

Keeping up with the online medium

Public-listed companies will have to set up their own websites, which should be current and must contain all their announcements, analyst briefings and other information deemed relevant to their shareholders. These are among the new requirements under the revised listing rules for Bursa Malaysia's new Main Market and ACE Market, which take effect from Aug 3.

The new rule on websites is a step in the right direction as it is in accord with best practices in mature markets in developed countries. It aims to facilitate disclosure by listed companies and assessment by investors. By virtue of operating in the public domain, listed companies must disclose their corporate information publicly on their websites.

A website is a powerful communication medium for listed companies. It is the most cost-effective mode of disseminating information. Unlike advertising, it does not require major expenditure and does not incur recurring costs. It is an efficient way to communicate with shareholders and investors on a 24/7 basis, and also to reach out to research analysts and fund managers in different time zones. Information can be updated frequently and circulated with speed.

However, there is a disparity among listed companies in the use of corporate website. Some 20% of the close to 1,000 listed companies in Malaysia do not have a website at all. With the new regulations, all listed companies must close the gap on the use of a website that is sufficiently comprehensive.



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Investor Relations Corner

The future of corporate disclosure

Corporate disclosure is changing in line with the evolution of information technology. The Internet is moving towards Web 3.0, which has to do with technology that can understand the meaning of data. One of the building blocks of Web 3.0 is XBRL or eXtensible Business Reporting Language.

XBRL is an interactive data format whereby the numbers in the financial reports are tagged. This will allow the computers to "read" their content and make it easier for people to find and analyse financial data contained in the reports. Data can also be obtained from different sources so that analysis can be made, say, against

other companies, industry averages or historical numbers.

The goal of XBRL is "to make quarterly and annual reports computer-readable, allowing investors, companies, finance professionals and academics to sort and access data more efficiently". Besides, global investors can also translate financial statements from any language.

In the US, the Securities and Exchange Commission has recently mandated XBRL filing starting from June 2009 until 2011. This is a milestone that signals the acceptance of XBRL and the serious intent of the regulators to adopt new technology.

Apart from the US, a number of other countries have started adopting XBRL. In Japan, its regulatory body, the Financial Services Agency, has mandated XBRL filing for all listed and unlisted companies and investment funds exceeding a certain size, starting from the 2008 financial statements. Meanwhile, the Tokyo Stock Exchange has been receiving XBRL financial statements on a voluntary basis since 2003. Japan is among the most advanced users of XBRL. One of the stated objectives of Japan's push for XBRL is to allow Japanese financial reports to be translated to English, thereby making Japanese companies more recognisable in the global capital market.

In Singapore, the registrar of companies has directed that annual returns be submitted in XBRL for listed or unlisted companies incorporated since Nov 1, 2007. In Thailand, some 29 companies on the Stock Exchange of Thailand are participating in a pilot project to submit their financial reports in



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XBRL. Other countries following the same path include Australia, South Korea and China.

One country bucking the trend is the UK, which has deferred implementation of XBRL, citing insufficient manpower expertise to support a nationwide migration.

In spite of apprehension in some quarters, it is possible that there will eventually be a convergence of global best practices on the use of XBRL. In all likelihood, XBRL will become the future of corporate disclosure.

We will see the benefits of XBRL when sufficient critical mass of data is tagged and when application software developers come up with more innovative tools for interactive data analysis.

The desired end result is that investors, research analysts, information aggregators, business media, ratings agencies, financial institutions, corporate strategists, economic planners and regulators are able to extract, compile, verify, compute and inter-

pret data in ways that are useful to them. The starting point for this to happen is to have financial reports formatted as tagged data.

In line with this development, we foresee the authorities in Malaysia mandating the use of XBRL in time to come.

As more and more Malaysian listed companies venture out in their quest to become world-class, they will need to keep up with the latest application of web technology. For now, the regulation is for them to at least have a corporate website.

Indeed, the online tool presents opportunities for businesses to develop their consumer market or attract investment capital. Listed companies must exploit the borderless and instantaneous world of the Internet and use their websites to communicate with their shareholders and investors in meaningful ways. ■

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