and robust audit oversight framework in Malaysia;
- take all reasonable measures to monitor, mitigate and manage systemic risks arising from the capital market;
- promote and regulate corporate governance and approved accounting standards of listed corporations; and
- set and approve standards for professional qualification for the capital market.

The Commission also has the functions and powers conferred upon it by or under the securities laws.

Board Meetings

A total of 11 Board meetings were held in 2024, with a quorum requirement of five members. The attendance record is set out in Table 1.

The Board's governance of the SC is supported by the various board committees established under section 18 of the SCMA, as listed in Table 2.

TABLE 1
Attendance at Board meetings

Board members	Number of meetings attended
Dato' Seri Dr. Awang Adek Hussin ¹	5/5
Dato' Mohammad Faiz Azmi ²	11/11
As Chairman	6/6
As SC Board Member	5/5
Tan Sri Gooi Hoe Soon	10/11
Datuk Dr. Zunika Mohamed	8/11
Tan Sri Mazlan Mansor ³	1/1
Dato' Alizatul Khair Osman Khairuddin	11/11
Kemal Rizadi Arbi	11/11
Datuk Dr. Shahrazat Ahmad ⁴	6/10

Notes:

¹ Resigned from the Board on 15 June 2024.

² Appointed as SC Chairman 16 June 2024.

³ Tenure ended 29 February 2024.

⁴ Appointed to the Board on 15 February 2024.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) comprises non-executive members of the SC as shown in Table 2, who are appointed by the Board. The purpose, authority and responsibilities of the ARC are set out in the Audit and Risk Committee Charter as approved by the Board. Essentially, the ARC provides oversight of the SC's governance, risk management and internal control practices.

The ARC has an oversight role over the internal audit function, including reviewing the outcome of audits and approving the annual internal audit plan.

TABLE 2
Board Committees

Committee	Key responsibility	Board Members
1. Audit and Risk Committee (ARC)	Review the effectiveness of the SC's governance, risk management and internal control systems, and review the annual financial statements.	<ul style="list-style-type: none"> • Tan Sri Gooi Hoe Soon (Chairman) • Datuk Dr. Zunika Mohamed • Dato' Alizatul Khair Osman Khairuddin
2. Issues Committee	Review and decide on primary listings of corporations and business trusts on the Main Market; acquisition of assets which results in a significant change in business direction or policy of a corporation or business trust listed on the Main Market; and secondary or cross listings of foreign corporations or foreign business trusts on the Main Market.	<ul style="list-style-type: none"> • Dato' Mohammad Faiz Azmi (Chairman)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Tan Sri Gooi Hoe Soon • Dato' Alizatul Khair Osman Khairuddin
3. Take-overs and Mergers (TOM) Committee	Review take-over and merger related applications of a novel and/ or complex nature and matters relating to national policy.	<ul style="list-style-type: none"> • Dato' Mohammad Faiz Azmi (Chairman)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Kemal Rizadi Arbi • Datuk Dr. Shahrazat Ahmad
4. Licensing Committee	Review and decide on applications for the grant of a new Capital Markets Services Licence (CMSL), new licensed representatives, appointments of directors, key management or compliance officers that are submitted together with a new CMSL application; and to consider any policy recommendations relating to licensing issues.	<ul style="list-style-type: none"> • Dato' Mohammad Faiz Azmi (Chairman)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Datuk Dr. Zunika Mohamed • Kemal Rizadi Arbi
5. Nomination and Remuneration Committee (NRC)	Assess and formulate the remuneration of the Chairman and Deputy Chief Executive (DCE) and make appropriate recommendations to the Minister of Finance.	<ul style="list-style-type: none"> • Tan Sri Mazlan Mansor (Chairman)³ • Tan Sri Gooi Hoe Soon (Chairman)⁴ • Datuk Dr. Zunika Mohamed • Dato' Alizatul Khair Osman Khairuddin
6. Sustainability Committee	Provide oversight on the formulation of the SC's internal policy positions as well as policy positions to regulate and develop the capital market on sustainability and ESG-related strategies.	<ul style="list-style-type: none"> • Dato' Mohammad Faiz Azmi (Chairman)¹ • Dato' Seri Dr. Awang Adek Hussin (Chairman)² • Tan Sri Gooi Hoe Soon • Datuk Dr. Zunika Mohamed
7. Regulatory Strategy and Advisory Committee (RSAC)⁵	Provide holistic and strategic advice (Advice) to the SC Chairman and the SC Board regarding the regulatory landscape across various SC business functions. These functions include Surveillance, Authorisation, Licensing, and Supervision, the General Counsel's Office and Enforcement business groups (the relevant business groups).	<ul style="list-style-type: none"> • Dato' Alizatul Khair Osman Khairuddin (Chairman) • Dato Dr. Nik Ramlah Nik Mahmood⁵ • Dato' Ishak Mohd Yusoff⁵

Notes:

- ¹ Appointed as SC Chairman 16 June 2024.
(Previous member of the Issues Committee, TOM Committee, Licensing Committee and Sustainability Committee prior to being appointed as the SC Chairman).
- ² Resigned from the Board 15 June 2024.
- ³ Completed term as Board Member on 29 February 2024.
- ⁴ Appointed as Chairman NRC on 1 March 2024.
- ⁵ Committee member appointed by the SC Board.

The ARC reviews the suitability, independence and performance of external auditors and makes recommendations to the independent non-executive Board members for the annual appointment/reappointment of the external auditors. The ARC is also responsible for the review of the external auditors' proposed audit scope, audit approach, audit fee and audit outcome, including reviewing all significant matters relating to the financial statements with Management and the external auditors. For the financial year of 2024, the ARC had convened seven meetings.

SHARIAH ADVISORY COUNCIL

The SAC is mandated to ascertain the application of Shariah principles on any matter relating to the ICM and plays an important role in the development of Malaysia's ICM. It advises the Commission on any Shariah issue relating to the ICM and issues rulings on the ICM which are published for the benefit of the industry. The nine SAC members as listed in Table 3, serve for a three-year period commencing 1 July 2023, as assented by the Yang di-Pertuan Agong under section 31ZK of the SCMA.

AUDIT OVERSIGHT BOARD

The Audit Oversight Board (AOB) was established under Part IIIA of the SCMA and its mandate is to assist the SC in discharging its regulatory function in respect of developing an effective audit oversight framework, promoting confidence in the quality and reliability of audited financial statements, and regulating auditors of PIEs and scheduled funds.

The AOB also exercises oversight over any person who prepares a report relating to the financial information of PIEs and schedule funds, in relation to capital market activities. The AOB members are appointed by the Board (Table 4).

RISK MANAGEMENT AND INTERNAL CONTROLS

Board Responsibility

The Board acknowledges the importance of maintaining a robust risk management framework and internal control to safeguard its integrity and governance.

To ensure this, the Board through delegation to the Board level ARC and management level Risk Management Committee (RMC), oversees the implementation,

TABLE 3
Shariah Advisory Council members

SAC members	
1.	Professor Dato' Dr. Aznan Hasan (Chairman)
2.	Professor Dr. Engku Rabiah Adawiah Engku Ali (Deputy Chair)
3.	Professor Dr. Ashraf Md Hashim
4.	Sahibus Samahah Professor Dato' Dr. Asmadi Mohamed Naim
5.	Associate Professor Dr. Mohamed Fairouz Abdul Khir
6.	Sahibus Samahah Dato' Setia Dr. Haji Anhar Haji Opir
7.	Dr. Marjan Muhammad
8.	Assistant Professor Dr. Akhtarzaite Haji Abdul Aziz
9.	Burhanuddin Lukman

TABLE 4
Audit Oversight Board members

AOB members	
1.	Tan Sri Abu Samah Nordin
2.	Alex Ooi Thiam Poh
3.	Salmah Bee Mohd Mydin
4.	Hong Chin Pheng
5.	Datuk Nor Azimah Abdul Aziz
6.	Dato' Seri Ahmad Johan Mohammad Raslan
7.	Dato' Noorazman Abd Aziz

monitoring, and continual enhancement of the organisation's risk management framework. This includes assessing emerging risks, evaluating the effectiveness of internal controls, and ensuring compliance with regulatory standards.

The SC has also established the Financial Risk Committee (FRC) and Technology and Cybersecurity Risk Committee (TCRC), Operational Risk Committee (ORC) and Safety and Health Committee (SHC) to support the RMC in reviewing the adequacy and integrity of the SC's enterprise risk management system which includes the key processes of risk identification, assessment, mitigation, monitoring and reporting. Through the RMC, these committees update the ARC and Board periodically of their work and ensuring all activities are consistent with the SC's strategic objectives and risk appetite.

Board and Management Responsibility

The management is accountable to the Board. As per Section 4(3)(c) of the SCMA, the Board is responsible for reviewing and adopting appropriate systems and controls to manage the enterprise risks of the SC.

Risk Appetite

The SC’s risk appetite outlines the extent, nature, and types of risk the organisation is willing and able to accept in the pursuit of its strategic goals. It also establishes the risk tolerance levels and limits to guide, manage, and regulate the SC’s risk-taking activities.

The risk appetite is a key element of the SC’s effective risk management framework, guided by strong top-down leadership from the Board and active bottom-up engagement from Management at all levels.

FIGURE 1
The SC’s Enterprise Risk Appetite Statement



Risk Management Framework

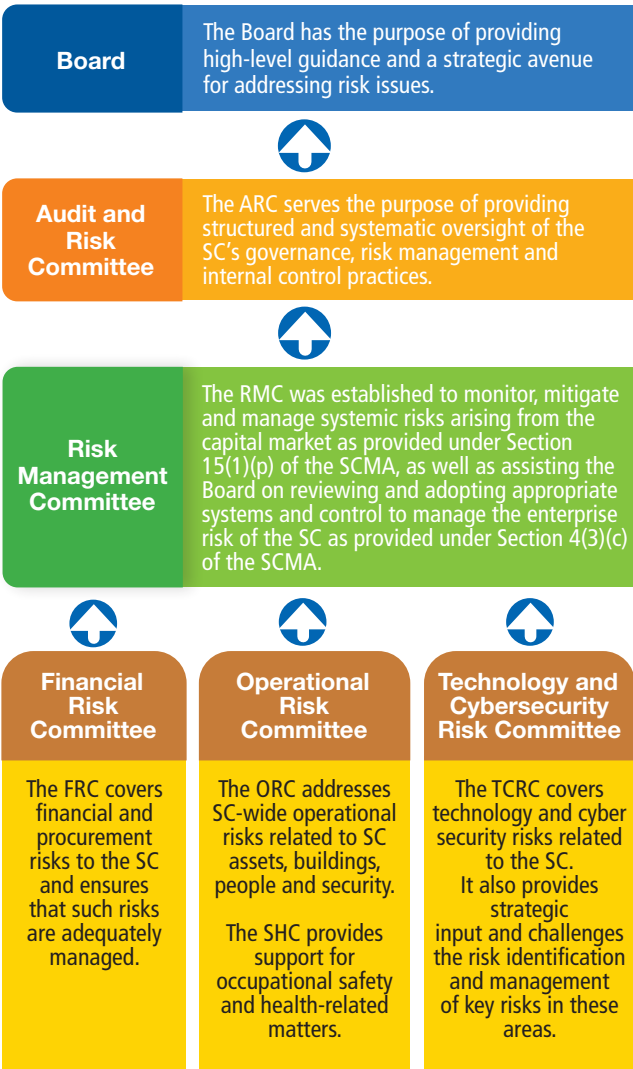
The SC’s Enterprise Risk Management Framework is set up in accordance with ISO 31000:2018 Risk Management Guideline which include the identification, evaluation, reporting, treatment, monitoring, and review of both strategic and operational risks within the SC. This is implemented through the establishment of the Enterprise Risk Management Policy and Standard Operating Procedure for Enterprise Risk Management (ERM SOP).

The identified risks are documented in the risk register and subsequently evaluated to assign a risk rating. The Risk Management department would then challenge and validate these risk registers for accuracy, reliability and integrity. This assessment is determined using a matrix that evaluates the likelihood of occurrence and

the potential impacts, considering both financial and non-financial consequences. Following this assessment, line departments are responsible for implementing mitigation measures aimed at achieving a residual risk that falls within the SC’s acceptable tolerance levels.

In the effort to enhance the efficiency and effectiveness of risk oversight and decision-making processes, the SC has consolidated its two management risk committees – the Systemic Risk Oversight Committee (SROC) and the Executive Risk Management Committee (ERMC) – into a unified committee now known as the Risk Management Committee (RMC). With this consolidation, it will provide the SC’s senior management a better holistic view of key risks across the capital market as well as at enterprise level. In 2024, a total of 23 meetings were held to deliberate various key issues.

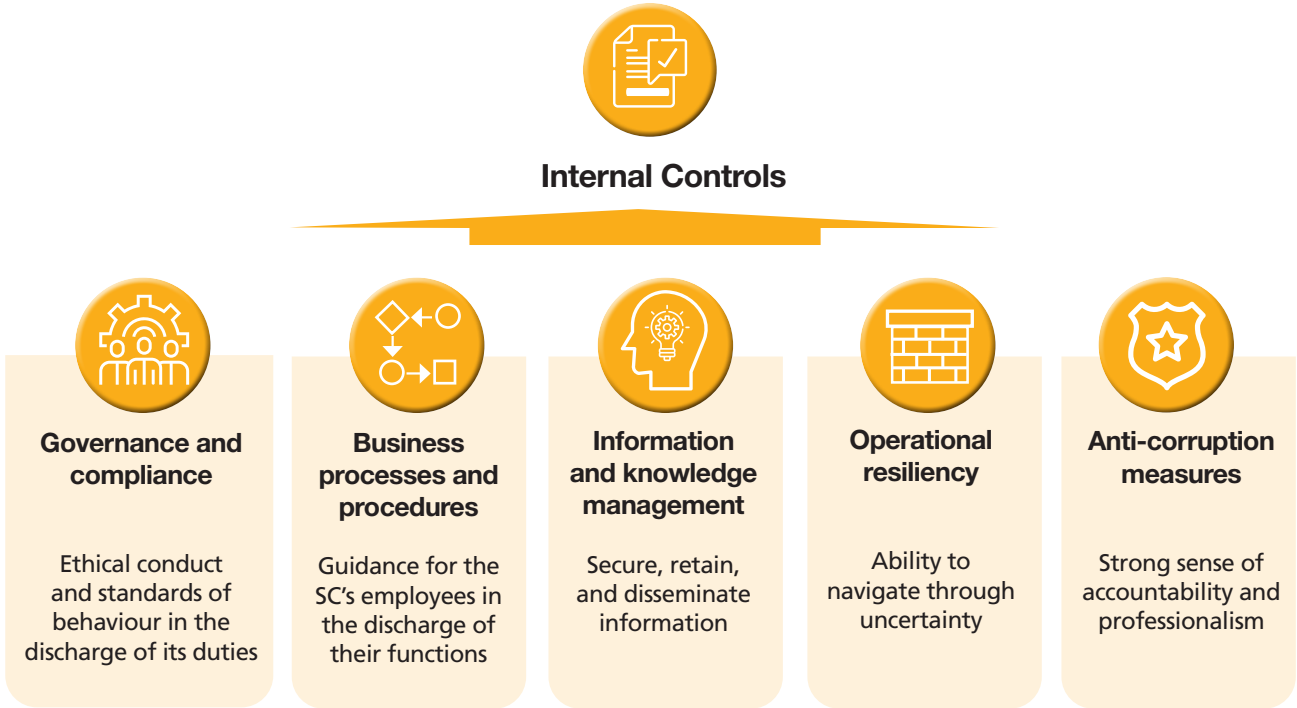
FIGURE 2
The SC’s Internal Risk Governance Structure



Internal Controls

The SC has established a comprehensive framework of internal control measures, incorporating policies and procedures that address key operational areas, including governance, staffing, procurement, operational resilience, data protection, and risk management. These measures are designed to ensure the effectiveness and reliability of the overall control environment.

FIGURE 3
Internal Control Measures



Risk management is a dynamic process, and as part of ongoing efforts to maintain the SC's resilience, the risk taxonomy has been revised and streamlined. This establishes a unified approach to strategic risks which allows for more effective risk mitigation strategies where action plans are now becoming targeted and centralised, and integration of interconnected risks which facilitates a more cohesive risk management strategy.

FIGURE 4



Business Continuity and Crisis Management

Business Continuity Management

The SC is fully committed to fortifying organisational resilience through the implementation of a robust Business Continuity Management (BCM) Policy and BCM Standard Operating Procedure, aligning with the ISO 22301:2019 Security and Resilience – Business Continuity Management System (BCMS) requirements. This corresponds with the organisation's ongoing efforts to ensure the sustainability of operations, even in the event of crises or disasters.

The SC also has an annual programme which includes awareness, training, review and validation on the efficiencies and effectiveness of BCM. Execution of the programme is reported to the RMC.

Crisis Management

Crisis management is a vital component of the SC's risk management framework, ensuring preparedness and resilience in the face of unexpected challenges. There is an established Crisis Management Policy and Crisis Management Standard Operating Procedure (SOP) to quickly identify, assess, and respond to crises, minimising disruptions to our operations while safeguarding stakeholders' interests.

The crisis management plan is regularly reviewed and updated to reflect evolving risks, ensuring that SC is

well-equipped to handle emergencies with agility and effectiveness. Through proactive communication and decisive action, the SC remains committed to maintaining operational stability and protecting our strategic objectives.

Emerging Risks

In today's dynamic environment, as organisations increasingly rely on innovative solutions and remain closely connected to external influences – new hazards pose potential challenges. Emerging risks are often marked by uncertainty in both their likelihood and their potential impact to business functions and operations.

To remain resilient, the SC is actively monitoring these emerging risks, even though they may not pose any immediate threats, consistent with forward-looking approach in managing risk.

The SC has implemented an internal process to identify emerging risks annually. This methodology includes analysing risk data points from both leading and lagging key risk indicators, engaging with risk officers and relevant stakeholders, and conducting environmental scans for emerging risk trends. The SC utilises the risk outlook to strategise the business plan, complementing the SC's strategic planning efforts.

By identifying emerging risks early, the SC can proactively develop mitigation measures and response plans, as shown in Figure 5.

FIGURE 5



Integrity and Compliance

The establishment of the *Code of Conduct* served the following purposes:

- Defining governance expectations for Board Members in the execution of their duties.
- Outlining expectations for the SC's employees, encompassing ethical conduct and standards of behaviour throughout their tenure with the SC.
- In embracing the tenets of governance, integrity and compliance, the SC has continuously maintained the highest standards that focuses on ethical conduct when dealing with both external and internal stakeholders.

The SC's *Code of Conduct* sets clear expectations for employee behaviour, emphasising the organisation's values and principles. It outlines the consequences for breaches to ensure alignment with high standards of governance and professional conduct.

To uphold transparency and integrity within the workforce, the SC conducts thorough verification of potential hires and delivers regular awareness sessions on ethics and integrity, reflecting its commitment in promoting a culture of integrity and compliance.

The SC has also established the *Job Rotation Policy*, which is designed to promote talent development by providing staff with opportunities to enhance their skills and broaden their professional growth. This initiative supports career progression, encourages knowledge sharing across the organisation, and contributes to maintaining a healthy succession ratio for mission-critical positions while identifying and addressing skill gaps. This ensures that the organisation is prepared as a future ready regulator.

Promoting governance, integrity, and anti-corruption practices remains a priority at the SC. Mandatory training programmes, led by subject matter experts, are implemented for employees at all levels. The Job Rotation Policy also promotes a rotation programmes for key positions and high-risk departments. This initiative enhances the effectiveness of the SC's anti-corruption efforts. Organisational structure reviews are also conducted to address conflicting functions within business groups and to establish clear segregation of duties.

Additionally, collaborative sessions with line departments are organised to address specific needs and encourage an agile approach to fraud prevention and internal controls.

Policies and Procedures

Recognising the importance of having well-established organisational policies and procedures, an SC wide exercise was undertaken to review these documents were up-to-date. Policies and procedures are the cornerstone for promoting good business conduct in the organisation. Clear and documented processes provide a sense of accountability and guide for employees to ensure goals are achieved while efficiency is maintained.

The commitment shown by the employees in completing the review, exemplifies the culture of proper governance to mitigate unwarranted situations.

Talent Management

The *Job Rotation Policy* has been implemented to promote a rotation programme for key positions and high-risk departments.

This initiative enhances the effectiveness of the organisation's anti-corruption efforts. Additionally, organisational structure reviews are conducted to address conflicting functions within business groups and to establish clear segregation of duties.

To support sustainable operations, the SC prioritises maintaining a healthy succession ratio for mission-critical positions and regularly assesses skill gaps. This robust approach to succession planning ensures that the organisation is prepared as a future ready regulator.

Procurement

The Procurement and Office Services Department has successfully deployed a new E-Procurement system, representing a significant milestone in streamlining workflows, improving efficiency, and enhancing accountability across procurement activities. By leveraging technology, the system ensures better tracking, monitoring, and reporting of procurement transactions, reducing manual intervention and mitigating risks associated with human error.

Key improvements achieved since the implementation of the SC E-Procurement System include:

1. **Time Efficiency:** Reduced the procurement cycle by 25%, significantly cutting down time compared to the manual process.
2. **Automated Budget Control:** Replaced manual budget tracking with automated processes, ensuring accuracy and reducing the administrative workload.

3. **Efficient Vendor Search:** Vetted vendors are readily available with an easy search feature by categories, streamlining vendor selection.
4. **Simplified Approval Process:** Introduced a one-click approval request, eliminating the need for time-consuming email or meeting-based approvals.
5. **Improved Document Handling:** Enabled direct document extraction within the platform, reducing the effort of tracking and compiling multiple document formats.

The implementation of the E-Procurement System marks a step towards modernising and strengthening the organisation's procurement processes while supporting its commitment to good governance and continuous improvement.

Sensitive and Confidential Information

The *Authorisation for Disclosure of Information Policy* governs the release of material non-public information to third parties. Requests for disclosure of such information will be referred to a committee consisting of senior management of the SC for a decision.

Information and Knowledge Management

To ensure compliance and effective records management, the SC has implemented a comprehensive framework in accordance with the *National Archives Act 2003* (Act 629).

The Records Management Policy (RMP) provides clear guidelines, standards, and procedures for managing records within the SC. The RMP ensures that records are suitable for use as evidence or information in support of business operations and legal obligations. Additionally, it has streamlined the retention and dissemination processes, enhancing staff access to knowledge and information for daily tasks.

To further strengthen records management practices, the SC has developed the SC's Enterprise File Classifications (EFC) and the Records Disposal Schedule (RDS). This alignment with Arkib Negara Malaysia (ANM) requirements demonstrates the SC's commitment in maintaining a robust records management system that meets regulatory standards.

Key improvements resulting from the RMP, EFC, and RDS include:

- Enhanced compliance with regulatory requirements: Adherence to the *National Archives Act* and ANM guidelines ensures the integrity and accessibility of SC records.
- Improved efficiency and effectiveness: Standardised classification and retention schedules streamline record management processes, reducing administrative burden and improving information retrieval.
- Strengthened accountability and transparency: A well-managed records system supports accountability and transparency in the SC's operations.
- The SC's ongoing commitment to records management ensures that its information assets are protected, accessible, and utilised effectively to support its regulatory functions and contribute to the overall efficiency and effectiveness of the organisation.

Technology and Cybersecurity

The SC has taken steps to enhance its resilience in the face of evolving technology and cybersecurity risks. In 2024, these measures included strengthening data governance, access controls, operations resilience, and project management capabilities.

As the SC increasingly leverages AI in its SupTech work, ensuring accessible quality data and effective data governance becomes paramount. The *Enterprise Data Governance* (EDG) framework was deployed this year to promote standardised data handling practices, improve data quality, and align data-related activities with the SC's long-term objectives. This is a critical pillar towards our objective of becoming a data-driven organisation.

From a security standpoint, the focus has been on strengthening access controls to prevent unauthorised access to sensitive systems and data. These efforts aim to fortify the SC infrastructure and enhance the SC's ability to prevent, detect, and respond to increasingly sophisticated cyber attacks, ensuring a secure and resilient operational environment.

To strengthen the resilience of operations, the SC implemented the IT Operations Management (ITOM) tool, enhancing real-time IT infrastructure monitoring and enabling faster responses to operational issues. This contributed to more efficient and reliable IT operations. Additionally, the SC conduct regular simulation exercises to strengthen business continuity and the ability to recover critical operations in the face of potential disruptions.

To address execution risks in technology projects, the SC has focused on strengthening its project management capabilities. By enhancing governance structures and risk management practices, the SC team is better equipped to execute technology projects in line with strategic goals, mitigating risks related to scope, timelines, and resources.

Governance, Integrity and Anti-Corruption Measures

The SC's *Organisational Anti-Corruption Plan* (OACP) 2024-2026 was developed in line with Government directives to focus on strengthening good governance and affirming measures to address organisational issues in relation to governance, integrity, and corruption to enhance SC's performance.

As part of ongoing initiatives and creating a corporate integrity culture, a new mandatory training programme was initiated in 2024 till 2025 to build awareness and understanding about the importance of governance, integrity and anti-corruption especially in a working environment.

Further, the scope of the existing SC Anti-Corruption Committee (SC JAR) was enhanced which demonstrated the SC's commitment to support the government's fight against corruption. Following this, the committee was renamed as *SC Jawatankuasa Tatakelola* (SC JTK). The SC JTK serves as a platform focused on addressing organisational issues pertaining to governance, integrity and anti-corruption measures.

The OACP 2024-2026 is monitored, and the implementation achievement reports are reported to the top management periodically.

INTERNAL AUDIT

The SC's Internal Audit Department (IAD) assists the ARC in discharging its duties and responsibilities. IAD reports directly to the ARC, which determines the adequacy of scope and function of the department as

set out in the Internal Audit Charter. IAD accomplishes its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control and governance processes.

IAD carries out its responsibilities by conducting reviews based on the internal audit plan as approved by the ARC and the *International Standards for the Professional Practice of Internal Auditing* as issued by The Institute of Internal Auditors.

The main activities of IAD for the year 2024 included performing predominantly risk-based audits for the areas identified in the internal audit plan and ad-hoc review of certain functions as requested by Management. The results of the audits and activities performed by IAD were presented to the ARC for its review and deliberation. Where applicable, IAD conducted follow-up enquiries to ensure that Management's corrective actions were implemented appropriately and provided periodic updates on the status or progress of the key actions to the ARC. In addition, IAD played an advisory role in the course of discharging its responsibilities.

IAD had also reviewed the ARC Charter and Internal Audit Charter to ensure they remain relevant and had sought the ARC's feedback and approval.

EXTERNAL STAKEHOLDER AND PUBLIC COMMUNICATION

SIDREC is a body approved by the SC to handle capital market-related monetary disputes by investors against its members. SIDREC members are CMSL holders or Registered Persons under the CMSA who are authorised to deal in securities, derivatives, private retirement schemes and fund management services. This includes banks, brokers, unit trust management companies, fund managers, PRS providers and distributors as well as two development financial institutions.

An independent and impartial body providing effective and affordable access to redress for monetary disputes between investors and market intermediaries is recognised as a fundamental aspect of global best practices. This approach aligns with the SC's commitment to advancing its initiative for investor protection and empowerment.

In 2024, SIDREC received 230 claims and enquiries, out of which 38 were eligible disputes (2023: 266 claims and enquiries, of which 49 were eligible disputes). Of the 44 cases resolved, 50% (22 cases) were successfully resolved through case management and mediation

without having to proceed to adjudication. Since its establishment up to 2024, SIDREC has managed a cumulative total of 3,922 claims and enquiries, including 747 eligible disputes and 3,175 enquiries.

SIDREC actively engages with the investing public through awareness initiatives, in addition to its involvement in the dispute resolution process with both SIDREC's members and investors. SIDREC also collaborates with its members, the SC, and various stakeholders including industry associations and self-regulatory organizations with the aim to share constructive insights and address concerns arising from the dispute resolution process, providing valuable feedback to the market, investors, and regulators.

As announced by the MOF, BNM, and the SC, an integrated dispute resolution scheme has been

established to streamline financial dispute resolution for investors/financial consumers and capital market intermediaries/financial service providers. In line with this initiative, SIDREC and the Ombudsman for Financial Services (OFS) have consolidated into a single entity, the Financial Markets Ombudsman Service (FMOS), effective January 2025. This consolidation aims to provide a consistent approach to investor and consumer protection, enhance operational efficiencies between the two alternative dispute resolution (ADR) bodies, and ensure the resolution process remains fair, impartial, seamless, and free for investors and financial consumers.

Through ongoing collaboration with stakeholders such as the SC, BNM, and industry participants, FMOS will remain responsive to the evolving challenges of the capital and financial sector and uphold global best practices in alternative dispute resolution.