

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 4 March 2021

No.: G 14 of 2021

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad**4 March 2021****BURSA MALAYSIA SECURITIES PUBLICLY REPRIMANDS, FINES AND ORDERS TO STRIKE OFF MOHD IKMAL BIN ZULKIFLI FOR MISCONDUCTS AND VIOLATION OF RULES**

Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)] (Bursa Malaysia Securities) has publicly reprimanded and imposed a fine of RM28,500 on Mohd Ikmal Bin Zulkifli (IKMAL) and ordered to strike off IKMAL from the Register if he was still a Registered Person of Bursa Malaysia Securities for misconducts/breaches involving personal/unauthorised trades in the accounts of 2 clients (Client A and Client B/Clients) and misapplication of Client B's trust monies/sales proceeds/contra gains to settle IKMAL's unauthorised purchases.

IKMAL, who was at the material time of the breaches a Commissioned Dealer's Representative of RHB Investment Bank Berhad (RHBIB) at its Pandan Indah branch office, had contravened and/or triggered the provisions of Rules 3.14(d), (e) & (f), 3.47(1)(m)(i) and 15.09(a), (g), (i)(iii) & (i)(vi) of the Rules of Bursa Malaysia Securities and Paragraphs 1.1(1)(e) and 11.2(a) of Directives No. 5-001 of the Participating Organisations' Directives and Guidance (POs' Directives).

Bursa Malaysia Securities views seriously misconducts that impinge on the professional conduct and integrity of Registered Persons and compromise clients' protection as such misconducts may adversely affect and damage market integrity and public confidence. Bursa Malaysia Securities will not hesitate to take appropriate action against anyone who engages in such misconducts, including imposition of fines and suspending/restricting/striking off a Registered Person from the Register commensurate with the severity of the breach.

BACKGROUND

The finding of the breaches and imposition of sanctions on IKMAL were made pursuant to Rule 15.02 of the Rules of Bursa Malaysia Securities after according due process to IKMAL and taking into consideration all facts and circumstances and mitigating/aggravating factors including the following:-

- (1) IKMAL had:-
 - (a) misused Client A's account to carry out his own trading activities of share speculation on numerous trading days; and

- (b) over a period of 2 months, misused Client B's account to carry out trades based on his own discretion without Client B's knowledge and consent and the shares were then force sold.

These trades had resulted in losses in the Clients' accounts which were disputed by the Clients.

- (2) IKMAL had also wrongfully applied/used monies/sales proceeds/contra gains in Client B's trust account to settle IKMAL's unauthorised purchases or to off-set fully or partially against the contra losses incurred arising from IKMAL's contra trading.
- (3) The sanctions, in particular the fine and striking off, were reflective of the severity and extent of the breaches and were imposed having considered, amongst others, the following:-
 - (a) The extent/materiality of the personal/unauthorized trades by IKMAL.
 - (b) IKMAL's conduct was tainted with dishonesty/bad faith and impinged on his integrity and honesty as a Registered Person as shown by, amongst others, the following aggravating factors/conducts:-
 - (i) IKMAL had continued to trade in Client A's account despite Client A's warning for him to stop the transactions.
 - (ii) IKMAL had committed the breaches for his personal benefit/financial gain.
 - (iii) IKMAL had attempted to conceal his misconducts in Client A's account from the management of RHBIB.
 - (iv) IKMAL had failed to settle the Clients' losses despite several promises to do so.
 - (c) As an experienced Registered Person, IKMAL knew or ought to know that he should not use or initiate any arrangement to use any client's account for his personal trades and to share the profits with the client. Hence, the client's purported agreement/consent to the arrangement would not absolve IKMAL from the breaches.
 - (d) IKMAL's misconducts had clearly undermined investor protection, particularly protection of clients' accounts and monies which is one of the fundamental obligations of a Dealer's Representative (DR) and must be upheld at all times.
 - (e) IKMAL's asserted mitigating factors and his non-dispute/admission of the breaches.
- (4) The public reprimand was imposed on IKMAL as a deterrent consideration so as to create market awareness and reinforce the serious view taken by Bursa Malaysia Securities for cases involving abuse/misuse of clients' accounts/monies by DRs.

- (5) As a Registered Person acting in the capacity of a DR, IKMAL must at all times:-
- (a) observe professional standards of integrity;
 - (b) exercise proper skill, care and diligence;
 - (c) act honestly and in the best interest of his client;
 - (d) perform his duties efficiently, honestly and fairly;
 - (e) refrain from engaging in irregular or unhealthy practice; and
 - (f) not abuse/misuse client's account and monies.

-End-

Head, Enforcement

ADDENDUM

Rules 3.14(d), (e) & (f), 3.47(1)(m)(i) and 15.09(a), (g), (i)(iii) & (i)(vi) of the Rules of Bursa Malaysia Securities and Paragraphs 1.1(1)(e) and 11.2(a) of Directives No. 5-001 of the POs' Directives provide, amongst others, that:

- Throughout the term of a Registered Person (RP)'s registration, a RP must:-
 - observe professional standards of integrity and fair dealing;
 - exercise proper skill, care and diligence; and
 - act honestly and in the best interest of the Client and the Participating Organisation (PO).

- Throughout the term of a DR's registration with the Exchange, the DR must not apply any amount paid or securities deposited by a Client to any person not entitled.

- Any Defaulting Participant who, in any circumstances, directly or indirectly –
 - commits a breach of or violates any of the Rules;
 - fails to perform his duties efficiently, honestly or fairly; and
 - being a DR:-
 - unlawfully transacts on another person's account;
 - applies any amount paid or securities deposited by a Client to any person not entitled thereto or for payment other than the said Client's trading account;will be liable and be dealt with in accordance with the provisions of the Rules relating to the same.

- A PO and RP must not engage in any unlawful or irregular or unhealthy practice.

- A PO, Head of Dealing (HOD) and DR must not execute the personal trades of the PO, HOD or DR (as applicable) in the Client's account.