

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 21 August 2017

No. : G 29 of 2017

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad

21 August 2017

BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS WONG WING HAUR FOR ENGAGING IN MANIPULATIVE DEALING ACTIVITIES

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, imposed a fine of RM60,000 and suspended/restricted (as the case may be) Wong Wing Haur (WWH) for 10 months as/from being a Registered Person of Bursa Malaysia Securities, for engaging in manipulative trading activities in the securities of 6 counters (the Relevant Counters), namely:-

- (i) Asdion Berhad (ASDION);
- (ii) Nexgram Holdings Berhad (NEXGRAM);
- (iii) Ire-Tex Corporation Berhad (IRETEX);
- (iv) NEXGRAM-WA;
- (v) NEXGRAM-WC; and
- (vi) MQ Technology Berhad (MQTECH).

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

WWH, who was at the material time of the breach a Salaried Dealer's Representative of JF Apex Securities Bhd at its Principal 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 Directives No. 5-001 of the Participating Organisations' Directives and Guidance (POs' Directives).

The finding of the breach and imposition of the sanctions on WWH were made pursuant to Rule 15.02 of the Rules of Bursa Malaysia Securities after according due process to WWH and taking into consideration all facts and circumstances, including the severity, extent and impact of the breaches and the conduct of WWH 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 misconducts 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 WWH were in relation to his manipulative trading activities in the securities of the Relevant Counters through the accounts of 4 clients (Clients) (all of which were either directly or indirectly related to each other/with the Relevant Counters) on several trading days over a period time (the Relevant Period) which involved/had the following characteristics (Manipulative Trading Activities):-
 - (a) for ASDION, undertook increasing bid trades (IB Trades) which drove up/maintained the share price of ASDION and marking the close activity;
 - (b) for 5 of the Relevant Counters (i.e. NEXGRAM, IRETEX, NEXGRAM-WA, NEXGRAM-WC and MQTECH), undertook frequent alternating of the buying and selling of the shares during the Relevant Period at or at about the same prices with no economic sense (Churning activities) as these trades had resulted in losses except for NEXGRAM during the Relevant Period. These false trading activities had given rise to a surge and increase in the trading volume and generated artificial trading activities that misled the market into believing that there were activities in the 5 Relevant Counters, not knowing that these trading activities were by a single DR, i.e. WWH who had dominated the trading in the market for the Clients;
 - (c) for IRETEX, undertook IB Trades that drove up/maintained the share price of IRETEX; and
 - (d) for MQTECH, undertook Churning activities that also involved numerous instances of on-market cross trading among the Clients with the entry of their corresponding opposing buy and sell orders in close proximity of time at the same or about the same price which gave rise to the matching of these opposing trades within a short span of time during certain trading intervals.

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 Relevant Counters (False/Misleading Appearance of Securities).

(2) Despite the red flags of irregular trading in the shares of the Relevant Counters, including, amongst others:-

(a) the commonality of the Clients' accounts with the same contact person/same address and that one of the Clients was related to the issuers;

(b) the repeated buying activities in the Clients' accounts at higher prices for new purchase positions and on the same day, the selling activities were carried out in the same/another Clients' accounts at prices lower than the day's buying activities; and

(c) the Clients' extensive and repeated buying and selling at/about the same price or selling at lower price that displayed no economic sense,

WWH had failed to be alerted and raised his suspicion of the questionable trades and engaged in/continued to facilitate the Clients' Manipulative Trading Activities including the Churning activities which were carried out over a period of time. In this regard, WWH had failed to make proper assessment of the Clients' trading instructions/activities and acted as a mere order taker which was not an acceptable conduct of a responsible Registered Person (RP).

(3) As a RP in carrying out his dealing activities, WWH 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 including making a proper assessment of the clients' orders received/executed and their impact;

(b) carry out his 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 active trading in, the market for or price of these securities.

-End-

Head, 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 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.