



**Official Launch of the
Certified Capital Market Professional - Compliance
by Dato' Seri Dr. Awang Adek Hussin
Chairman, Securities Commission Malaysia
17 January 2023**

Speech Highlights

At the official launch of the Certified Capital Market Professional - Compliance certification event held today, Dato' Seri Dr. Awang Adek Hussin, Chairman of the SC, said that it is necessary to uplift the compliance function within the organization. To perform their duties, compliance professionals must have the necessary training, certification, and qualification.

In a speech read on his behalf by Datin Azalina Adham, Managing Director of the SC, the Chairman stated that compliance is ultimately a board responsibility and all directors must take non-compliance seriously. Companies must ensure that their compliance function and officers have direct access to the board and report directly to it. The SC has imposed this requirement on its market intermediaries because compliance necessitates the necessary authority and trust.

Here are some highlights from his speech:

- Competent compliance officers are not a 'nice-to-have' but a must. This will ensure that the company, its employees and vendors adhere to existing laws, regulations and standards.
- Law-abiding businesses are less likely to face fines, legal action or other consequences that could damage their reputation and profitability.
- Organizations must change their perspective on compliance, which has traditionally been viewed as a cost center.
- Compliance is beneficial to a company, and complying with regulations, standards and best practices can help improve operational efficiencies and make a company more competitive in its market segment.
- Compliance is not intended to be a hindrance but rather to promote fair competition and act as a catalyst for innovation and change.

- Compliance also requires businesses to consider the needs and perspectives of various stakeholders.
- It is important for compliance personnel to receive proper training and adopt an open mindset.

The complete text of Dato' Seri Dr. Awang Adek Hussin's full speech was read on his behalf by Datin Azalina Adham, Managing Director of the Securities Commission Malaysia

Assalamualaikum warahmatullahi wabarakatuh.

1. Salam sejahtera dan selamat pagi.
2. Pertama sekali, terima kasih kepada pihak SIDC atas jemputan untuk saya menyampaikan sepatah dua kata dan merasmikan pelancaran sijil pematuhan. Sijil yang dikenali sebagai "Certified Capital Market Professional – Compliance" amat dialu-alukan dalam usaha memastikan pasaran modal sentiasa terlindung dan kemampuan syarikat dipertingkatkan.

Esteemed guests, ladies and gentlemen,

3. Please allow me to begin by setting a clear context for the reason we are all here today. In facing an increasingly disruptive and uncertain world, coupled with the rapid advancement of digitalisation and technology, the centrality of compliance for all of us cannot be overstated.
4. The importance of compliance can be clearly demonstrated by its absence. Poor record keeping, a lack of trustworthy financial information, weak internal controls, and risk management failures stem from the absence of compliance. These were all unfortunately present in the collapse of the cryptocurrency platform FTX. With more than \$8 billion of customers' money lost, the platform and its key personnel were hit with a wave of civil and criminal enforcement charges for embezzlement, fraud and money laundering.
5. In essence, FTX is a stern reminder of the value of compliance and, by extension, corporate governance: protecting businesses against corporate wrongdoing and ethical lapses, instilling robust policies and procedures, and above all, ensuring transparency.

Uplifting the Status of Compliance

6. Given the prevalence of risks and uncertainties, the compliance function is set to grow in significance. Therefore, it is necessary to uplift its status within the organisation, while also ensuring compliance officers are properly trained, well-equipped and qualified.

7. In fact, compliance is ultimately a board responsibility and instances of non-compliance must be treated seriously by all directors. Firms must ensure that their compliance function and officers have access to and report directly to the board. This is a requirement the SC places on our market intermediaries as it is critical for compliance to be given the required authority and trust.
8. Today's compliance professionals must also be equipped with the necessary qualifications, training, and tools to undertake their duties. This reassures both internal and external stakeholders that proper controls will be implemented and assessed periodically. In addition, better training and growth opportunities can assist in attracting and retaining such talent, especially given the shortage of good compliance personnel. These are the talents needed to take compliance to the next level.
9. Therefore, competent compliance officers are not a 'nice-to-have' but a must. This will ensure that the business, its staff and vendors continue to adhere to existing laws, regulations and standards. It will also engender trust and confidence, prevent harm to business and individual interests, and inspire greater ethical and responsible behaviour.

Compliance is Good for Business

Ladies and gentlemen,

10. Law-abiding businesses are less likely to face fines, legal action, or other consequences that could damage their reputation and bottom lines. Unfortunately, compliance has traditionally been seen as a cost centre, one that must be 'tolerated'.
11. As such, this mindset needs to change. Compliance is not only good for business, it also makes good business sense. When a business follows the rules and operates ethically, it develops positive connections with its customers, employees, investors, and other stakeholders. Increased loyalty and support open up new opportunities for revenue growth and business success.
12. Many regulations and standards are designed to promote best practices and streamline processes. This can help businesses save time, money, and resources. In other words, by complying with these guidelines, businesses can improve operational efficiencies and be more competitive in their market segments.
13. At the end of the day, compliance is good for business. Companies that prioritise compliance are more likely to thrive and grow.

Compliance as Facilitator for Innovation and Growth

Ladies and Gentlemen,

14. Another misconception about compliance is that it stifles business growth and expansion. Compliance is not meant to be a hindrance. In fact, it encourages fair competition and may serve as a catalyst for innovation and change.
15. At times, compliance itself can lead innovation efforts. Regulatory requirements in the financial sector for data security and fraud prevention have led to the development of cutting-edge security technologies. Blockchain and machine learning-based systems, for example, have the potential to enhance efficiency in other parts of the business process.
16. Compliance also pushes companies to consider the needs and perspectives of diverse stakeholders. By adopting a more holistic approach, companies can identify new opportunities. In the healthcare sector for example, compliance with patient privacy regulations has spurred new technologies for secure data sharing. Not only has this reduced the cost of non-compliance, it has also improved the efficiency of clinical research and healthcare service delivery.
17. These advances would not have been possible if compliance officers were strictly focused on managing risks and preventing abuse. This type of approach may result in views that are detrimental to business growth and innovation needs. Therefore, it is important that compliance personnel receive proper training as well as adopt an open mindset. This ensures that businesses view them as valued long-term partners and not just a compliance function.

Conclusion

Ladies and Gentlemen,

18. In conclusion, enhancing compliance capabilities provides a competitive advantage. Compliance professionals will be well-prepared to deal with increased business complexity and future expectations if they receive proper training, certification, and qualification combined with a receptive attitude. Organisations also need to change their mindset towards compliance in order to retain such talent.
19. On that note, it gives me great pleasure to launch the Certified Capital Market Professional – Compliance certification. I hope that we can all make compliance a long-term partner in building a relevant, efficient, and diversified capital market.

Thank you.