

**LAUNCH OF SC- BURSA MALAYSIA CORPORATE GOVERNANCE WEEK 2009
UNVEILING OF BURSA MALAYSIA'S CORPORATE GOVERNANCE GUIDE &
INTRODUCTION OF REVAMPED REGULATION WEB-SECTION
MONDAY, 8 JUNE 2009**

YBhg Tan Sri Zarinah Anwar, Chairman of the Securities Commission
Tan Sri-tan sri, Dato' Seri- dato' seri, Dato' – dato', Datin - datin
My colleagues, Directors of Bursa Malaysia Berhad,
Distinguished guests,
Members of the media,
Ladies and gentlemen

May I begin by welcoming you to Bursa Malaysia. We are indeed overwhelmed by your presence and enthusiastic response to the launch of the *SC-Bursa Malaysia Corporate Governance Week 2009*.

This Corporate Governance Week is of great significance as it provides an opportunity for stakeholders such as regulators, company directors and key industry organisations to discuss, share and exchange views on issues and challenges relating to corporate governance, or CG. This four-day programme is primarily aimed at examining concerns impacting CG, which in today's world is considered as an important element for growth, development and sustainability of one's business.

As a director of a company, one may ask: why care about CG? Am I not doing enough with mere compliance to the mandatory requirements?

The truth is, good CG can positively impact a company's reputation and its bottom line. Investors' expectations are constantly changing. So is the business environment that we all operate in. In fact, today's savvy investors generally prefer companies with commendable CG practices as they tend to have better long-term shareholder values and returns. So, in order for companies to ensure the growth, sustainability and relevance of their business to investors, they too must ensure that they progress together in parallel with the constantly evolving CG landscape.

As we are all too well-aware, the worldwide financial crisis has certainly put a spotlight on CG as one of the key factors that led to the global financial meltdown. It shattered investors' confidence and drummed in the point that CG is a large and critical consideration in business decisions. Arising from this, there is now, more than ever, greater prominence on the role of the board, oversight of risk management and the role of independent directors, among others.

Ladies and gentlemen,

Bursa Malaysia is highly committed towards ensuring that our market remains a market of integrity and quality. We put strong emphasis on the good practice of CG and this is demonstrated in our regulatory approach which focuses on four issues: development, education, engagement and enforcement. Bursa Malaysia will be sharing two key initiatives that centre on development and education.

In addition to the launch of the Corporate Governance Week, we shall shortly introduce a practical handbook entitled *Corporate Governance Guide: Towards Boardroom Excellence*, and the Exchange's revamped regulation web-section.

Let me take you through some observations about some companies with respect to the practice of CG which served as the motivation behind these two initiatives.

First, our Malaysian listed companies have high compliance to the mandatory requirements stipulated in the Code of Corporate Governance and the Listing Requirements, or the LR. However, we feel more needs to be done to elevate CG standards.

Secondly, we observe that some of our listed companies are practicing CG beyond what has been mandated in the Code or the LR. For instance, some companies have majority independent Board members although the minimum requirement stipulated by our LR is for boards to comprise one third of independent directors. Further on Board Chairmanship, although the LR does not stipulate that the Chairman has to play an independent role, most companies which we have assessed had independent Board Chairmen.

Thirdly, our assessment shows that half of the directors of listed companies were not aware of the key responsibilities of their roles as a director and in most situations were left to management or the company secretary to initiate. This lack of understanding of their roles and responsibilities can hinder directors in contributing more meaningfully at board meetings. Directors should understand their roles and responsibilities clearly so that they can discharge their obligations in an effective manner. It is the board that is charged with leading the company.

Hence, given the need for directors to understand their roles and responsibilities, this *Guide* was developed with focus on key areas which are crucial for a company to achieve good CG practices. In essence, this *Guide* complements Bursa Malaysia's efforts to encourage good CG practices starting from the boardroom. Given the challenges confronting the boards and management in properly exercising their roles and functions in today's demanding business environment, we believe the availability of this *Guide* is timely as it will provide useful guidance for listed companies in the conduct of their business, engender best practices and ultimately, enhance their shareholder value.

The *Guide* has been peppered liberally with suggestions on how to fulfill CG obligations, practical illustrations of how best practices can be implemented, examples, checklists and questionnaires that can be used as learning tools in enhancing the understanding of CG. As the name goes, this *Guide* serves as guidance only for directors to implement best practices and is not a mandatory prescription.

In addition to the *Guide*, I am also pleased to announce that Bursa Malaysia's website now has a revamped Regulation web-section. Given that more and more people are communicating in cyberspace, it is only appropriate that we use the Internet as a dynamic communication tool to engage with our companies and vested stakeholders. This newly revamped web-section aims to offer comprehensive information relating to the regulation philosophy, principles, rules and regulatory actions that are relevant to the Malaysian capital market. It offers listed issuers, market participants and investors greater access, transparency and clarity to the exchange's regulatory approach.

Ladies and gentlemen,

Bursa Malaysia makes every effort to ensure that the business of regulating for sustainable market growth remains our primary focus. We aspire for our capital market to become a good example of CG practices with the highest level of investor protection. The introduction of the *Guide* and the revamped Regulation web-section are only a part of a comprehensive effort by Bursa Malaysia to address and improve CG matters in our capital market. In this respect, the Exchange has an ongoing commitment to educate and create awareness on the importance of good CG practices.

By and large, we believe enhancing the level of CG must be the collective responsibility of all parties in the Malaysian capital market. Dependence cannot be placed solely on the shoulders of the regulators. There should be pre-emptive action by industry players themselves such as directors, managers and industry organisations towards the promotion of CG. In any case, Bursa Malaysia is more than pleased to support initiatives to elevate best practices in CG.

I would urge board directors as well as the senior management of all listed companies to work with us hand-in-hand in making the Malaysian capital market one that is high in quality and integrity. We must work towards bridging the gap between conformance to form and conformance to substance in the practice of CG. Compliance is really just a starting point. Best practice is what really helps in building and maintaining corporate credibility and investor confidence.

Ladies and gentlemen,

In conclusion, I would like to thank all partners and supporters for their invaluable endorsement to the *SC-Bursa Malaysia Corporate Governance Week*. I also would like add that this CG Week is a clear manifestation of our commitment to maintain and enhance the standard of CG in the Malaysian market and exemplifies the collaborative efforts of the regulators and industry participants. Your contributions are greatly appreciated and Bursa Malaysia looks forward to working with you towards building excellence in CG.

Thank you.