

**PARTICIPATING ORGANISATIONS' CIRCULAR**

Date: 2 September 2015	No : G 13 of 2015
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**Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad****2 SEPTEMBER 2015****BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS AMRAN AMIR BIN ISMET AMIR MOHD IDRIS FOR MISCONDUCTS/VIOLATION OF RULES**

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, imposed a fine of RM31,000 and suspended/restricted (as the case may be) Amran Amir bin Ismet Amir Mohd Idris (Amran) for 6 months as/from being a Registered Person of Bursa Malaysia Securities, for misconducts/breaches relating to account opening and unauthorised trades in a client's account (Client A). In addition, Amran was required to undergo training on conduct or professionalism of Dealer's Representatives (DRs)/market offences (Mandatory Training).

Amran, who was at the material time of the breach a Commissioned Dealer's Representative (CDR) of CIMB Investment Bank Berhad (CIMB) at its Penang Branch Office, had contravened and/or triggered the following provisions of the Pre-Revamped Rules of Bursa Malaysia Securities (applicable prior to 2 May 2013) and Rules of Bursa Malaysia Securities (applicable with effect from 2 May 2013) (Breaches):-

- (A) Rules 404.3(1)(a) & (b), 404.3(6)(b), 404.4(6)(a) and 1302.1(1)(a), (g), (i)(i)(aa) & (i)(iii) of the Pre-Revamped Rules of Bursa Malaysia Securities (for breaches which occurred prior to 2 May 2013); and
- (B) Rules 3.14(d), (e) & (f), 5.01(a) and 15.09(i)(iii) of the Rules of Bursa Malaysia Securities and Paragraph 11.3(2) of Directives No. 5-001 of the Participating Organisations' Directives and Guidance (POs' Directives) (for breaches which occurred from 2 May 2013 onwards).

Bursa Malaysia Securities views seriously misconducts that impinge on the professional conduct of Registered Persons and compromise clients' protection as such misconducts may adversely affect and damage market integrity and confidence. Bursa Malaysia Securities will not hesitate to take appropriate action against anyone who engages in such misconducts, including imposition of fines and suspension/restriction/striking off a Registered Person from the Register commensurate with the severity of the breach.

## **BACKGROUND**

The finding of the breach and the imposition of the sanctions on Amran were made pursuant to Rule 15.02 of the Rules of Bursa Malaysia Securities after according due process to Amran and taking into consideration all facts and circumstances, including that:-

- (1) Amran had failed to authenticate the application to open Client A's account in the manner required under the rules and falsely declared authentication of the account opening forms (Forms). In this regard, Amran had proceeded to witness/authenticate the Forms without, amongst others:
  - (a) ensuring that Client A, whom he had never met, appeared and executed the Forms in person before him as the Forms were submitted to him via post;
  - (b) sighting the original supporting documents for the account opening; and
  - (c) taking all reasonable steps to verify, by reliable means, Client A's identity and the information in the Forms.
- (2) Amran had unlawfully transacted in Client A's account as over a period of a year:-
  - (a) the trades in Client A's account were executed based on instructions from a third party, without the knowledge/consent/written authorisation of Client A; and
  - (b) Amran had allowed Client A's account to be used by a third party to undertake trading activities based on the third party's instructions. The trades were the third party's trades and not Client A's trades.
- (3) The imposition of public reprimand, fine of RM31,000, suspension and Mandatory Training on Amran had taken into account, amongst others:
  - (a) the severity of the Breaches committed by Amran;
  - (b) the commission derived by him;
  - (c) it was Amran's practice to open accounts in a manner not in compliance with the rules governing account opening; and
  - (d) Amran's co-operation including his admission/non-denial of the Breaches.
- (4) As a DR, Amran must at all times:-
  - (a) observe professional standards of integrity and fair dealing;
  - (b) act honestly and in the best interests of his client;
  - (c) perform his duties efficiently, honestly or fairly;
  - (d) ensure proper verification of his client's identity and the authenticity of the application for opening a trading account which must be supported by all essential documents and information pertaining to his client relevant to the services to be provided;
  - (e) not falsely declare authentication of an account opening application;
  - (f) obtain prior written authorization from his client before accepting or acting on any instruction received from any other person purporting to act on behalf of that client; and

(g) not unlawfully transact in another person's account.

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Head, Enforcement

## ADDENDUM

Rules 404.3(1)(a) & (b), 404.3(6)(b), 404.4(6)(a) and 1302.1(1)(a), (g), (i)(i)(aa) & (i)(iii) of the Pre-Revamped Rules of Bursa Malaysia Securities (applicable prior to 2 May 2013) provide, amongst others, that:

- every Participating Organisation (PO) and every DR employed or engaged by the PO shall at all times –
  - observe professional standards of integrity and fair dealing; and
  - act honestly and in the best interests of their clients;
- no PO, Head of Dealing (HOD) and DR shall, prior to obtaining written authorisation from a client, accept or act on any instruction received from any other person purporting to act on behalf of that client; and
- where a client submits an application to open an account with the PO through a DR, the DR shall authenticate his client's application for account opening by ensuring that the application forms(s) for account opening is (are):-
  - duly completed and all particulars and information of the client in the application form(s) are verified against relevant supporting documents in accordance with the requirements stipulated by the Exchange, the Depository and the written procedures established by the PO; and
  - duly executed by his client in person before the DR; and
- any Participant (Defaulting Participant) who, in any circumstances, directly or indirectly –
  - commits a breach of or violates any of the Rules;
  - fails to perform his duties efficiently, honestly or fairly;
  - being a DR –
    - falsely declares authentication of an account opening application; and
    - unlawfully transacts on behalf of another person's account,shall be liable and be dealt with in accordance with the provisions of the Rules relating to the same.

Rules 3.14(d), (e) & (f), 5.01(a) and 15.09(i)(iii) of the Rules of Bursa Malaysia Securities and Paragraph 11.3(2) of Directives No. 5-001 of the POs' Directives (which came into effect on 2 May 2013) provide that:

- throughout the term of a Registered Person (RP)'s registration, a RP must:-
  - observe professional standards of integrity and fair dealing;
  - exercise proper skill, care and diligence; and
  - act honestly and in the best interest of the Client and the PO;
- a PO and RP must, in the conduct of the PO's business adhere to just and equitable principle and act with due skill, care and diligence and with due regard for the integrity of the market;
- any Participant (Defaulting Participant) who, in any circumstances, directly or indirectly, being a DR, unlawfully transacts on another person's account, will be

liable and be dealt with in accordance with the provisions of the Rules relating to the same; and

- a PO, HOD and DR may only accept or act on an instruction from a third party in relation to trading in a Client' trading account upon receipt of a written authorization from the Client empowering the third party to trade for the Client's account.