

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 30 May 2018	No. : G 16 of 2018
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Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad

30 May 2018

BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS LEE CHIN LAI, NG YEE KIM AND PRAM SINGH A/L TARA SINGH FOR ENGAGING IN MANIPULATIVE TRADING ACTIVITIES

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, fined and suspended/restricted (as the case may be) 3 Dealer's Representatives (DRs) for engaging in manipulative trading activities in the securities of 5 counters (the 5 Counters), namely:-

- (i) Sinotop Holdings Berhad;
- (ii) Leweko Resources Berhad;
- (iii) GSB Group Berhad;
- (iv) Cybertowers Berhad; and
- (v) Jasa Kita Berhad.

In addition, they were required to undergo training on conduct or professionalism of DRs/market offences (Mandatory Training).

The DRs and the sanctions imposed are as follows:-

Details of DR	Sanctions Imposed
Lee Chin Lai (LEE)	(a) public reprimand; (b) fine of RM61,000; (c) 10 months suspension which is deferred for 2 years (Deferred Suspension); and (d) Mandatory Training.
Ng Yee Kim (NG)	(a) public reprimand; (b) fine of RM61,000; (c) 10 months suspension which is deferred for 2 years (Deferred Suspension); and (d) Mandatory Training.

Details of DR	Sanctions Imposed
Pram Singh A/L Tara Singh (PRAM)	(a) public reprimand; (b) fine of RM58,000; (c) 10 months suspension which is deferred for 2 years (Deferred Suspension); and (d) Mandatory Training.

LEE, NG and PRAM (the 3 DRs) had contravened and/or triggered the provisions of (Breaches):-

- (i) Rules 401.1(3), 404.3(1)(a) & (c) and 1302.1(1)(a) & (g) of the Pre-Revamped Rules of Bursa Malaysia Securities (for Breaches which occurred prior to 2 May 2013); and
- (ii) Rules 3.14(d), (e) & (g) and 5.01(b) of the Rules of Bursa Malaysia Securities and Paragraph 1.1(1)(h) of Directives No. 5-001 of Participating Organisations' Directives and Guidance (POs' Directives) (for Breaches which occurred from 2 May 2013 onwards).

Bursa Malaysia Securities places strong emphasis on the need to maintain a fair and orderly market and will not tolerate any acts or practices which could lead to false trading, manipulative activities and/or compromise the integrity of the market. Bursa Malaysia Securities will not hesitate to take appropriate actions against anyone who engages in such misconducts which commensurate with the severity/impact/extent of the breach, including suspension/striking off a Registered Person from the Register and imposition of fines.

BACKGROUND

The findings of the Breaches and the imposition of the sanctions on the 3 DRs were made pursuant to Rule 15.02 of the Rules of Bursa Malaysia Securities after according due process to the 3 DRs and taking into consideration all facts and circumstances, including the following:-

- (1) In regard to the Breaches by the 3 DRs:-
 - (a) LEE, who was at the material time of the Breaches a Commissioned DR (CDR) of CIMB Investment Bank Berhad at its Principal Office;
 - (b) NG, who was at the material time of the Breaches a CDR of HwangDBS Investment Bank Berhad/Affin Hwang Investment Bank Berhad at its Mid Valley Branch Office; and

- (c) PRAM, who was at the material time of the Breaches a CDR of ECM Libra Investment Bank Berhad/Kenanga Investment Bank Berhad at its Seremban Branch Office,

had engaged in the following manipulative trading activities in the 5 Counters on certain trading days (ranging from one to several trading days) through the accounts of their clients (who were their family members respectively) (Manipulative Trading Activities):-

- (i) the execution of on-market coordinated cross trades among the 3 DRs with the entries of opposing orders at the same price and in many instances, in close proximity of time that took on each other's opposing trades/passed on their shares to each other which had generated artificial trading activity and volume (Cross Trades);
- (ii) the execution of increasing bids buy orders (Bidding up) (i.e. positive price changes from the last traded price/reference price) by taking the seller at the seller's price repeatedly. This caused the prices of the 5 Counters to rise or be maintained/sustained at certain levels; and
- (iii) the placing of buy orders at multiple price levels (Order stacking) which created a misleading appearance of increased and sustained/strong demand/market for the shares at certain price level with inflated demands. This induced other market participants into the market and facilitated the disposal of their clients' shareholdings in the 5 Counters. These stacked buy orders were subsequently cancelled/withdrawn (Order withdrawal) when these buy orders were at the priority queue in order to avoid priority at the bid side of the order book. This indicated that these buy orders were not intended to be traded.

These Manipulative Trading Activities had given rise to the creation of a false/misleading appearance of active trading and/or in respect of the market for and/or the price of the securities of the 5 Counters during the relevant trading days (False/Misleading Appearance of Securities).

- (2) Through these Manipulative Trading Activities by the 3 DRs in the 5 Counters (that were either thinly traded/relatively thinly traded):-
- (a) the market was led to believe and under the false impression that there was continuous/strong demand by various participants who were engaging in the buying activities in the 5 Counters at various price levels/higher prices, without the market knowing that these were essentially orders and trades which emanated from the 3 DRs; and

- (b) the share price of the 5 Counters had been raised/maintained at certain levels which generated artificial trading activity and volume.
- (3) By facilitating/failing to restrain or refrain the clients from the Manipulative Trading Activities despite the clients' irregular trading patterns set out above, the 3 DRs as experienced DRs had failed to discharge their duties as DRs to:-
- a. observe professional conduct, standards of integrity and fair dealing including exercise due care and diligence in the execution of trades including making a proper assessment of the clients' orders received/executed and their impact;
 - b. carry out their duties efficiently and in a manner which contributes to the maintenance of a fair and orderly market; and
 - c. avoid or refrain from engaging in acts or practices which might lead to a False/Misleading Appearance of Securities.
- (4) The sanctions were imposed on the 3 DRs after taking into consideration, amongst others:-
- all facts and circumstances, including the extent and impact of the Breaches including the financial benefit generated in the clients' accounts;
 - the 3 DRs' co-operation with Bursa Malaysia Securities in the enforcement actions against them by admitting to the Breaches; and
 - the 3 DRs' asserted mitigating factors as well as the commission earned by them.
- (5) The Deferred Suspension imposed on the 3 DRs was to ensure that the 3 DRs do not commit another dealing related breach(es). Thus, the 10 months suspension is deferred and will be waived if there is no commission of another dealing related breach(es) by the 3 DRs within 2 years.

-End-

Head, Enforcement

ADDENDUM

Rules 401.1(3), 404.3(1)(a) & (c) and 1302.1(1)(a) & (g) of the Pre-Revamped Rules of Bursa Malaysia Securities and Rules 3.14(d), (e) & (g) and 5.01(b) of the Rules of Bursa Malaysia Securities and paragraph 1.1(1)(h) of Directives No. 5-001 of the POs' Directives (which came into effect on 2 May 2013) state, amongst others, that a Registered Person must:-

- observe professional conduct, standards of integrity and fair dealing, exercise proper skill, care and diligence and carry out the Registered Person's duties in a manner that contributes to the maintenance of an orderly and fair stock market;
- in the conduct of the PO's business, not through any act or omission, do anything which may result in or has the effect of the market not being orderly and fair; and
- not engage in any act or practice that might lead to a false or misleading appearance of active trading in any securities on the stock market of the Exchange or a false or misleading appearance with respect to the market for, or the price of, any such securities, or directly or indirectly be tantamount to stock market manipulation.