

Bursa Malaysia Rules – Key Enforcement Cases in 2018

C. Cases of misconduct by RPs e.g. abuse of client's account/ monies/information/interest where Enforcement Actions were taken against RPs

Bursa Malaysia Securities says:

- (a) The protection of client's account/monies/information/interest is one of the fundamental obligations/duties of a RP which must be upheld at all times and should not be compromised.
- (b) In this regard, RPs:-
 - must not execute their personal trades in the client's account or execute trades in the client's account without the client's prior instructions. Client's account must only be used for the client's trades and not the RP's/third party's trades;
 - should refrain from engaging in/facilitating scheme/arrangement/irregular and unhealthy practice involving client's account including the opening of the client's account and/or abusing/misusing client's account for personal or third party's trades; and
 - should not abuse/misuse client's confidential information.

- (l) Bursa Malaysia Securities had taken enforcement actions against the following RPs/DRs for engaging in various misconducts including abusing the client's' accounts and/or monies, the details of which can be found in the media release issued:-

Glossary:

Bursa Malaysia Securities:	Bursa Malaysia Securities Berhad
CDR:	Commissioned Dealer's Representative
DR:	Dealer's Representatives
Mandatory Training:	Requirement to undergo training on conduct or professionalism of DRs/Registered Persons/Head of Dealing/Compliance Officer/market offences
PO:	Participating Organisation
RP:	Registered Person

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No.	RP/DR	Type of misconduct	Sanctions imposed	Date of media release
1.	Foo Boon Meng	Engaged in unhealthy/irregular practices relating to:- <ul style="list-style-type: none"> • unauthorised/personal trades/trades carried out in client's account for a third party based on DR's own discretion • receipt of client's monies into the DR's own account instead of ensuring client's monies were paid directly to the PO 	(a) public reprimand; (b) fine of RM29,100; (c) 3 months suspension which was deferred for 2 years; and (d) Mandatory Training.	14 March 2018
2.	Chan Ling Ern	<ul style="list-style-type: none"> • Unauthorised/personal trades • Misapplication of client's trust monies 	(a) public reprimand; (b) fine of RM20,000; and (c) striking off.	1 August 2018
2.	Mohd Izzaidi bin Hamzah	Engaged in unlawful/irregular/unhealthy practice relating to account opening and unauthorised trades in the accounts of 2 clients.	(a) public reprimand; (b) fine of RM75,000; and (c) striking off.	5 September 2018

(II) Bursa Malaysia Securities had also imposed a public reprimand via e-Rapid link, fine, deferred suspension and Mandatory Training on the following DR for engaging in the misconducts as set out below:-

Case C1: Use of client's personal/confidential information to impersonate the client

- (1) A CDR was imposed a public reprimand via e-Rapid link, fine of RM8,000, 3 months suspension which was deferred for 2 years (Deferred Suspension) and Mandatory Training for using the personal information of her client (Client A) and impersonating/identifying herself as Client A to obtain a temporary new password for Client A's online trading account with the PO.

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- (2) The CDR's claim that she had acted based on Client A's request/instruction and Client A had provided her personal information to the CDR did not absolve the CDR from liability for the breach. In this regard, as an experienced DR, the CDR:-
 - (a) should not have acceded to Client A's purported request/instruction and/or should have advised Client A to obtain the temporary new password on her own; and
 - (b) knew/ought to have known that the confidentiality of client(s)' personal information was of utmost importance, must be protected at all times and should not be compromised in any way.
- (3) The sanctions were imposed having considered, amongst others:-
 - (a) the severity, extent and impact of the breach which involved/exhibited the element of dishonesty vis-à-vis the CDR impersonating/identifying herself as Client A; and
 - (b) the asserted mitigating factors, amongst others, that there was no evidence of ill-intention/bad faith/ulterior motive on the CDR's part or that she had committed the breach for her own benefit/to Client A's detriment.
- (4) The Deferred Suspension imposed on the CDR was to ensure that she does not commit similar breach(es) relating to the use of client(s)' information/accounts. Thus, the 3 months suspension is deferred and will be waived if the CDR does not commit similar breach(es) within 2 years.

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