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Creating Opportunities Beyond Traditional Segments

In August 2020, the SC approved the expansion of fee models by securities and derivatives brokers by allowing licensed brokers to provide discretionary trading services to clients without solely relying on commission payments.

A discretionary trading account where remuneration is not dependent on the commission would allow for a more client-centric approach to securities and derivatives trading. Based on specific pre-agreed parameters, a dealer representative will be able to play a more active role in managing the clients' trading activities based on prior agreed mandate.

The ability to structure their fees based on the types of services offered would encourage dealer representatives

to upskill themselves, enhance their competitiveness and optimise their core business. As 'specialists' in the securities and derivatives market, brokers could leverage their strengths in this particular segment *vis-a-vis* other intermediaries.

Discretionary trading services by dealer representatives addresses the needs of mass affluent investors who are looking for better personalised investment opportunities. In enabling dedicated products and services, the initiative would facilitate efforts by dealer representatives to maintain one-to-one relationships, which is key to retain existing clients and attract new ones.

The discretionary trading framework is currently being operationalised by Bursa Malaysia and is expected to come into effect in 2021.