

# SSM CAMPAIGN FOR BETTER GOVERNANCE

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THE Companies Commission of Malaysia (SSM) recently announced the upcoming launch of a key campaign designed to encourage the corporate community to comply with the provisions of the Companies Act 1965 and the Companies Act 2016.

For a limited period, SSM will be offering discounts of up to 90% on penalties and compounds levied on companies that have been negligent in certain areas of compliance, specifically, the failure to submit audit and financial statements and annual reports, among other non-compliant areas.

SSM chief executive officer Dr Azman Hussin, who assumed the role in September this year, chaired the media announcement at Menara SSM in KL Sentral last Tuesday, and stated that SSM's 2020 Compliance Campaign of the Companies Act 2016 begins Jan 1 next year. The campaign lasts till April 30, 2020.

Companies that have incurred penalties, fines and compounds from SSM for non-compliance or who have yet to settle these compounds will be eligible for a maximum discount of up to 90%, subject to terms and conditions.

This means for as long as the company adheres to compliance requirements from SSM, and subject to terms and conditions, within the campaign period, SSM will provide a maximum of 90% compound reduction from the original value of the compound, to the corporate community.

These requirements include, according to Azman as well as SSM



Dr Azman believes greater compliance within the corporate ecosystem will help build better integrity and transparency for the benefit of the nation. - Photo by RAJA FAISAL HISHAN/The Star

Corporate Compliance Division director Aznorashiq Mohamed Zin, that the company or business submits the required documents from the years or the period of non-submission, and just as importantly, that the information in these documents are accurate, relevant and up-to-date.

This campaign is important for various reasons, said Azman.

"We are the custodian of information, so when the courts ask for information, the information has to be up-to-date, hence, companies must submit audited reports. The most important goal is compliance by companies, so we come up with innovative ways in which to make sure there is compliance."

In the long run, he added, greater levels of compliance lead to higher levels of integrity.

"The compound is merely an

instrument of compliance," he noted.

"We have received requests from companies and the public for extra discounts," he added, when asked about the impetus leading to the formulation of this particular campaign.

While non-compliance is defined as non-submission, the inaccuracy of information such as inflated sales figures, is also considered a serious offence based on complaints.

He said that SSM terms this campaign as "pre-emptive action for 2020" for everyone in the company ecosystem.

"As SSM, we are the custodian of the Companies Act(s); our responsibility is to collect information and to make sure the information is correct. This is for the good of the nation. We make it compulsory for companies to submit the informa-

tion - annual returns and audit reports - and if we do not receive updated and current information then the public will not have access to current information then that is something we cannot allow to happen."

The 90% reduction in the maximum fine applies to common offences under the Companies Act 1965 and Companies Act 2016, clarified Azman. These common offences include the failure to submit an annual report; the failure to prepare, submit, present and distribute company financial statements; the failure to hold an Annual General Meeting (in the case of public companies); and the failure to respond to a SSM notice.

For companies whose directors are looking to de-register or wind up the company, they are still eligible for the discount but dormant

and inactive companies are required to apply for a company name deduction pursuant to section 550 under the Companies Act 2016.

Other compounds incurred for other offences not listed as above will not be considered for the 90% reduction, nor for other compounds considered by the Deputy Public Prosecutor seconded to SSM to be serious corporate governance offences and for out-of-court settlements or inquiry papers issued by the prosecution and litigation divisions of SSM's state or branch offices.

There are, as of June this year, over 1.32 million registered companies and businesses, the majority of which are local companies, while registered foreign companies account for only 4,826, as recorded by SSM. However, only 688,000-plus local companies out of the 1.3 million-plus registered local companies are actually active, to which Azman says: "If companies do not update their records, we won't have the exact figures."

Less than half of all foreign registered companies are active, he added, with the figure numbering 2,035.

The current rate of compliance in timely submission of annual returns and financial statements of companies is about 94%. This is good compared to many countries. This new incentive will further increase the compliance rate leading to better updated and precise information on companies and businesses in Malaysia.

For more details, contact SSM (03-7721 4000 / 03-2299 5334), email ar\_compliance@ssm.com.my or visit www.ssm.com.my.