

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 28 May 2015

No : G 9 of 2015

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad**28 MAY 2015****BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND ORDERS TO STRIKE OFF NG SOO GING FOR ENGAGING IN MANIPULATIVE DEALING ACTIVITIES**

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, imposed a fine of RM380,000 and ordered to strike off Ng Soo Ging (NG) as a Registered Person of Bursa Malaysia Securities for engaging in manipulative dealing activities in the securities of three (3) counters, GPRO Technologies Bhd (GPRO), Industronics Bhd (ITRONIC) and MNC Wireless Bhd (MNC) (collectively referred to as the 3 Counters).

NG, who was at the material time of the breach a Commissioned Dealer's Representative (CDR) of Maybank Investment Bank Berhad at its Klang branch, had contravened and/or triggered the provisions of Rules 401.1(3), 404.3(1)(a)&(c) and 1302.1(1)(a)&(g) of the Pre-Revamped Rules of Bursa Malaysia Securities.

Bursa Malaysia Securities places a 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 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 that:-

- (1) NG had carried out dealing activities in the 3 Counters over a period of time in the accounts of a group of as many as 30 clients including five who were related to her (i.e. her husband, sisters-in law, brother in-law and her niece) (NG's clients) involving churning and rollover activities which had created a false or misleading

appearance of active trading in, the market for and/or the price of the securities (False/Misleading Appearance) of the 3 Counters. The characteristics and impact of NG's dealing activities were as follows:-

- (a) the active buying and selling in the 3 Counters at/about the same price in her clients' accounts through numerous series of buy and sell orders rolled-over and churned (Rollover and Churning activities);
 - (b) the Rollover and Churning activities were carried out on daily/almost daily basis over a period of about two months which involved:-
 - (i) the sales undertaken to close off purchases in these clients' accounts on/prior to the due dates for settlement and on the same day, fresh purchases were made in the same/another client's account. This had enabled the purchase positions of NG's clients to be rolled over to the next trading cycle(s) whilst having the shares of the 3 Counters retained within this group of NG's clients' accounts that prolonged their holding period;
 - (ii) entries of series of buy orders in small quantities at the same price/slicing of the buy orders when one single buy order would have sufficed for there was sufficient sell quantity in the market to fulfil these orders. These buy orders entered within seconds were taking/hitting the existing sell orders;
 - (c) the repeated active buying and selling activities/Churning activities were also noted to have been frequently matched to opposing orders from certain brokers that had supported each other's opposing orders/trades, indicating these trades were not subject to natural market forces of supply and demand; and
 - (d) the characteristics of the Churning and Rollover activities perpetrated showed that the orders were not genuine and executed to create and had in fact created false/misleading appearance of increased activity and demand of the 3 Counters in the market with the price of these shares being traded/maintained/dictated at certain levels.
- (2) As a Registered Person acting in the capacity as a Dealer's Representative (DR), NG was obligated to carry out her duties including ensuring maintenance of a fair and orderly market and fair dealing. As such, it is not acceptable for NG to act as a mere order-taker towards executing clients' orders without making proper assessment of clients' orders received/executed. In undertaking dealing activities

for her clients, NG ought to have exercised reasonable due care and diligence so as to avoid/prevent/refrain from any manipulative/false dealing activities.

- (3) The imposition of the sanctions including the fine and striking off on NG had taken into account:-
- (a) the extent and impact of the manipulative trading activities in NG's clients' accounts that spanned over a period of time as well as the ill-gotten gains of significant commission generated/earned by her from such activities; and
 - (b) the repeated breaches of the rules by NG and the continued false market activities in her clients' accounts despite numerous engagements/concerns raised by Bursa Malaysia Securities showed a pattern of her neglect/deliberate/reckless acts of dealing activities without due regard to market orderliness.
- (4) As a DR, NG must at all times:-
- (a) observe professional standards of integrity and fair dealing including exercise due care and diligence in the execution of trades;
 - (b) carry out her duties efficiently and in a manner which contributes to the maintenance of a fair and orderly market; and
 - (c) 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 active trading in, the market for or price of the securities.

-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 (the Rules) state, amongst others, that:-

- DRs shall avoid any act or practice which 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 manipulations;
- every DR employed or engaged by the Participating Organisation shall at all times observe professional standards of integrity and fair dealing, and conduct their business in a manner which contributes to the maintenance of a fair and orderly market; and
- any Participant who, in any circumstances, directly or indirectly commits a breach of or violates any of the Rules or fails to perform his/her duties efficiently, honestly or fairly shall be liable and be dealt with in accordance with the provisions of the Rules relating to the same.