

## **Enforcement Statistics**

As enunciated under our [Overview of Enforcement](#), we seek to deter future breaches, educate market participants, promote a better culture of compliance and standards of business conduct and corporate governance practices through our enforcement actions.

To this end, we have taken various types of enforcement actions for breaches of our rules over the years.

In 2019, enforcement actions were taken against 17 Public Listed Companies (“PLCs”) and 25 directors (of 6 PLCs) for various breaches of the Listing Requirements as compared to 15 PLCs and 22 directors (of 5 PLCs) and 1 other person in 2018.

The enforcement actions taken against these parties ranged from private reprimand to public reprimand coupled with fines and/or directives. Details of the enforcement actions (reprimand and above) completed/taken in 2019 and comparison with 2018 are set out below:-.

| Sanctions imposed                         | PLCs |      | Directors <sup>^</sup> |           |
|-------------------------------------------|------|------|------------------------|-----------|
|                                           | 2018 | 2019 | 2018                   | 2019      |
| Public reprimand and fine                 | -    | -    | 19                     | 23        |
| Public reprimand                          | 10   | 6    | 4                      | 3         |
| Private reprimand                         | 5    | 11   | -                      | -         |
| Total no. of PLCs/directors/other person# | 15   | 17   | 23                     | 25        |
| Total fines imposed (RM)                  | -    | -    | 4,910,400              | 8,655,800 |

# more than one sanction/type of sanction may have been imposed on a director, PLC or any other persons subject to the Listing Requirements.

<sup>^</sup> includes any other person subject to the Listing Requirements.

In addition to the sanctions imposed above, we also issued directives for PLCs to conduct limited review on quarterly reports as well as for directors/relevant personnel of the PLCs to attend training programs in relation to financial reporting and compliance with the Listing Requirements as follows:

|                                     | 2018 | 2019 |
|-------------------------------------|------|------|
| Limited review on quarterly reports | 8    | 8    |
| Director's training                 | 11   | 10   |

We generally take enforcement actions for breaches pertaining to:-

- financial reporting (i.e. timely submission as well as accurate reporting of financial statements);
- delay in making material announcement (e.g. material default of credit facilities, material litigation, inaccurate responses to Unusual Market Activity queries as well as announcement of triggering classification as a company with inadequate financial condition/financially distressed company);
- failure to comply with corporate governance requirements (e.g. failure to establish an internal audit function), foreign listing requirements, Bursa Malaysia Securities Berhad's directives; and
- related party transaction requirements.

We view financial reporting breaches (i.e. timely submission as well as accurate reporting of financial statements) strictly as the requirement for companies to submit timely and accurate financial statements is of paramount importance to aid investment decisions and ensure a fair and orderly market for

securities that are traded on Bursa Malaysia. However, we note that there has been significant improvement in compliance by PLCs in ensuring timely and accurate reporting of financial information as evident from the reduction of breaches in this area by more than 50% since 2008 (the year where we commenced stricter director enforcement action).

As for violations of our Business Rules, enforcement actions were instituted against companies (i.e. Participating Organisations, Trading Participants etc.) and their Registered Persons or individuals who are subject to the Business Rules and the key enforcement actions were for supervisory breaches and market/trading misconduct by Registered Persons.

Details of the enforcement actions (reprimand and above) taken for breaches of the Business Rules in 2019 compared to 2018 are as follows:-

| Type of action taken#                                                                                       | No. of Companies |          | No. of Registered Persons / Individuals* |                | Total          |                |
|-------------------------------------------------------------------------------------------------------------|------------------|----------|------------------------------------------|----------------|----------------|----------------|
|                                                                                                             | 2018             | 2019     | 2018                                     | 2019           | 2018           | 2019           |
| Private reprimand and/or directive                                                                          | 1                | 3        | -                                        | -              | 1              | 3              |
| Private reprimand, fine/deferred fine, suspension and/or mandatory training                                 | -                | -        | -                                        | 2              | -              | 2              |
| Public reprimand, fine/deferred fine, suspension/deferred suspension/striking off and/or mandatory training | -                | -        | 7                                        | 2              | 7              | 2              |
| <b>Total</b>                                                                                                | <b>1</b>         | <b>3</b> | <b>7</b>                                 | <b>4</b>       | <b>8</b>       | <b>7</b>       |
| <b>Total fines imposed (RM)</b>                                                                             | <b>-</b>         | <b>-</b> | <b>312,100</b>                           | <b>127,700</b> | <b>312,100</b> | <b>127,700</b> |

# more than one sanction may have been imposed on a company or Registered Person/individual.

\* includes individuals who are subject to the Business Rules e.g. a Local Participant under the Rules of Bursa Malaysia Derivatives Bhd.

In 2019, the enforcement actions were taken against 2 companies (as compared to 1 in 2018) and 4 Registered Persons (as compared to 7 in 2018) for various breaches of the Business Rules.

The enforcement actions taken in 2019 included reprimands (both public and private), suspension, requirement to attend training and fines amounting to RM127,700 (as compared to RM312,100 in 2018). In 2019, the key enforcement actions were for market offences involving manipulative/false trading activities and non-market offences involving a Local Participant (who is not allowed to trade in contracts for others) who had traded in contracts for third parties and engaged in a profit-sharing agreement with a third party.

As part of our effort to educate market participants, inform the market of the range of actions taken, instil market confidence and ensure transparency in our enforcement actions, information on common breaches of our Rules are posted on our [website](#). Where the sanctions imposed include a [public reprimand](#), a media release (together with the basis for the findings of the breach) is also issued.