

'Privileged access to info' practice under scrutiny

Posted on 7 June 2012 - 05:38am
Premalatha Jayaraman
sunbiz@thesundaily.com

KUALA LUMPUR (June 7, 2012): The Securities Commission Malaysia (SC) wants companies to avoid the risk of sharing non-public material information that could lead to market abuse.

Its chairman Datuk Ranjit Ajit Singh said: "Recently, global regulators have directed their focus to the widespread practice of private engagements between companies, brokers, analysts and their 'prized investors'.

"In the US, these practices have come under close scrutiny. Privileged access or differential treatment of this nature has the effect of depriving investors, particularly retail investors, of the complete picture thereby disadvantaging their ability to make an informed investment decision. This is an issue that has surfaced following the recent Facebook IPO."

While calling on companies to provide investors wider access to information via transparent practices and transmitting complete, meaningful and timely disclosure of information, Ranjit said the SC will scrutinise these practices and disclosures, and make it a priority to level the playing field by ensuring that all investors have easy and timely access to information.

He said the disclosures made should not contribute to confusion in the market but provide the necessary clarity on the company's business and financials. The board of directors must act quickly to dispel any misinformation arising from rumours and speculation.

"There must be a change in mindset to how companies disclose information to the investing public. Boards, CEOs and CFOs are central to this process and can lead change in their companies," he said at the second Malaysia Investor Relations Awards 2012 here yesterday.

Ranjit said boards and key management must proactively ensure that companies comply not only with the black letter of the law but also the substance of the principles underlying good disclosure.

Meanwhile, Bursa Malaysia Bhd CEO Datuk Tajuddin Atan said due to strong fundamentals, Bursa Malaysia and regional bourses have remained resilient despite the uncertainties in the global markets amid the eurozone debt crisis and weak economic growth in the US.

"In times like these, the role of an investor relations practitioner becomes more crucial. Listed companies require your help to maintain the level of trust and confidence of their shareholders," he told the practitioners.

Today's Most Viewed

- Strong waves hit west coast of Penang, Kedah
- Diet 'pill' targets dengue scourge
- Suhkam interviews theSun journalist on Bersih 3.0 violence
- Singapore ex-civil defence chief charged with sex for favours
- Rare Venus transit draws astronomers worldwide

CLICK HERE TO READ FREE E-PAPER

