

Bursa Malaysia Rules – Key Enforcement Cases in 2017

C. Cases of misconduct including cases involving unlicensed persons/ unauthorised trades where Enforcement Actions were taken against RPs/the company (POs/TPs) for lapses of supervision

Bursa Malaysia Securities says:

- (a) **The protection of client's account/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;**
 - **should refrain from engaging in/facilitating private arrangement/irregular and unhealthy practice involving the use of the client's account including the client's internet trading account. Client's account must only be used for the client's trades and not the RP's/third party's trades.**

- (l) Bursa Malaysia Securities had imposed a public reprimand, fine and/or deferred suspension and/or Mandatory Training on the following RP/DR for abusing the client's account, the details of which can be found in the media release issued:-

<u>No.</u>	<u>RP/DR</u>	<u>Type of misconduct</u>	<u>Date of media release</u>
1.	Kwan Chun Han	<ul style="list-style-type: none"> • Abuse of client's account by:- <ul style="list-style-type: none"> – executing his personal trades in the client's account; and – using the client's user ID and password to access and use the client's online trading account to execute his personal trades. 	4 August 2017

Glossary:

Bursa Malaysia Securities: Bursa Malaysia Securities Berhad
 Bursa Malaysia Derivatives: Bursa Malaysia Derivatives 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
 SC: Securities Commission
 SDR: Salaried Dealer's Representative
 TP: Trading Participant

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- (II) Bursa Malaysia Securities had also imposed a private reprimand and fine on the following RP/DR for engaging in the misconducts set out below:-

Case C1: Engaging in irregular and unhealthy practice

- (1) A SDR was imposed a private reprimand and fine of RM4,000 for he had participated in/failed to refrain from participating in an arrangement with his client, whereby the SDR could trade first on behalf of the client and inform the client of the trades later. This tantamount to undertaking discretionary trading for the client and had resulted in:-

- (a) disputed trades by the client; and
- (b) losses incurred in the client's account which had to be borne by the SDR.

Hence, the SDR had engaged in an irregular and unhealthy practice.

- (2) The SDR knew/ought to know that he should not undertake trades in the client's account without the client's prior instructions and/or on a discretionary basis. In this regard, the existence of the purported arrangement with the client and/or the claim by the SDR that the client had knowledge/acquiesced to the trades undertaken by the SDR would not absolve him from liability for the breach.

- (3) The above sanctions were imposed having considered, amongst others:-

- (a) the extent of the trades undertaken by the SDR;
- (b) the SDR had settled the outstanding losses in the client's account;
- (c) the SDR's conduct in admitting/not disputing the breaches, hence resulting in earlier resolution of the case; and
- (d) there was no element of dishonesty/fraud/concealment/personal gain by the SDR.

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