

CHAPTER 7 – DISCIPLINARY PROCEDURES

Violation

1. Any Listing Sponsor or Trading Agent ("**Defaulting Party**") who, in any circumstances, either directly or indirectly:-
- Types of violation
- (a) commits a breach of any of the provisions in the Labuan Financial Services and Securities Act 2010;
 - (b) commits a breach of any of these Rules;
 - (c) fails to comply with decisions of the Exchange;
 - (d) fails to perform his duties efficiently, honestly or fairly;
 - (e) falsifies any information, report or particulars required to be furnished to the Exchange pursuant to these Rules; or
 - (f) conducts its business in a manner which is detrimental to or could reasonably be considered as likely to be prejudicial to, the interests of its clients, the public or the Exchange,
- shall be liable to any or more of the following penalties:
- Penalties
- (a) public reprimand;
 - (b) fine not exceeding USD\$200,000.00;
 - (c) suspension;
 - (d) withdrawal of license; or
 - (e) any other penalty as deemed fit by the Exchange.

Investigation

2. Any person who has every reason to believe that any of the defaults stated in Rule 1 of this Chapter has occurred or will occur, may lodge an official written complaint to the Exchange. Official complaint
3. The Exchange: Investigating officer
- (a) upon receiving an official complaint referred to in Rule 2 of this Chapter; or
- (b) on its own accord
- may designate an officer to investigate into the default. Upon completing the investigation, the investigating officer shall submit its recommendation to the Disciplinary Committee.
4. Any official complaint referred to in Rule 2 of this Chapter and investigations referred to in Rule 3 of this Chapter shall be recorded by the Exchange in the Complaint Registry. If required, the Exchange may designate and keep any of the contents in the Complaint Registry strictly confidential.
5. All Listing Sponsors or Trading Agents shall co-operate fully with any inspection or investigation that may be carried out under these Rules and shall give the necessary assistance including: Information
- (a) providing the Exchange promptly or within such reasonable time as may be specified by the Exchange, with any information or particulars requested by the Exchange for the purpose of investigating any breach; and
- (b) permitting its directors, officers or employees to be interviewed by or on behalf on the Exchange, ensuring that as far as possible that they are made available for interview and answer truthfully and fully any questions put to them.

Disciplinary Proceedings

6. Where recommendation has been made by the investigating officer to the Disciplinary Committee, the Disciplinary Committee may do any of the following:
 - (a) refer the matter to the Authority;
 - (b) charge the Listing Sponsor or the Trading Agent under these Rules; or
 - (c) decide not to take any further action.
7. If the Disciplinary Committee decides to charge the Listing Sponsor or the Trading Agent, it shall issue a written notice to such party stating:
 - (a) the nature and particulars of the charge; and
 - (b) the place, time and date of the hearing of the charge. The date of the hearing must not be less than fourteen (14) days after the date of the notice.
8. Upon the notice referred to in Rule 7 of this Chapter being served, the Listing Sponsor or the Trading Agent shall respond by either attending the hearing or by submitting a written response to the Disciplinary Committee within ten (10) days from the date of the notice.
9. If the Listing Sponsor or Trading Agent fails to attend a hearing or submit a written response, the Disciplinary Committee may proceed with the hearing in his absence. Failure to attend or response
10. The Disciplinary Committee shall decide at the end of the hearing whether there was default and, if there was, on the penalty that shall be imposed. Decision

Appeal

11. Where a penalty has been imposed by the Disciplinary Committee against a Defaulting Party, he may within fourteen (14) days from the date of notification of the Disciplinary Committee's decision make an appeal against the decision of the Disciplinary Committee to the Exchange Committee pursuant to Rule 1 of Chapter 8. Upon the filing of the notice of appeal, any penalty imposed by the Disciplinary Committee shall be stayed.
12. A notice of appeal shall set out the grounds for appeal and a brief statement of the facts relied upon.

Publicity

13. At the conclusion of the hearing by the Disciplinary Committee where it is found that a default has occurred, the Exchange may publicise in such manner as it thinks fit the name of the Defaulting Party, the decision of the Disciplinary Committee and any other relevant information relating to the proceeding.
14. No claim, action or other proceedings shall be maintainable by the Defaulting Party against the Disciplinary Committee or the Exchange or its officials for publicising items referred to in Rule 13 of this Chapter.