

Administrative Actions by Securities Commission Malaysia (“SC”)

No.	Nature of Misconduct	Parties Involved Brief description of misconduct	Action Taken / Date
1.	<p>Breach of:</p> <ul style="list-style-type: none"> Section 61(4) of Capital Markets and Services Act 2007 (“CMSA”), Paragraph 7.03(1) of the SC’s Licensing Handbook and Section 65(1)(g)(v) of the CMSA (“Breach 1”); Paragraph 5.03 of the Guidelines on Advertising for Capital Market Products and Related Services (“Advertising Guidelines”) (“Breach 2”); and Paragraph 5.07 of the Advertising Guidelines (“Breach 3”), read together with Section 356(1)(a) of the CMSA; and <p>Failure to maintain fitness and properness as a Capital Markets Services Representative’s Licence (“CMSRL”) holder for the regulated activity of fund management which warrants a revocation or suspension of licence under:</p> <ul style="list-style-type: none"> Section 72(2)(2)(b)(i) of the CMSA read together with Section 65(1)(b) of the CMSA; and Section 72(2)(2)(b)(iv) of the CMSA read together with Paragraph 7.03(1) of the SC’s Licensing Handbook and Paragraph 7.03(3) of the SC’s Licensing Handbook 	<p>Dato’ Dr Mohd Nazri Khan Bin Adam (“DDNK”)</p> <p><u>Breach 1</u> DDNK’s remarks and conduct on several occasions had resulted or contributed to the misleading impression that an unregistered individual and/or agency had represented, or had an arrangement with Inter-Pacific Asset Management Sdn. Bhd (“IPAM”), as a marketing representative that undertakes marketing and referral activities, when in actual fact, the individual and the agency were not registered with IPAM. As such, DDNK has failed to comply with SC’s licensing condition which requires him to remain fit and proper at all times, as he has conducted himself in such a way that casts doubt on his competence and soundness of judgment.</p> <p><u>Breach 2</u> DDNK had failed to ensure that advertisements made by him or IPAM did not contain any misleading messaging.</p> <p><u>Breach 3</u> DDNK had failed to ensure that information in advertisements is accurate.</p>	<ul style="list-style-type: none"> Suspension of CMSRL for 6 months; Reprimand; Penalty of a total of RM577,500; and Direction to DDNK to attend a course(s) relating to conduct professionalism, ethics or integrity to capital market activities, as determined by the Board of IPAM where such course(s) provide/result in <p>an extra 20 CPE points (in addition to the prescribed/requisite CPE points to be collected), or equivalent to 2 days of training, within 6 months of the date of suspension ('Mandatory Training'), or where DDNK ceases to be a CMSRL holder with the SC, from such date of cessation.</p> <p>6 October 2022</p> <p>On 14 October 2022, DDNK filed a review application with the SC against the suspension and quantum of penalty imposed. The review application was dismissed by the SC on 22 December 2022.</p>

<p>2.</p>	<p>Breach of:</p> <ul style="list-style-type: none"> • Paragraph 7.04 of the Guidelines for Marketing Representative (“MR Guidelines”) (“Breach 1”); • Section 61(4) of the CMSA read together with Paragraph 7.02(1) of the SC’s Licensing Handbook and Section 64(1)(h)(v) of the CMSA (“Breach 2”) • Section 61(4) of the CMSA read together with Paragraph 7.02(12)(a) of the SC’s Licensing Handbook (“Breach 3”); • Section 61(4) of the CMSA read together with Paragraph 7.02(1) of the SC’s Licensing Handbook and Section 64(1)(l)(ii) of the CMSA (“Breach 4”); and • Section 122(1) of the CMSA (“Breach 5”), read together with Section 356(1)(a) of the CMSA. 	<p>Inter-Pacific Asset Management Sdn. Bhd. (“IPAM”)</p> <p><u>Breach 1</u> IPAM had no proper policies and controls established to monitor referral and marketing activities vis a vis compliance with the MR Guidelines. This resulted/contributed to unregistered individual and/or agency structure undertaking referral and marketing activities on IPAM’s private mandate on several occasions in contravention of the aforesaid guidelines.</p> <p><u>Breach 2</u> IPAM has failed to comply with the condition on being fit and proper at all times as IPAM, through Dato’ Dr Nazri Khan (“DDNK”), its Chief Executive Officer (at the material time) has conducted himself in such a way to cast doubt on his competence and soundness of judgment.</p> <p><u>Breach 3</u> IPAM has failed to ensure DDNK, as its licensed representative was adequately supervised which has resulted/enabled DDNK to conduct himself in such a manner in breach of the relevant SC’s law and requirement.</p> <p><u>Breach 4 :</u> IPAM’s employee had misused SC’s name and misled the audience for the benefit of IPAM in one of IPAM’s virtual training sessions. As such, IPAM has failed to comply with the condition of its licence to remain fit and proper at all times as the action of IPAM’s employee reflect discredit on IPAM’s manner of conducting its business.</p>	<ul style="list-style-type: none"> • Reprimand; • Penalty of a total of RM695,000; • Directive for IPAM to: <p>Enhance its controls, and policies and procedures through the establishment of proper monitoring/surveillance measures to ensure that only registered Marketing Representatives are marketing IPAM’s products/services; and</p> <p>Appoint an external auditor upon completing the transfer of all clients’ assets to the custodianship of Maybank, to assess and confirm that all its clients’ assets are correctly accounted for, and the custodian arrangements comply with the SC regulatory requirements. IPAM shall submit the auditor’s report to the SC.</p> <p>6 October 2022</p> <p>On 14 October 2022, IPAM filed a review application to the SC to withhold any public announcement on the reprimand and against the quantum of penalty imposed. The review application was dismissed by the SC on 22 Dec 2022</p>
------------------	--	---	--

		<p>Breach 5 : IPAM has failed in ensuring proper custodial arrangement is in place to safeguard its private mandate clients' assets in respect of investment in foreign jurisdiction as required under the securities laws.</p>	
<p>3.</p>	<p>Breach of subsection 218(2) of the CMSA read together with subparagraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("Rules")</p>	<ul style="list-style-type: none"> • Ang Hwei Chyn ("Ang HC") • Ang Kim Cheng @ Ang Teng Kok • Cheong Chiew Yoon • Ang Ai Way • Goh Chong Ee • Angson Sdn Bhd • Interasia Sdn Bhd ("Interasia" <i>(collectively known as "Ang Family")</i>) • Goh Ah Keen @ Goh Chok Sai • Jumboritz Sdn Bhd ("Jumboritz") <p><i>(collectively, persons acting in concert Group, "PAC Group")</i></p> <p>The PAC Group are persons acting in concert under subsection 216(2) of the CMSA in relation to Multi-Usage Holdings Berhad ("MUHB") pursuant to the financial assistance provided by the Ang Family and Goh Ah Keen to Jumboritz for the subscription of MUHB shares under MUHB's private placement exercise.</p> <p>Failure to undertake a mandatory take-over offer on MUHB pursuant to the transfer of 27.17% equity interest in MUHB from Topazvest Temasek Sdn Bhd to Interasia on 30 April 2018 which increased the collective shareholdings of the PAC Group to above 33% in MUHB.</p>	<ul style="list-style-type: none"> • Reprimand; • Penalty of RM500,000 against the PAC Group collectively; and • Directive to the PAC Group to reduce their collective holdings in MUHB to not more than 33% within one (1) year from the date of the sanction ("Reduction"). Pending the Reduction, the PAC Group is only allowed to exercise up to 33% of the voting rights in MUHB. In this regard, the PAC Group must ensure that: <p>24 November 2022</p>

<p>4.</p>	<p>Non-compliances of paragraphs 3.01 and 3.05 of the Rules on Take-overs, Mergers and Compulsory Acquisitions (“Rules”) and section 221 of the CMSA in relation to the conduct of Mercury Securities as the principal adviser for the conditional voluntary take-over offer by AT Engineering Solution Sdn Bhd (“Offeror”), a wholly-owned subsidiary of AT Systematization Berhad (“Ultimate Offeror”), on Asdion Berhad (“Offeree”) (“Offer”)</p>	<p>Mercury Securities Sdn Bhd (“Mercury Securities”)</p> <p>a. As the principal adviser for the Offer, Mercury Securities had not demonstrated that it had used all reasonable effort to ensure that the Offeror and the Ultimate Offeror were provided with appropriate advice to comply with the Rules and Malaysian Code on Take-overs and Mergers 2016 (“Code”), particularly in relation to –</p> <p>(i) ensuring that the Offeror was aware that the Offer must be made to all shareholders and not limited to those shares in issue as at the date of the Notice, where failure to do so was a non-compliance with General Principle 1 of the Code; and</p> <p>(ii) ensuring that the Offeror has sufficient financial ability to implement the Offer in full (for possible issuance of new shares) prior to the launch of the Offer, where failure to do so was a non-compliance with General Principle 3 of the Code; and</p> <p>b. Mercury Securities had submitted a declaration pursuant to subparagraph 3(f) of Appendix 3 of the Rules in its initial application letter dated 15 March 2022 to the SC which contained a false or misleading statement by confirming that no conflict of interest situation exists or is likely to exist in relation to its role as principal adviser for the Offer, when in fact it was at the material time acting for both the Offeror (as the principal adviser for the Offer) and the Offeree (as the principal adviser and placement agent for the Offeree’s proposed placement of shares).</p>	<p>Reprimand</p> <p>17 November 2022</p>
------------------	--	--	--

5.	Breach the condition of Capital Markets Services Licence ("CMSL") as required under Paragraphs 7.02(2) and 4.04(2) of the SC's Licensing Handbook which warrant a revocation of licence under Section 72(2)(a) (iii) of the CMSA	<p>LT International Futures (M) Sdn Bhd (CMSL holder for the regulated activity of dealing in derivatives)</p> <p>Contravened the condition of CMSL for failure to meet the minimum financial threshold for its Adjusted Net Capital ("ANC") being the higher of RM500,000 or 10% of the aggregated margins required.</p>	<p>Revocation of licence</p> <p>22 September 2022</p>
6.	Two (2) breaches of Section 4(1)(b) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") read together with Section 354(1) of the CMSA	<p>Tan Yu Sing Tan Yu Sing had received proceeds of an unlawful activity being the sum of RM8,000.00</p> <p>Yong Siok Lung Yong Siok Lung had received proceeds of an unlawful activity being the sum of RM2,711.28</p>	<p>1. Reprimand; and 2. Penalty of RM225,000.00 for the 2 breaches.</p> <p>1. Reprimand; and 2. Penalty of RM225,000.00 for the breach.</p> <p>22 August 2022</p>

Source: <https://www.sc.com.my/regulation/enforcement/actions/administrative-actions/administrative-actions-in-2022>