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Modification of the Policy Framework for Stockbroking Industry Consolidation

Following its announcement of the Policy Framework for the Consolidation of the Stockbroking Industry on 21 April 2000, the Securities Commission (SC) has received several appeals from members of the industry, including the Association of Stockbroking Companies Malaysia (ASCM), the Association of Banks in Malaysia and the Association of Merchant Banks in Malaysia. The SC has also held numerous discussions with owners of stockbrokers to hear their concerns.

The SC takes cognisance of the issues raised by these parties. Having carefully considered their views, the SC has decided that, in the interest of alleviating some of the practical difficulties faced by the industry, the SC will allow some flexibility to the earlier policy framework in order to facilitate the process of stockbroking consolidation.

Specifically, the following revisions are made. Firstly, the deadline of 31 December 2000, which was the limitation date for stockbrokers to conclude firm merger agreements will be removed. However, the SC will closely monitor the progress of consolidation within the industry and will make the necessary policy review, including the time element if the process of industry consolidation is not occurring at a satisfactory pace and degree.

Secondly, as previously announced, stockbrokers will be allowed to find their own merger partners but the acquisition prices and valuation methods will be left to the decision of the parties involved.

Thirdly, the limitations placed on individuals having effective control in both a financial institution and a stockbroker and on the business of the immediate holding company of a stockbroker (except to the extent as it may be affected by the ruling relating to property and construction businesses) are now no longer applicable. However, a group which owns a stockbroking interest is not permitted to undertake or hold any property or construction business; details of this policy will be advised to members of the ASCM shortly.

The SC also clarifies that the segregation of broking business from financial institutions will not be required. Measures to deal with issues of conflict of interest will be addressed after consultation with the industry.

The SC continues to pursue the objective of industry consolidation with the view to strengthen the stockbroking industry to prepare the industry to face the challenges of liberalisation and globalisation. The SC would also like to see a core group of well-capitalised, full-service Universal Brokers, which can provide efficient and cost-effective capital market intermediation services. In order to promote and incentivise consolidation, stockbrokers which qualify as Universal Brokers will continue to be given the benefits as previously set out in the Policy Framework for the Consolidation of the Stockbroking Industry. These include tax credits for accumulated losses carried forward, stamp duty and real property gains tax exemptions. As an additional incentive, a Universal Broker will immediately be allowed to operate an additional branch at any location subject to the SC's approval. Any future branching policy of the SC will continue to favour Universal Brokers. Universal Brokers will also be allowed to offer the full range of capital market products and services as and when they become available.



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Specific proposals announced on 21 April 2000 in relation to the lowering of transaction costs are not affected. These are necessary to create a more competitive capital market which would ultimately benefit investors.

As previously announced, the liberalisation of commission rates will continue to be implemented in two stages:

- in Stage 1, which takes effect from 1 September 2000, commission rates for all trades above RM100,000 will be fully negotiable. Trades with contract values of RM100,000 and below will be subject to a fixed rate of 0.75%; and
- in Stage 2, which takes effect from 1 July 2001, commission rates will be fully negotiable for all trades, subject to a cap of 0.70%. However the SC will review the situation before implementing this second stage.

The SCANS (Securities Clearing Automated Network Services) clearing fee, the SCORE (System on Computerised Order Routing and Execution) fee and the SC levy, which form part of transaction costs, will also be reduced.

The SCANS clearing fee will be reduced from 0.05% to 0.04% with effect from 1 July 2001, subject to a maximum of RM200 per contract, while the SCORE fee will be reduced in two stages to 0.005% and 0.0025% with effect from 1 September 2000 and 1 July 2001 respectively.

The SC levy will be reduced to 0.015% from the present 0.02% with effect from 1 July 2001. The SC hopes that with these facilitative revisions the industry will proceed with the task of consolidation expeditiously.

SECURITIES COMMISSION, MALAYSIA
12 June 2000

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Pengubahsuaian Rangka Kerja Polisi Penggabungan Industri Broker Saham

Berikutan dengan pengumuman mengenai Rangka Kerja Polisi Penggabungan Industri Broker Saham pada 21 April 2000, Suruhanjaya Sekuriti (SC) telah menerima beberapa rayuan daripada pihak industri, termasuk Persatuan Syarikat Broker Saham Malaysia (ASCM), Persatuan Bank-Bank Malaysia dan Persatuan Bank-Bank Saudagar Malaysia. SC juga telah mengadakan beberapa perbincangan dengan pemilik-pemilik syarikat broker saham bagi mendengar pandangan mereka.

SC mengambil kira mengenai isu-isu yang dibangkitkan oleh pihak-pihak tersebut. Setelah mempertimbangkan dengan teliti pandangan mereka, SC memutuskan bahawa, demi untuk mengelakkan beberapa masalah praktikal yang dihadapi oleh industri, SC akan memberikan beberapa kelonggaran kepada rangka kerja polisi terdahulu bagi membantu proses penggabungan broker saham.

Secara khususnya, pindaan-pindaan berikut dibuat. Pertama, tarikh akhir 31 Disember 2000, yang merupakan tarikh yang ditetapkan bagi syarikat broker saham untuk melaksanakan perjanjian penggabungan yang kukuh akan dibatalkan. Walau bagaimanapun, SC akan mengawasi secara dekat perkembangan penggabungan di kalangan industri dan akan membuat kajian semula polisi yang perlu, termasuk faktor masa sekiranya proses penggabungan industri tidak berjalan pada kadar dan tahap yang memuaskan.

Keduanya, sebagaimana yang telah diumumkan sebelum ini, syarikat broker saham akan dibenarkan mencari rakan penggabungannya sendiri tetapi harga pemerolehan dan kaedah penilaian akan ditentukan oleh pihak-pihak yang terlibat.

Ketiga, pembatasan yang dikenakan ke atas individu yang mempunyai kawalan berkesan di kedua-dua buah institusi kewangan dan syarikat broker saham dan ke atas perniagaan syarikat induk terdekat syarikat broker (melainkan sekiranya syarikat broker tersebut tertakluk di bawah peraturan perniagaan hartanah dan pembinaan), sekarang ini tidak lagi diguna pakai. Walau bagaimanapun, satu kumpulan yang memiliki sesuatu kepentingan broker saham tidak dibenarkan untuk menjalankan atau memegang mana-mana perniagaan hartanah atau pembinaan; maklumat terperinci dasar ini akan diberikan kepada ahli-ahli ASCM secepat mungkin.

SC juga menjelaskan bahawa pengasingan perniagaan pembrokeran daripada institusi kewangan tidak lagi diperlukan. Langkah-langkah bagi mengatasi isu-isu konflik kepentingan akan ditangani selepas perundingan dengan industri.

SC akan meneruskan objektif penggabungan industri yang bertujuan memperkukuhkan industri broker saham bagi menyediakan industri tersebut untuk menghadapi cabaran liberalisasi dan globalisasi. SC juga ingin melihat satu kumpulan teras Broker Universal yang mempunyai modal yang banyak dan mempunyai perkhidmatan penuh, yang boleh memberikan perkhidmatan perantaraan pasaran modal yang berkesan dan menjimatkan.

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Bagi menggalakkan dan memberi insentif bagi penggabungan, syarikat broker saham yang layak sebagai Broker Universal akan terus diberikan kemudahan sebagaimana yang ditetapkan dalam Rangka Kerja Polisi Penggabungan Industri Broker Saham. Ini termasuk kredit cukai bagi kerugian terkumpul yang dibawa ke hadapan, pengecualian duti setem dan cukai keuntungan hartanah. Sebagai insentif tambahan, sesebuah Broker Universal akan dibenarkan secara serta merta mengendalikan cawangan tambahan di mana-mana lokasi tertakluk kepada kelulusan SC. Sebarang polisi pembukaan cawangan SC akan terus memberi manfaat kepada Broker Universal. Broker Universal juga dibenar untuk menawarkan pelbagai produk dan perkhidmatan pasaran modal apabila diperkenalkan.

Cadangan-cadangan tertentu yang diumumkan pada 21 April 2000 yang berkaitan dengan penurunan kos transaksi adalah tidak berubah. Ini adalah perlu bagi mewujudkan sebuah pasaran modal yang kompetitif yang akhirnya memberi manfaat kepada para pelabur.

Sebagaimana yang diumumkan sebelum ini, liberalisasi kadar komisen terus dilaksanakan dalam dua peringkat:

- Pada Peringkat 1, yang akan berkuat kuasa dari 1 September 2000, kadar komisen bagi semua dagangan melebihi RM100,000 akan boleh dirunding sepenuhnya. Dagangan dengan nilai kontrak RM100,000 dan ke bawah akan tertakluk kepada satu kadar tetap 0.75%; dan
- Pada Peringkat 2, yang akan berkuat kuasa dari 1 Julai 2001, kadar komisen akan boleh dirunding sepenuhnya bagi semua dagangan, tertakluk kepada satu kadar maksimum 0.70%. Walau bagaimanapun, SC akan mengkaji semula situasi tersebut sebelum melaksanakan peringkat kedua ini.

Fi penjelasan SCANS (Securities Clearing Automated Network Services), fi bagi SCORE (System on Computerised Order Routing and Execution) dan levi SC, yang merupakan sebahagian daripada kos transaksi, juga akan dikurangkan.

Fi penjelasan SCANS akan dikurangkan daripada 0.05% kepada 0.04% berkuat kuasa 1 Julai 2001, tertakluk kepada maksimum RM200 setiap kontrak, sementara fi SCORE akan dikurangkan dalam dua peringkat kepada 0.005% dan 0.0025% masing-masing berkuat kuasa dari 1 September 2000 dan 1 Julai 2001.

Levi SC akan dikurangkan kepada 0.015% daripada kadar sekarang 0.02% berkuat kuasa 1 Julai 2001.

SC berharap dengan pindaan yang memudahkan ini, pihak industri akan meneruskan kerja penggabungan dengan sewajarnya.