

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 14 June 2017

No. : G 21 of 2017

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad**14 June 2017****BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS ANWAR RAUF BIN IDRIS FOR ENGAGING IN MANIPULATIVE DEALING ACTIVITIES**

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, imposed a fine of RM32,000 and suspended/restricted (as the case may be) Anwar Rauf bin Idris (Anwar) for 5 months as/from being a Registered Person of Bursa Malaysia Securities, for engaging in manipulative trading activities in the securities of Boustead Holdings Berhad (BSTEAD).

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

Anwar, who was at the material time of the breach a Salaried Dealer's Representative of Affin Hwang Investment Bank Berhad (AHIBB) at its Jalan Conlay, Kuala Lumpur Branch Office, had contravened and/or triggered the provisions of Rules 3.14(d), (e) & (g) 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).

The finding of the breach and imposition of the sanctions on Anwar were made pursuant to Rule 15.02 of the Rules of Bursa Malaysia Securities after according due process to Anwar and taking into consideration all facts and circumstances, including the severity, extent and impact of the breaches and the conduct of Anwar and his co-operation with Bursa Malaysia Securities in the enforcement action against him by admitting/not disputing the breaches, hence resulting in earlier resolution of the case. In this regard, in determining the sanctions to be imposed, Bursa Malaysia Securities will take into account the extent of co-operation by the errant party (including admission of the breaches/timing of the initiation of settlement by the errant party).

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

- (1) The breaches by Anwar were in relation to his manipulative trading activities in the securities of BSTEAD through the account of an institutional client of AHIBB (the Client) for a period of over a month (the Relevant Period) which involved/had the following characteristics (Manipulative Trading Activities):-
 - (a) the execution of increasing bid trades (IB Trades) through the entry of buy orders at prices higher than the prevailing market prices in the Client's account coupled with the activity of stacking of buy orders at various price levels which had narrowed the best bid and ask price spread and had driven up the BSTEAD share price or maintained the share price at certain levels; and
 - (b) the execution of marking the close trades (Marking the Close activities) through the entry of buy orders at prices higher than the last traded price (LTP)/prevailing Theoretical Closing Price during the pre-closing phase. The matching of these orders during the Trading-at-Last phase had resulted in either the closing price of BSTEAD to surge and close at the day high or at a price higher than the LTP.
- (2) These Manipulative Trading Activities undertaken by Anwar in the Client's account:-
 - (a) had dictated the direction of BSTEAD share price and consequently influenced its closing price for the purpose of facilitating/which ultimately facilitated the execution of On-Market Married Transactions (OMMTs) (which could only be traded at/between the best bid/ask price) between the Client and another client of AHIBB at higher prices; and
 - (b) had created a false/misleading appearance of the market for, activities in and the price of the securities of BSTEAD (False/Misleading Appearance of Securities) during the Relevant Period.
- (3) By engaging in/failing to restrain or refrain the Client from the Manipulative Trading Activities during the Relevant Period:-
 - despite the clear patterns of repetitive driving up the price via IB Trades including in small quantity and the aggressive buying activities undertaken at higher prices during the pre-closing phase; and

- with Anwar’s role in the execution of some of the OMMTs at higher prices (which was made possible by the IB Trades and Marking the Close activities which raised/maintained the prices at certain levels),

Anwar had failed to discharge his duties as a DR to:-

- (a) observe professional standards of integrity and fair dealing including exercise due care and diligence in the execution of trades;
- (b) carry out his duties efficiently, fairly and in a manner which contributes to the maintenance of a fair and orderly market;
- (c) not act as a mere order-taker without making proper assessment of the orders received and executed and impact to the market in ensuring market orderliness/integrity; and
- (d) avoid or refrain from engaging or becoming a party to, or getting involved in any acts or practices which might lead to a False/Misleading Appearance of Securities.

-End-

Head, Participants Enforcement

ADDENDUM

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 Participating Organisation'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.