



S P E E C H E S

**Speech by Encik Ali Abdul Kadir Chairman
of Securities Commission
at the launch of Year 2000 Report Malaysian Financial Sector-
Status Update and Continuity Planning
Joint publication by Bank Negara Malaysia and Securities Commission**

15 July 1999

Yang Berbahagia Tan Sri Dato' Seri Ali Abul Hassan Sulaiman, Governor, Bank Negara Malaysia, Ladies and Gentlemen, I wish you a very good afternoon.

1. Like all other regulators in Malaysia, the SC has worked and is continuing to work very hard to ensure that capital market institutions and intermediaries take all necessary measures to prepare themselves for the roll-over to the Year 2000 with minimal disruption. These efforts which began in 1997 have been intensified over the past year or so.
2. Apart from efforts at the national level, the SC has also been involved on the international front to address this problem through its involvement in the Joint Year 2000 Council. The Joint Year 2000 Council, which was established in April 1998, is an international council of four international financial authorities i.e. the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the International Association of Insurance Supervisors, and the International Organisation of Securities Commissions (IOSCO). The aim of the Council is to coordinate and share information relating to the Year 2000 issue within the global financial service community. During the SC's chairmanship of the Emerging Markets Committee of IOSCO, the SC was a member of the Joint Year 2000 Council and had benefited tremendously from its involvement in the Council over the past year or so. In fact, most of our Year 2000 initiatives are based on the international practices that have been recommended by the Council.
3. The SC started with an awareness campaign in 1997 that was targeted at capital market institutions and intermediaries as well as public listed companies. We have come a long way since then. Now, we are aggressively monitoring progress of the respective organisations in preparing themselves for the Year 2000 as well as development of appropriate contingency plans.
4. The market institutions, i.e. the exchanges, clearing houses, central depository and issuing houses, have implemented Year 2000 ready systems, having completed remediation and rigorous internal and external testing, and are now concentrating on additional testing and contingency planning. Market intermediaries, i.e. the broking firms, unit trust management

S P E E C H E S

companies and asset management companies, have been making good progress in their Year 2000 compliance work in the past few months. Most of these companies have already completed their Year 2000 programme and are ready to face the New Year, while a few are still finishing up on testing and implementation and awaiting confirmation of readiness from external parties on which they depend on.

5. With the millennium change only five months away, SC has stressed on the need for every business entity to continue to tackle unforeseen problems that may arise no matter how well prepared they think they are. The vulnerability of our systems - software, hardware, intra- and inter- networks - is compounded by the uncertainty of the extent of the problem and the consequent complications it may bring irrespective of the level of preparedness.
6. That is why an integral part of coping with Year 2000 problems will be for market participants to have well-developed and well-tested contingency plans that would provide a method for responding to the loss or degradation of essential services in an automated system, and maintaining essential functions for the operation of the market and thereby maintaining the confidence of investors and market participants.
7. We believe that our success in addressing the Year 2000 problem will ultimately be measured by our ability, and the public's confidence in our ability, to conduct business operations effectively on the first business days of 2000, and thereafter. Therefore SC has made it a requirement that all market institutions and intermediaries have in place well developed and well tested contingency plans to address problems during the roll-over to the New Year. In fact, we also have in place a Capital Market Y2K Contingency Plan that addresses possible situations that could lead to a market-wide disruption and identifies contingency measures to be undertaken by the respective institutions.
8. In collaboration with the relevant authorities, SC will continue with its activities to ensure open channels for national and international liaison and facilitate avenues for information sharing.
9. Despite these efforts however, the SC is fully cognisant of the fact that the efforts must be made known to the public in general, and to investors in particular, to ensure investor awareness of and confidence in the efforts that are being taken.

S P E E C H E S

10. The publication of this report is therefore very timely. It will inform investors of the measures taken by both the BNM and SC to address the Year 2000 problem in the Malaysian financial services sector. This awareness is necessary to facilitate investors' confidence in our market. I hope the information contained in this report will provide readers with a better understanding of what the financial services sector in Malaysia has done or plans to do to enhance its readiness for Year 2000. Like all other economies in the world, Malaysia is keen to share with the international community its experience in addressing the problem and ensuring timely readiness. The publication of this report is part of our contribution towards the global effort in meeting the millennium challenge.
11. I would like to take this opportunity to thank Bank Negara Malaysia and all those involved in putting together this report.

Thank you.