Suruhanjaya Sekuriti
Securities Commission

S P E E C H E S

OPENING ADDRESS ON "REGULATORY ENVIRONMENT FOR CORPORATE RESTRUCTURING" BY ALI ABDUL KADIR CHAIRMAN, SECURITIES COMMISSION, MALAYSIA ON THE OCCASION OF CONFERENCE ON CORPORATE REFORMS AND RESTRUCTURING THURSDAY 10 JUNE 1999 NIKKO HOTEL, KUALA LUMPUR

Good morning, distinguished guests, participants, ladies and gentlemen.

First of all, let me thank the Asian Strategy and Leadership Institute ("ASLI") for giving me this opportunity to give the opening address entitled "Regulatory Environment for Corporate Restructuring".

Let me also congratulate ASLI on its timely hosting of this conference focusing on corporate recovery, reforms and restructuring. I believe it is important for the public to better understand the serious efforts and commitment of the Government and various agencies in putting in place appropriate mechanisms and regulatory framework to facilitate corporate recovery from the worst ever recession experienced by this country last year.

The Crisis

As we all know, the collapse of the Thai Baht in July 1997 marked the beginning of Asia's financial crisis. The financial turmoil spread with a ferocity that none foresaw. Asia's once vibrant economies, used to decades of rapid growth, were plunged into deep recession.

By the end of 1997, the effects of the severe and prolonged regional economic crisis on the Malaysian economy wielded unyielding implications on the corporate sector with rising costs, falling demand, financing problems, and mounting debts. Sales and investments have declined, while inventory levels rose. During this period, inefficiencies in the domestic credit market and the loan intermediation process further accentuated financing problems faced by the corporate sector in higher lending rates that led to debt servicing problems and which, in turn, threatened the stability of the financial system.

The drastic decline in stock prices between 1st July 1997 to 1st September 1998 saw KLSE market capitalisation fell by about 76 per cent from RM 756.3 billion to RM 181.5 billion. This had severely constrained the ability of the corporate sector to raise capital through the stock market whilst at the same time adversely affected the value of collateral provided by businesses against the loans they had procured.

What was the extent of the severity of corporate sector distress? I must say here that it is difficult to give a precise estimation.

One possible indicator is the number of companies that have been dissolved. Statistics from the Registry of Companies show that a total of 4,776 companies were dissolved in 1998 compared to 1,898 companies in 1997. Although the 152% increase in company dissolution appears to be high, it is actually lower than the 179% rise reported in 1997. Compared to the overall total of 474, 659 companies in existence in 1998, the number of companies dissolved is relatively insignificant. Hence, this numerical indicator may not assist us in estimating the extent of corporate distress.

One proxy indicator which one may look at is the number of applications that have been made to the Corporate Debt and Restructuring Committee ("CDRC") and the value of debts involved. As at 8 June 1999, CDRC has received 60 applications involving corporate debts amounting RM32.5 billion. Hence, the average debt size for each application is about RM 540 million. The number of applications appears miniscule. However, when one look at the amount of debt involved that is, an average debt amounting to RM540 million, it is not difficult to conclude that the size and value of corporate debt involved has significant impact on national economic recovery. As of 31st March 1999, I understand that 33 of the applications to CDRC involved public listed companies. Any forced liquidation of these companies would have negative impact not only on the investing public but also on stock market performance.

Against this backdrop, there was a need for the Government to act quickly and decisively to protect the economy. In July 1998, the National Economic Action Council announced a comprehensive National Economic Recovery Plan to bring about stability and expedite economic recovery. In this regard, the National Economic Action Council recognises very early on that corporate debt restructuring and corporate recovery is a necessary precursor to economic recovery.

Why is that so? Functionally, the corporate sector is broadly representative of the producers group on the economy. Therefore, we can appreciate the fact that a recovery in the corporate sector can be viewed as getting the country's industrial output growing again through new capital investment, increased capacity utilisation and higher productivity. In short, for the economic recovery process to be sustained, we need to revive business investment activities.

Without continuous upgrading, investment in new plants and diversification into new products or services by new and existing companies, we will not be able to reach the desired growth rate over the next few years. Increased business spending is needed to generate new employment opportunities and create additional demand for intermediate inputs and supporting services.

In addition, public listed companies and their subsidiaries form the largest borrowers within the Malaysian credit system. These companies had also accounted for most of the non-performing loans (NLPs) plaguing the financial system. A critical aspect of any economic recovery efforts, therefore, must be directed at restoring corporate health so that the corporate sector can continue to operate their existing business or better still, undertake business expansion and diversification to generate the multiplier effects that will expand the economy.

Measures taken to strengthen the Malaysian capital market regulatory system

Ladies and gentlemen, in the next segment of my presentation, I wish to outline to you some of the significant measures that have been taken by the Government and the SC to strengthen the regulatory framework, especially in respect of the capital market regulatory system which affects the corporate sector. At this juncture, let me give you my assurance that the Securities Commission will take all measures within its power and authority to address weaknesses shown up during the financial crisis in order to facilitate economic recovery.

Measures that facilitated capital raising by companies

In the difficult environment caused by the economic downturn in July 1997 and financial market turmoil during 1997-98, the initial restrictions on the new issue of securities introduced in December 1997 only served to close out fund-raising activities by listed companies at a time of tight liquidity. This was found to stifle the ability of the corporate sector to obtain much needed capital in order to turn around. Hence, at the end of June 1998, the SC announced the removal of most of the restrictions on new listings, capital-raising exercises and restructuring schemes as well as provided flexibility in the meeting of some requirements in the rules in order to help companies raise funds from the capital market and to facilitate capital raising by listed companies.

In July 1998, the Commission allowed variations to the requirements of its Policies and Guidelines on Issues/Offer of Securities to facilitate capital raising for companies in desperate need to raise funds.

Variations on the Issuance of Convertible Securities

One is in regard to the issuance of convertible securities where the limitation on the size of such securities i.e 50% and 10% of the company's existing issued and paid up capital either by way of rights or otherwise, were removed.

Flexibility is now given to the fixing of conversion prices so long as it is done in the best interests of the companies and minority shareholders are given the opportunity to participate in the exercise if the conversion prices are fixed at below the market prices of the underlying shares.

Issuance of Warrants

Another measure is the allowance for warrants to be attached to rights shares. However, the SC requires that the pricing of the rights shares should be fixed such that the issuer derives maximum benefit from the capital-raising proposal.

The SC had also allowed issuance of naked warrants only if specific circumstances exist. These are cases where the issuance of naked warrants are found necessary -

- For purposes of strengthening a company's financial position pursuant to a restructuring exercise; and
- For purposes of restructuring of debts or repayment of bank borrowings in order to save a default situation.

However, the limit for the issuance of all warrants, either by way of rights or otherwise, aggregated with all outstanding warrants, shall not exceed 50% of the company's issued share capital before exercise. Nonetheless, where justified, the SC will accord flexibilities on a case-by-case basis. Whilst the flexibility accorded is intended to help capital raising exercises, it is important for promoters and directors of listed companies and their advisers to weigh the pros and cons of issuing too many of these securities. Allowance must be given to future issuance of warrants given the 50% limit. There must also be a balance struck so that the securities issued would not turn out to be non-performing securities in the future.

Earnings Dilution

In view of the poor performance of companies arising from the financial crisis, the SC would consider allowing dilution in earnings per share (EPS) resulting from acquisition exercises by public companies. However, the SC requires that companies disclose and provide justifications to the SC for the dilution in EPS and the expected gestation period for the restoration of the EPS.

Profit forecasts and projections

Since it is difficult during the financial crisis for companies to make profit forecasts and projections, the SC has allowed companies to choose not to submit to the SC profit forecasts and projections except for IPO and reverse takeover proposals. However, the SC would still require the company to submit for its review the budgeted financial projections prepared by senior management and duly endorsed by its directors. The SC will continue to monitor the post-exercise performance of the company based on the figures.

Extension of Exercise Period of Warrants

Following the amendment to section 68 of the Companies Act 1965, the Commission immediately moved to allow warrants to have a maximum life of 10 years to enhance the value of the option on a longer-term basis to benefit both the listed company and the warrant holders while serving also to further facilitate capital raising for listed companies. In addition, the SC has also recently on 30th April 1999 announced that it will allow listed companies to issue and list new equity warrants to replace the existing warrants issued by such companies. The exercise price of the warrants to be issued would be based on market prices of the underlying shares of the warrants or at a discount, where appropriate.

Two-Call Rights Issue

In November 1998, the Commission announced that it would allow two-call rights issues to alleviate some of the problems faced by listed companies in raising funds, especially as the share prices of so many companies were trading at below or near par value. Thus, companies that had substantial reserves in their share premium account would be able to issue rights shares, which are partly paid in cash and partly credited from the share premium account, to make the actual cash price for the rights issue more attractive vis-à-vis the market price.

All these measures have been taken to support various capital raising proposals in a very difficult equity market prevailing. Indeed, the SC accords priority to expedite the processing of capital raising proposals or restructuring proposals from PLCs in distress or PLCs in urgent need of funds.

I believe that the increased flexibility accorded to companies demands a greater standard of responsibility and corporate behaviour on the part of promoters, directors, senior management and advisers. On its part, the SC expects a high level of conduct and corporate governance from all parties and will not hesitate to enforce laws, rules and regulations strictly to maintain these standards.

Measures to enhance investor protection corporate governance and transparency

The financial crisis revealed inadequacies in the other areas so critical to fully establishing a full disclosure-based regulatory system for capital raising activities. We believe that a full disclosure-based regulatory system not only accords greater flexibility and efficiency in the process of capital raising, but also carries with it onerous responsibilities of disclosure of information and accountability through self regulation.

The most important is a level of corporate governance that would give confidence that a company is professionally and well managed in an even-handed manner in the best

interest of all its shareholders. The Malaysian corporate sector cannot fall short of this requirement. The management of companies has to be sharply improved. There was the thought that raising capital every year was a substitute for cash flow from ordinary business operations. This has undermined confidence in the Malaysian corporate sector and can be invidious if left unchecked. Unhealthy practices such as the shifting of assets and blatant conflict of interest situations serve to lower the attractiveness of companies for investment, or to occasion a selling down.

Therefore, there must be transparency in corporate activities and transactions, compliance of existing rules on investor protection and no corporate misconduct predicated on the following principles -

- due diligence by investment advisers;
- timely and complete information dissemination by companies;
- compliance with accounting and financial reporting standards; and
- fair treatment to minority shareholders.

Amendment to Rule 118 KLSE Listing Requirements

In this regard, one notable area was the changes made to the KLSE Listing Requirements with respect to related party and interested party transactions, a critical deficiency shown up by the Renong episode in 1997.

Under the previous Rule 118 of KLSE Listing Requirements, there was a clear distinction between related parties who would not be allowed to vote in a general meeting on a matter where they are directly involved, and interested parties who are not denied their voting right if there is not that direct involvement. In the acquisition of the Renong shares by UEM, the question of Renong's voting right as a UEM shareholder was to become a matter of heated controversy when shareholders had to consider the resolution to approve the acquisition at the general meeting. While the previous KLSE provision clearly could not deny Renong that right, it was felt as both Renong and UEM were managed by the same interested parties, Renong should be disqualified from voting.

In order to address this deficiency, the SC had worked closely with the KLSE in amending Rule 118 of the KLSE Listing Requirements with the aim:-

- to better protect minority shareholders;
- to strengthen investor protection and voting rights;
- to improve corporate governance requirements in listed companies;
- to ensure that such transactions are done in the best interest of the listed company; and

- to enhance disclosure in the announcement and circular to shareholders to facilitate informed and reasoned investment decisions by shareholders and investors.

Malaysian Code on Takeovers and Mergers 1998

Another strong measure taken was in the overhaul and revamp of the law regulating takeovers and mergers. The Malaysian Code on Takeovers and Mergers was gazetted and came into effect on 1 January 1999. I am satisfied the new Code clearly establishes the Commission as the single regulatory authority. Even more importantly, again bearing in mind some of the events of 1997 particularly in relation to the Renong episode, transparency has been enhanced in the administration of the provisions of the Code and its Practice Notes, especially in the granting of waivers from the general offer obligations – and in particular waivers based on national policy considerations. I believe that the Code on Takeovers and Mergers 1998 will better protect the interests of minority shareholders by ensuring higher standards of disclosure, corporate behaviour and greater professionalism. It would also ensure a fair opportunity is given to minority shareholders to consider the merits and demerits of an offer in order to enable them to decide whether they should retain or dispose of their shares. The Code is a major achievement, not only in the effort to restore confidence in the context of the problems of 1997 but also in having a framework any modern regulatory system can be proud of.

Finance Committee on Corporate Governance and Report on Corporate Governance

A measure to improve the standard of corporate governance was in the setting up of the high-level Committee on Corporate Governance in March 1998 in which SC was a member and also as its secretariat. This high level Finance Committee on Corporate Governance drove the work to review the framework for corporate governance in Malaysia and to set best practices for the corporate sector. The Committee's principal recommendations in its report made to the Government are:

- to strengthen the statutory and regulatory framework for corporate governance;
- to enhance the self regulatory mechanisms that promote good governance; and
- to ensure that the framework for the proposed corporate governance is supported by necessary human and institutional capital.

The report also recommended that the Committee should continue to be in existence to oversee the progress in improving the standard of corporate governance and to decide if further enhancements or refinements should be recommended. To date, the Government had accepted the Committee's recommendations, and the report has been publicly released. Thus, a major milestone was passed in the process of enhancing the regulatory structure and corporate governance. I can say with confidence that the Government is fully committed to implementing the recommendations of the Corporate

Governance report and in this regard, an Implementation Project Committee comprising of various agencies and interest groups has been set up.

Of course, I fully appreciate that the real test will come with whether or not there is effective enforcement, in corporate governance matters as with other capital market transgressions. Let me say here that my maxim for the SC's enforcement agenda is to "be strict but fair". The SC would on its own, and where applicable, work with relevant authorities, to ensure that enforcement against contraventions of provisions of the securities laws is carried out without fear or favour.

Other crucial developments relating to corporate restructuring and recovery

Ladies and gentlemen, I would be remiss if I do not, if only briefly, outline some of the other important measures that have been adopted by the Government in rehabilitating the corporate sector.

Danaharta

Pengurusan Danaharta Nasional Berhad (Danaharta), an asset management company, was established with 2 main objectives, namely, (1) to remove NPL's distractions from financial institutions, thereby allowing them to refocus on their core business of lending; and (2) to maximise the recovery value of the acquired assets.

In November 1998, the Securities Commission had put in place a scheme aimed at resolving the problems of troubled stockbroking companies on an industry wide basis and at the same time, redress the exposure of the banking sector to these brokers. Under the scheme, Pengurusan Danaharta Nasional Berhad (Danaharta) will acquire from the banking sector the non-performing loans (NPLs) of the troubled stockbroking companies. Danaharta will carry out loan acquisition and recovery in accordance with its strategies and guidelines.

Through the acquisition of its NPLs by Danaharta, the recovery of the banking sector's loan exposure is expected to be maximised. This will, in turn, allow for a refocusing of lending activity to the stockbroking industry in general, while reducing the likelihood of a forced sale of stockbroking companies and their assets.

Todate, the Commission had approved the appointment of Special Administrators by Danaharta in 11 stockbroking companies with the view to provide an effective and timely resolution of the problems of troubled brokers by ensuring recapitalisation and regularisation of their financial positions. It is hoped also consolidation and strengthening of the industry, based on market principles, would be achieved.

Danamodal

Recognising the constraint of shareholders of banking institutions to raise capital on their own in the current environment, the Government established Danamodal to recapitalise banking institutions to attain a healthy level of capitalisation. Danamodal is expected to serve as a catalyst to consolidate and rationalise the banking sector as well as accelerate the formation of a core of strong domestic banking institutions, which can spearhead the development of the banking system.

Corporate Debt Restructuring Committee ("CDRC")

CDRC was set up to complement the roles of Danaharta and Danamodal which provides the forum for both debtors and creditors to work out their debt problems amicably and collectively without having to resort to legal process. The primary objective of CDRC is, therefore, to minimise losses to creditors, shareholders, and other stakeholders through voluntary co-ordinated workouts. I understand that CDRC is well on its way to completing the restructuring of an estimated number of 26 companies involving debts amounting to RM 14.8 billion by the middle of this year.

Inadequacies in the regulatory framework which need rationalising and streamlining

Ladies and gentlemen, whilst the financial crisis has challenged the Malaysian Government and regulators to explore and adopt creative, and some would say, radical measures so as to restore confidence and facilitate economic recovery, it has also revealed some deficiencies in the regulatory environment that need to be addressed urgently. In the final segment of my presentation this morning, I would like to discuss three important areas which affect the regulatory environment for corporate recovery in the long term.

Section 176

Malaysia is fortunate to have in place a relatively modern and effective bankruptcy regime and foreclosure procedures. Nonetheless, recent developments have revealed some shortcomings which need to be addressed.

Over the last two years, the Malaysian insolvency scene was dominated by extensive use of Section 176 of the Companies Act 1965, which allows the court a free hand to restrain creditors and other parties from proceeding against a company that has defaulted in its loan repayment. A section 176 order ties up the hands of creditors from pursuing a company for payment and appears to extend even to preventing guarantor banks from paying up bank guarantees in favour of bondholders and other creditors. Companies seem to be able to obtain Section 176 orders with ease as demonstrated by

the fact that over the short period from February 1998 to November 1998, there were 45 companies that had succeeded in obtaining section 176 orders.

Some criticisms that have been made against the section 176 mode of debtor protection are as follows:-

- applications are made ex-parte and so the order is obtained without creditor knowledge or consent;
- time periods allowed are too long as extensions are usually granted;
- orders may be granted without strict undertakings from applicant companies not to transfer or dispose of their assets, or take on new burdens; and
- there were no proper guidelines for the court to follow in granting a Section 176(10) order.

Most of the defects of Section 176(10) have since been corrected by the recent amendments made to the 1965 Companies Act, with the addition of Section 176(10a). The amendments provide for stricter time periods, creditor participation and consent, and prevent the company from disposing of its assets.

However, one basic weakness remains. The power of the court to prohibit payments under bank guarantees does not seem to have been adequately addressed. As such, bondholders who had purchased bank-guaranteed bonds may still not be able to obtain payment. If this is the case, then it may undermine the credit system that is built on a well-established principle in commercial law, which is the independence and separateness of undertakings issued by banks under a bank guarantee (or letter of credit).

Another area of concern to bankers and creditors relate to the foreclosure of securities (under secured credits) and the obtaining and execution of judgment debts (secured or unsecured). Ideally, foreclosures and execution of judgments should be granted speedily so as to save accumulated interest and to enable parties to a contract to achieve their contractual rights.

Since the borrower undertakes to pay the debt promptly and agrees that the securities charged would be used for payment in the event of non-payment, there is no reason for preventing the creditor from realising such contracted rights. This is more so in the case of corporate borrowers who must be regarded as commercial men of the world, conversant and properly advised of the law.

In practice, the creditor often faces interminable delays in obtaining judgments and foreclosures due to legal as well as procedural reasons. Such delays serve to increase the cost of lending to all borrowers and can also undermine the interest of bank depositors (and eventually the taxpayer himself).

Need for reorganisation procedures?

I believe that the weaknesses shown up by section 176 orders challenge policy makers to address the question whether Malaysia has an adequate framework in place to deal with insolvent companies. Because the Malaysia's existing regulatory framework on insolvency does not offer reorganization procedures, it was no wonder that companies were forced to resort to section 176 in order to buy time so as to restructure their operations and overdue debt.

Historically, the primary objective of insolvency laws has been to provide a remedy for merchants and traders in case a debtor failed to meet his obligations to them. This objective was reflected in the punitive nature of bankruptcy laws. The second objective was to avoid a run on the assets and to ensure the equality of creditors in the liquidation of assets and the distribution of the remaining assets. As a result, insolvency laws are creditor focused - sometimes only the creditor may initiate insolvency procedures - and their goal is to liquidate. The alternative for rescue or rehabilitation was not available to insolvent companies. This indeed is the basis for the existing regulatory framework in Malaysia on insolvency.

The objective of using insolvency law to rescue a company in distress is only a relatively recent phenomenon. The first country to introduce reorganisation procedures was the US with the inclusion of Chapter 10 in the 1938 revision of the US Bankruptcy code

The rationale for reorganization commonly offered is that a reorganisation may enable the participants to capture a greater value then they can obtain in a liquidation. In particular, reorganisation is thought to be especially valuable when -

a. the company's assets are worth much more as a going concern than if sold piecemeal; and
b. there are few or even no outside buyers with both accurate information about the company and sufficient resources to acquire it.

In such situations, liquidation might well leave the participants with less than the going concern value of the company's assets. Consequently, the participants will have more value to split if they retain the enterprise and divide it among themselves.

The development of bankruptcy laws in various countries such as US, UK, Australia, Japan, Korea and even Singapore, suggests that policy makers in these countries were of the view that reorganization is indeed desirable in an important set of cases. In the US, for example, from the period reorganization laws were introduced in 1938 until now, many corporations in financial distress, including major Fortune 500 corporations, have taken the reorganization route. An example is LTV Corporation that filed for bankruptcy with debt amounting to US $4 billion. LTV was ranked as the 43 largest industrial company in the US in 1986.

The recent tumult experienced by the Malaysian with companies strapped in financial troubles challenges us to explore feasible alternatives to the conventional mode of dealing with corporate insolvency, i.e. that of winding up. While the traditional mode of dealing with insolvent companies utilises a punitive approach in winding up the company, the rescue process concentrates on ensuring that the business can survive, thus benefiting creditors and all those who depend on the survival of the company - such as employees (who may lose jobs), taxing authorities (who may lose ratables) and trade creditors (who may lose customers). While some may argue that any attempt to introduce rescue provisions is drastic, there is no doubt that corporate rescue procedures are seen as vital in dealing with insolvency in an important set of businesses.

I believe that such alternative rescue provisions should not be blindly copied from laws found in other countries, but be formulated after careful consideration of the needs faced by the national economy and corporate sector. Naturally, any policy to consider reorganization as an alternative to liquidation would have to deal judiciously with the tensions between the desire for continuing control by major shareholders and differences in the perceived valuation on the assets of the company. Nonetheless, I believe that it is important that consideration be given to the following features in any proposed reorganisation framework:-

- Ability of all parties to have a voice in the re-organisation process;
- Protection of debtor from collection efforts of the creditors; and
- A system that is designed to reduce costs.

In this regard, the SC has made various recommendations to the Government and is committed to work closely with the Government and other relevant agencies in order to come up with an appropriate regulatory framework.

Need to develop the Malaysian corporate bond market

Ladies and gentlemen, the economic turmoil has highlighted the urgent need for alternative sources to be made available to Malaysian companies. Reliance on equity markets and traditional bank loans is no longer sufficient to raise much needed capital by companies.

Todate, the ringgit bond market continues to be dominated by MGS and Government-backed paper, even though the issuance of such paper peaked in the 1980s and new MGS issues since are mainly replacements for maturing issues.

Whilst there has been a steady growth of the size of corporate bonds over the past few years, unlike the more developed bond markets where the size of the fixed income market far exceeds the size of the equity market; in Malaysia, the market capitalisation of the KLSE, despite having undergone a huge drop in share prices in 1997 and 1998, is still bigger than the ringgit bond market.

As a result, the financial crisis has highlighted an extremely 'weak link' in the Malaysian capital market. Over the period from 1995 to 1998, the majority of the funding needs for economic growth came from the bank lending by the banking sector. Hence, credit and investment risks were not adequately distributed among the investing community through the corporate bond market, resulting in tremendous strain on the banking sector during the economic downturn.

The SC believes that the existence of a mature and well-functioning domestic bond market would be able to efficiently allocate savings to productive investments. It would also be able to 'cushion' some of the effects of the crisis on the business community. This has been recognised not only by the Malaysian Government but also by all governments in the region who are now calling for co-ordinated efforts to develop a viable regional bond market.

Whilst some efforts have been undertaken to encourage development of the ringgit bond market, the SC believes that the focus of development now should be on the policy framework and financial structure within which the market operates, including issues relating to streamlining the regulatory structure, "buy-and-hold" mentality of investors that results in an illiquid secondary market and costs.

For example, the lengthy approval process for corporate bond issuance exposes the issuing corporation and underwriters to interest rate movements and the risk of the issue becoming less attractive to investors when compared with conditions at the time of structuring.

There is, therefore, an urgent need to rationalise the regulatory framework for corporate bonds that are built on the principles of fairness, efficiency and transparency. Many of these development plans for the corporate bond market have formed part of the SC's Business Plan 1998 – 2000 to promote and facilitate a diversity of asset classes within the Malaysian capital market.

Conclusion

Ladies and gentlemen, I believe that the race to national economic recovery is a marathon, and not a sprint. Whilst it is indeed heartening that much has been done in the regulatory environment in the strong measures that have been taken over the last two years and in the encouraging signals of recovery, I believe that there is still enormous progress to be made. In order to emerge as a winner in this marathon, let us not be fainthearted half way and let us all work together towards a sustained economic recovery and growth.

On SC's part, we are willing to listen to any suggestions you might have on ways and means to strengthen the regulatory environment for the capital market in order to achieve these objectives. Thank you.

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