

Remarks by

**YBhg Dato' Zarinah Anwar
Chairman
Securities Commission of Malaysia**

**Dubai Financial Services Authority- Securities Commission Malaysia
Mutual Recognition Initiative
Signing Ceremony**

**Tuesday, 27 March 2007
Putrajaya**

Yang Berhormat Tan Sri Nor Mohamed Yakcop – Finance Minister 2;
Mr David Knott – Chief Executive of the Dubai Financial Services Authority;
Ladies and gentlemen.

Introduction

Tan Sri, thank you for hosting yet another signing ceremony between the SC and the DFSA. Our apologies for imposing upon you yet again, but you must be extremely pleased to know that the hotels in Putrajaya are operating at full occupancy and there is not a room to be found in which to hold this gathering.

As you may recall Tan Sri, it was 7 months ago that we were gathered in this room to sign the Memorandum of Understanding between the SC and the Dubai Financial Services Authority (DFSA) to enhance regulatory cooperation. A major undertaking pursuant to the MOU was to seek regulatory alignment to facilitate the cross border offering of products in Malaysia and the DIFC.

Facilitating cross-border movement of funds

Since the signing of that MOU, the SC and DFSA have worked very hard to bring to fruition today's historic outcome. The Mutual Recognition Agreement which we are signing this evening will facilitate the cross-border movement of syariah compliant funds between our two jurisdictions with minimum regulatory intervention.

Islamic funds that have been approved by the SC may be marketed and distributed in the DIFC, to be facilitated by the entry of Malaysia on to the DFSA's Recognised Jurisdiction Notice.

At the same time, Islamic funds that have been registered or notified with the DFSA will be allowed to be distributed in Malaysia. With this arrangement, both Malaysian and Dubai capital market intermediaries will benefit from gateways to distribute their respective Islamic products.

This mutual recognition arrangement demonstrates our commitment to accelerate the growth of our respective investment management industries through the trading in each other's markets of mutually-recognised investment products.

Underpinning this arrangement, the SC and DFSA will work closely in the areas of supervision and enforcement of securities laws to ensure adequate protection for investors.

This agreement is groundbreaking for the SC, and represents an extremely significant step in our phased liberalisation of the capital market, achieving a couple of 'Firsts'.

This is the first ever mutual recognition agreement that we have entered into - indeed one of a few such agreements in the world today, and the first ever involving two Islamic financial centres. Both ourselves and the DFSA had to work from scratch, with no real precedent to follow. However, with determination and diligence, I believe we have succeeded in creating a mutual recognition model that will take our Islamic capital markets to another level.

Next, this agreement marks the first time that Malaysia will allow foreign funds to directly market and distribute their products here. It is an important milestone in the development of the investment management industry, which was the fastest growing segment of the Malaysian capital market in 2006.

We hope that this mutual recognition agreement will add to the growth of the investment management sector, through benefits provided to market players such as lower regulatory costs and an enlarged investor base. For investors, I have no doubt that they will benefit from more choice in products, better service and a more competitive cost structure for investing.

More importantly, for Malaysia, is the increasing internationalization of our Islamic Capital Market. We have long been regarded as one of the leading centres for Islamic finance. This agreement is another significant milestone in that development.

Tributes

Before I conclude, I would like to thank YB Tan Sri Nor once again for his unwavering support, David Knott and his team for the outstanding cooperation and assistance we received and, the SC team for their tireless efforts. I would also like to thank all of you for being here to witness today's signing. I am confident that this mutual recognition initiative with the DFSA marks the beginning of other mutually beneficial efforts between our markets.

Thank you