Wholesale market conduct
Restoring integrity and trust in the Malaysian financial market
“My assessment of recent history is that there has not been a case of major prudential or conduct failing in a firm which did not have among its root causes a failure of culture as manifested in governance, remuneration, risk management or tone from the top.”

Andrew Bailey, then Chief Executive, PRA

“From my standpoint, there are two types of risks that will render banks in this region to become acutely non-viable – liquidity risk and reputation risk. And conduct risk is closely associated with the latter.”

Justin Ong, Regulatory Risk Leader, Deloitte Malaysia
In light of the global financial crisis and a string of misconduct episodes, conduct risk has become a key focus for financial services regulators.

In Malaysia, the wholesale financial market has evolved and grown increasingly complex with highly sophisticated instruments. With an open and accessible financial market, its stability is vulnerable to speculative investment flows, uncompetitive market behaviours and questionable conduct by market participants.

As a strategic response, regulators have reviewed and set new standards of best market practices to maintain the highest standards of integrity and to raise the level of professionalism.

In 2017, Bank Negara Malaysia (BNM) issued the Code of Conduct for Malaysia Wholesale Financial Markets.
Wholesale market conduct

Code of conduct for the Malaysia Wholesale Financial Market ("the Code")

Applicable to market participants in the wholesale financial markets, including:
1. Licensed banks, investment banks, Islamic banks and prescribed development financial institutions
2. Licensed insurers and takaful operators
3. Approved money-brokers

Effective date: 2 May 2017

Prohibited conduct under the FSA and IFSA
Market participants may whistleblow to BNM if they have knowledge or information that a contravention of the Code has been committed

Adoption of global best practices
To preserve a reputable, ethical and honest market place

Internal governance and controls
To identify, monitor and mitigate risks, and ensure adherence to the Code

Robust and clear P&Ps
To ensure governance of transparent communication, record-keeping and segregation of duties
How Deloitte can help

Market participants in the wholesale financial markets are required to observe the standards and principles set out in the Code of Conduct ("the Code"). Non-compliance to the Code may result in enforcement action.

To help market participants understand the requirements set out and to ensure compliance to the Code, Deloitte has developed the Wholesale Market Conduct framework:

The Wholesale Market Conduct framework enables market participants to build their own framework based on the size and risk materiality of its treasury activities. This framework also evaluates the current internal controls in a structured manner, identifying gaps and areas for improvement.
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