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Cheque Presentation Ceremony And Launch of the KLSE/PricewaterhouseCoopers Survey on Corporate Governance

By

Encik Ali Abdul Kadir

Chairman, Securities Commission

Yang Berbahagia Dato' Mohammed Azlan Hashim, Executive Chairman, Kuala Lumpur Stock Exchange,
Yang Mulia Raja Datuk Arshad bin Raja Tun Uda, Executive Chairman,
PricewaterhouseCoopers
Yang Berbahagia Dato' Megat Najmuddin Khas, President, Federation of Public-Listed Companies and the Malaysian Institute of Corporate Governance,
Ladies and Gentlemen.

We have heard many views and opinions on corporate governance these two days, and I am sure that there is much to ponder on and digest as we leave here. Yesterday, I talked about the many jigsaw pieces that would contribute to achieving our goals of ensuring market integrity and investor protection. Corporate governance as one of the jigsaw pieces need to be carefully nurtured and practiced in bad and good times.

Providing 'education' in corporate governance in the country is one of our key initiatives. I am honored to announce that the Securities Commission is contributing 250,000 ringgit, and the Kuala Lumpur Stock Exchange, 100,000 ringgit to the Malaysian Institute of Corporate Governance. The cheques will be presented later to Yang Berbahagia Dato' Megat Najmuddin Khas. The grant is provided to MICG for purposes of research and training. We hope that this modest contribution will help to jump start MICG activities. MICG has six founder members comprising of the Federation of Public-Listed Companies (FPLC), Malaysian Institute of Directors (MID), Malaysian Institute of Accountants (MIA), The Malaysian Association of The Institute of Chartered Secretaries and Administrators (MAICSA), The Malaysian Association of Certified Public Accountants (MACPA) and the Bar Council. Collectively, the members of MICG represent a wide range of working professionals who will play key roles in the implementation process.

The government has very high aspirations for MICG. In the Corporate Governance Report, MICG is given a central role to play in developing the educational and training programmes for educating the directors, shareholders and other corporate participants. The training will cover duties, obligations, responsibilities, rights and liabilities in respect of governance of companies and on the applications of the code. In the longer term, education will also include continuing education programmes for directors, audit

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committees and company secretaries so that these office bearers are up-to-date on matters pertaining to best practices when carrying out their respective duties. In regards to education of investors, I believe MICG is already planning a nationwide public awareness campaign on corporate governance. With their ambitious goals, we expect MICG to develop into a full-fledged research and training institute for corporate governance in Malaysia.

Ladies and Gentlemen,

Private sector initiatives such as the MICG is crucial to the successful implementation of the governance programmes. I am also pleased to note that prior to the setting up of the Finance Committee, PricewaterhouseCoopers and the KLSE undertook a survey of corporate governance practices in Malaysia - another private sector initiative. The survey is now completed and consists of two reports. The reports convey the views of two groups, one comprising the senior management of public-listed companies and the other, the institutional group comprising those making and influencing investment decisions.

The survey findings detail a broad range of information and data, and provide industry participants' views and opinions on corporate governance practices in the country. The survey findings indicated unanimous acceptance by public-listed companies on the need to improve Corporate Governance practices. The call for reforms to the current Corporate Governance regime was expressed by 94% of the respondents. This constituted 304 or 42% of all the companies listed on the KLSE. The need to improve education about existing rules was stressed by 62% of the respondents; the call to improve enforcement of existing rules, including their clarification and simplification is made by 55% of the respondents. There were further calls for more disclosure of related party transactions and director's dealings; clearer definition of director's responsibilities; greater separation of company ownership and management; and compulsory establishment of procedures to minimise fraud, and for releasing price sensitive information.

The survey results were important in assessing current opinion and the results supplemented the recommendations of the Finance Committee report. I am indeed honored to launch today the KLSE and PricewaterhouseCoopers Survey on Corporate Governance of Public-Listed Companies in Malaysia and the Survey of Institutional Investors, copies of which will be available to all participants.