

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 22 December 2016

No : G 18 of 2016

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad

22 December 2016

BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS NG MING HOE FOR ENGAGING IN MANIPULATIVE DEALING ACTIVITIES

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, imposed a fine of RM20,200 and suspended/restricted (as the case may be) Ng Ming Hoe (Ng) for 3 months as/from being a Registered Person of Bursa Malaysia Securities, for engaging in manipulative dealing activities in the securities of numerous counters (the Relevant Counters).

In addition, Ng was required to undergo training on conduct or professionalism of Dealer's Representatives (DRs)/market offences (Mandatory Training).

Ng, who was at the material time of the breach a Commissioned Dealer's Representative of Kenanga Investment Bank Berhad at its Seremban Branch Office, had contravened and/or triggered the provisions of Rules 3.14(d), (e), (f), (g), (h) & (i), 3.16 and 5.01(b) of the Rules of Bursa Malaysia Securities and paragraph 1.1(1)(h) of the Directives No. 5-001 of the Participating Organisations' Directives and Guidance (POs' Directives).

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 misconduct which commensurate with the severity of the breach, including suspension/striking off a Registered Person from the Register and imposition of fines.

BACKGROUND

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

- (1) The manipulative characteristics of the trades in the Relevant Counters undertaken/executed by Ng as follows:-

- (a) on-market cross trades (Cross Trades/Cross Trading activities) at the dictated price level in the accounts of his three clients (which included his wife) (his/Ng's 3 Clients) on/by the settlement dates or on T+4 to facilitate the rollover or passing on the shares amongst each other; and
 - (b) in some instances of Ng's 3 Clients' Cross Trading, there were activities of entry or slicing of buy orders in small quantity to take up any of his 3 Clients' sell orders which had facilitated the disposal of their shares queued at the best offer price.
- (2) By engaging in these Cross Trading activities repeatedly on a significant number of trading days of a few months that involved the matching or crossing of the opposing corresponding buy and sell orders of the Relevant Counters in Ng's 3 Clients' accounts, Ng/his 3 Clients had:-
- (a) entered the Clients' opposing corresponding orders in close proximity of time, at the price and quantity that took up each other's orders;
 - (b) caused the trades carried out on-market in Ng's 3 Clients' accounts not to be subject to natural market forces of supply and demand by deliberately matching their opposing orders; and
 - (c) enabled the matching of the buy and sell by his 3 Clients to be done at the price levels dictated by him/his Clients.
- These activities created a false or misleading appearance as to the market for or the price of the shares for these Relevant Counters which had or could have generated interest and enticed other market participants to trade in these Relevant Counters.
- (3) The imposition of the sanctions including the fine and suspension on Ng had taken into account, amongst others, Ng's admission to the breaches, the period and number of the breaches/counters involved, the impact of the breaches as well as the financial benefit/commission derived and his asserted mitigating factors including his financial hardship/condition.
- (4) As a DR, Ng must at all times:-
- (a) observe professional conduct, standards of integrity and fair dealing including exercise due care and diligence in the execution of trades;
 - (b) act honestly and in the best interest of the clients and not act in a manner that may compromise his function and position as a Registered Person;
 - (c) carry out his duties in a manner which contributes to the maintenance of a fair and orderly market; and

- (d) avoid or refrain from engaging in acts or practices which might lead to a false/misleading appearance of active trading in, the market for or price of the securities (including participating in/facilitating any operation by others that might have the same result).

-End-

Head, Enforcement

ADDENDUM

Rules 3.14(d), (e), (f), (g), (h) & (i), 3.16 and 5.01(b) of the Rules of Bursa Malaysia Securities and paragraph 1.1(1)(h) of the 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, act honestly and in the best interest of the client/effectively discharge the Registered Person's duties;
- 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.