

# Conflict of Interest

## Enhancement to listing requirements framework

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KPMG in Malaysia



Conflict of interest (COI) situations generally refer to circumstances where a person with a vested interest in the company is in a position or has the opportunity to influence the company’s business or other decisions in ways that could lead to personal gain or advantage of any kind.

Bursa Malaysia’s Corporate Governance Guide (4<sup>th</sup> Edition)

## Listing requirements amendment timeline

Bursa Malaysia’s Main Market Listing Requirements (MMLR) were amended in relation to COI as follows; Chapter 8 (Continuing Listing Obligations), Chapter 9 (Continuing Disclosure), Chapter 10 (Transactions) and Chapter 15 (Corporate Governance). Refer below for the amendment timeline:

26 May 2023	1 July 2023	30 June 2024
All amended Chapters as listed above except those listed in the next two columns	<p>Enhancement to existing COI disclosures:</p> <ul style="list-style-type: none"> <li>• announcements to the exchange; and</li> <li>• statements accompanying notices of annual general meetings</li> </ul> <p>Expanded role of Audit Committee (“AC”) to review COI and the measures taken thereafter to resolve, eliminate or mitigate it</p>	<p>Enhancements to the contents of annual reports</p> <ul style="list-style-type: none"> <li>• Enhanced COI disclosures of a key person</li> <li>• Enhanced AC report with disclosure on a summary of any COI or potential COI situation and measures taken thereafter to resolve, eliminate or mitigate it</li> </ul>

## Impact to you

Organizations need to look at an expanded scope of instances where there could be “potential” conflicts rather than focus on those already materialised	Review of existing COI framework based on the latest listing requirements from Bursa. To also communicate these via trainings to the organization with careful consideration to Key Senior Management and Directors
Increase governance requirements of AC and NC with regards to oversight and disclosure both in existing and future directors	Expansion to include an organizations’ group; non-listed entities that are above the holding percentage ratio





## Bursa's expectations

Bursa's new expectation of COI is not limited to only direct financial interest but includes indirect financial interest, non-financial interest (e.g. arising from relationships whether family, business or professional interests), or competing loyalties or interests as well as potential conflicts of interest. The intention is for Directors & Key Senior Management ("KSM") to be more vigilant in discharging their duties and obligations to the listed issuer, given the important fiduciary position they hold in the listed issuer.



## Case law highlight

"A corporate body can only act by agents, and it is of course the **duty of those agents so to act as best to promote the interests of the corporation** whose affair they are conducting. Such agents have **duties to discharge of a fiduciary nature towards their principal**. And it is rule of universal application, that no one, having such duties to discharge, shall be allowed to enter into engagements in which he has, or can have, a **personal interest conflicting, or which possibly may conflict with the interest of those whom he is bound to protect.**"

(Aberdeen Railway Co. v Blaikie Bros (1854) 1 Macq 461)

## How KPMG can assist

KPMG's team of experienced professionals deliver tangible, value-driven results to support organizations comply with COI Framework requirements; be it to establish it from the foundation or to improve the existing state. We provide comprehensive services that can be tailored to your organization's needs:

### 1 Gap Analysis

Undertake gap assessment of the listed co and its group on COI policies, procedures and existing practices.

### 2 Independent Assurance

Assist the Audit Committee by reviewing existing COI Framework controls, design and effectiveness of the listed co and it's group.

### 3 COI Policy

Facilitate the development of COI Framework including COI Policy and Questionnaire.

### 4 Training

Conduct training for Board, KSM and employees on COI

## Contact us



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