

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 12 October 2017

No. : G 46 of 2017

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad

12 October 2017

BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS WONG MIN JUN FOR ENGAGING IN MANIPULATIVE DEALING ACTIVITIES

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, imposed a fine of RM20,000 and suspended/restricted (as the case may be) Wong Min Jun (WMJ) for 3 months as/from being a Registered Person of Bursa Malaysia Securities, for engaging in manipulative trading activities in the securities of Lay Hong Berhad (LAYHONG).

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

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

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

- (a) all facts and circumstances, including the severity, extent and impact of the breaches;
- (b) the conduct of WMJ as well as his asserted mitigating factors including his financial hardship/condition; and
- (c) WMJ's 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 WMJ were in relation to his manipulative trading activities in the securities of LAYHONG through a client's account over a period of time (the Relevant Period) which involved/had the following characteristics (Manipulative Trading Activities):-

- (a) the repetitive execution of increasing bid trades (IB Trades) that drove up or maintained LAYHONG share price at certain levels through the entry of buy orders at prices higher than the prevailing market prices in the client's account; 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 prior to/during the pre-closing phase which resulted in the closing price of LAYHONG shares to either surge and close at the day high or at a price higher than the LTP.

These repetitive buying up of the shares via IB Trades including in small quantity and late in the day while LAYHONG share price was on a downward trend/the constant buying at higher prices towards the end of the trading day in the Marking the Close activities had interfered with the genuine market forces of supply and demand.

(2) These Manipulative Trading Activities by WMJ:-

- (a) had dictated the direction of LAYHONG share price and consequently caused the share price to rise/close higher or prevented the price from closing lower;
- (b) determined/influenced the closing price of LAYHONG; and

thus, had given rise to the creation of a false/misleading appearance of the price of the securities of LAYHONG during the Relevant Period (False/Misleading Appearance of Securities).

- (3) By facilitating/engaging in/failing to restrain or refrain the client from the Manipulative Trading Activities during the Relevant Period despite the client's irregular trading patterns set out above, WMJ had failed to discharge his duties as a DR 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 client's 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 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.