

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 1 July 2016	No : G 9 of 2016
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Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad

1 JULY 2016

BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND ORDERS TO STRIKE OFF THREE DEALER'S REPRESENTATIVES FOR ENGAGING IN MANIPULATIVE DEALING ACTIVITIES

Bursa Malaysia Securities Berhad (635998-W) (Bursa Malaysia Securities) has publicly reprimanded, fined and ordered to strike off three Dealer's Representatives (DRs) for engaging in manipulative dealing activities in the securities of Rapid Synergy Berhad (RAPID) (Case 1) and YNH Property Berhad (YNH) (Case 2).

The DRs are as follows:-

Details of DR	Sanctions Imposed
Tiong Siew Ngaik (TIONG)	(a) public reprimand; (b) fine of RM467,000 for Case 1 and RM392,000 for Case 2; and (c) order to strike off TIONG from the Register as a Registered Person of Bursa Malaysia Securities.
Yew Hock Ming (YEW)	(a) public reprimand; (b) fine of RM188,000 for Case 1 and RM235,000 for Case 2; and (c) order to strike off YEW from the Register as a Registered Person of Bursa Malaysia Securities.
Ling Chen Yew (LING)	(a) public reprimand; (b) fine of RM155,000 for Case 1 and RM155,000 for Case 2; and (c) order to strike off LING from the Register as a Registered Person of Bursa Malaysia Securities.

TIONG, YEW and LING 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 findings of the breach and imposition of the sanctions on the three DRs were made pursuant to Rule 15.02 of the Rules of Bursa Malaysia Securities after according due process to the three DRs and taking into consideration all facts and circumstances, including the severity and impact of the breach and the conduct of these three DRs.

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. In this regard, DRs must:-

- (a) observe professional standards of integrity and fair dealing including exercise due care and diligence in the execution of trades;
- (b) carry out their duties as DRs efficiently, fairly and in a manner which contributes to the maintenance of a fair and orderly market;
- (c) not act as mere order-takers 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 active trading in, the market for or price of the securities.

BACKGROUND

- (1) In regard to the breaches by TIONG, YEW and LING:-
 - (a) TIONG, who was at the material time of the breach a Commissioned DR (CDR) of Kenanga Investment Bank Berhad at its Principal Office;
 - (b) YEW, who was at the material time of the breach a CDR of RHB Investment Bank Berhad at its Sitiawan Branch Office; and
 - (c) LING, who was at the material time of the breach a CDR of Affin Investment Bank Berhad/Affin Hwang Investment Bank Berhad at its Mutiara Damansara, Petaling Jaya Branch Office

had engaged in manipulative/false trading activities of RAPID and YNH shares through numerous accounts of a group of their clients (some of them were

common clients of the three DRs) over a prolonged period of time. These activities 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 these 2 counters, as follows:-

- (i) the activities of/the repeated buying and selling in RAPID and YNH shares which were undertaken on a daily or almost daily basis at/about the same price in their/ amongst this group of clients' accounts (Churning activities);
 - (ii) alternating the buying and selling activities in RAPID and YNH shares through these series of repeated buying and selling, by selling shares in one set of their clients' accounts and on the same day, undertaking new purchases to create new buy positions in another set of their clients' accounts (Rolling/Passing activities) with a net buy position continuously carried forward in their clients' accounts;
 - (iii) in these Churning and/or Rolling/Passing activities of RAPID and YNH shares, the trades executed by the three DRs in their clients' accounts were frequently crossed among them in high percentages, significant number and in close proximity of time during certain trading intervals, with their buying activities supporting each other's selling which clearly displayed co-ordinated and collaborative efforts amongst these three DRs in matching each other's opposing orders; and
 - (iv) the activities of driving up the share price of RAPID through the entry of a significant number of increasing bid buy orders in their aggressive buying of shares (and mainly crossed to the selling by any of these three DRs) which had the effect of pushing up the price and consequently a significant rise in RAPID share price.
- (2) The imposition of the sanctions including the fines and the striking off order on the three DRs had taken into account, amongst others, the severity of the breaches including the extent and impact of the manipulative trading activities, their conduct as well as the significant financial benefits/commission derived by them arising from the manipulative trading activities in these 2 counters during the respective relevant periods.

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Senior Executive Vice President/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 the 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 a fair and orderly 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 manipulations and must not participate in any operation by others that might have the same result.