

## PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 5 August 2025

No.: G 17 of 2025

### Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad

5 August 2025

#### BURSA MALAYSIA SECURITIES REPRIMANDS, FINES AND SUSPENDS KHOR SIEW KIM FOR MISCONDUCTS AND VIOLATION OF RULES

Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)] (**Bursa Malaysia Securities**) has publicly reprimanded, imposed a fine of RM22,000 and suspended Khor Siew Kim (**KSK**) for 3 months as/from being a Registered Person of Bursa Malaysia Securities which is deferred for 2 years (**Deferred Suspension**), for misconducts of taking trade instructions from third parties without prior written authorisation from the clients and/or without proper legal authority in relation to 3 clients' (**3 Clients**) accounts.

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

KSK, who was at the material time of the breach a Commissioned Dealer's Representative (**CDR**) of Inter-Pacific Securities Sdn. Bhd. (**IPS**) at its Principal Office, had contravened and/or triggered the provisions of Rules 5.01(a), 5.16(1)(a) and 15.09(g) & (i)(iv) of the Rules of Bursa Malaysia Securities and Paragraphs 1.1(1)(e) & 11.3(2) of Directives No. 5-001 of the Participating Organisations' Directives and Guidance (**POs' Directives**) (**Relevant Rules**).

Bursa Malaysia Securities views seriously misconducts that impinge on the professional conduct 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 actions against anyone who engages in such misconducts, including imposition of fines and suspension/restriction/striking off a Registered Person from the Register that commensurate with the severity of the breach.

#### BACKGROUND

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

- (1) KSK had taken and/or acted on the instructions of the third parties who were the family members of the 3 Clients (**Third Parties**) in relation to the 3 Clients' accounts, prior to the 3 Clients' demise and continued to do so after their demise based merely on the verbal instructions from the 3 Clients that the Third Parties would give trade instructions on their behalf. In this regard: -
  - (a) prior to the 3 Clients' demise, KSK had acted on instructions from the Third Parties to trade in the 3 Clients' accounts without the prior written authorisation from the 3

Clients, empowering the Third Parties to trade on their behalf (**Trades Without Prior Written Authorisation**). Consequently, as KSK was unaware of the demise of 2 of the 3 Clients (i.e. Client A and Client B), she had continued to take trade instructions from the Third Parties (i.e. the spouses of the deceased clients) after the demise of Client A and Client B;

- (b) KSK had continued to take trade instructions from the grandson of 1 of the 3 Clients (i.e. Client C) after Client C's demise despite being aware of Client C's demise, IPS' policy that she must not trade in the deceased client's account and the prohibition against executing trades in demised client's account without proper legal authority. In relation to this, over a period of about 5 months (i.e. after Client C's demise but before the Grant of Probate for Client C's estate was issued and submitted to IPS), KSK executed numerous sale transactions in various counters based on the trade instructions from the grandson of Client C. Hence, the trades undertaken during this period were unauthorised trades and KSK had unlawfully transacted in Client C's account as she had acted on the instructions of the grandson who had no legal authority to manage/give instructions for Client C's account (**Trades Without Proper Legal Authority**); and
- (c) KSK failed to notify IPS of Client C's demise despite knowing/being aware of the same and she only informed IPS of Client C's demise about 2 years later.

Premised on the above, KSK had engaged in the unhealthy practice of taking instructions from third parties based merely on the verbal instructions of the clients and failed to perform her duties with due skill, care and diligence in relation to the 3 Clients' accounts (**Breaches**).

- (2) As a CDR with many years of experience at the material time of the Breaches, KSK knew or ought to have known that she must obtain the prior written authorisation from the 3 Clients before accepting and acting on the trade instructions from the Third Parties and upon demise of a client, proper legal authority is required. KSK's reasons/explanations for not obtaining the prior written authorisation from the 3 Clients including that she did not regard the grandson of the client as a third party as he was the client's family member, would not absolve KSK from the Breaches. KSK shall at all times comply with the Relevant Rules in taking trade instructions and carrying out trades in the clients' accounts.
- (3) The sanctions were imposed having considered, amongst others, the following: -
  - (a) all facts and circumstances, including the severity, extent and impact of the Breaches and the commission earned by KSK; and
  - (b) KSK's co-operation with Bursa Malaysia Securities in the enforcement action against her 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).
- (4) The public reprimand was imposed on KSK as deterrence and to create market awareness and reinforce the serious view taken by Bursa Malaysia Securities for cases involving mishandling of clients' accounts by DRs and failure to comply with the Relevant Rules in handling clients' accounts.

- (5) The Deferred Suspension imposed on KSK was to ensure that she does not commit similar breach(es) and thus, the 3 months suspension is deferred and will be waived if there is no commission of similar breach(es) by KSK within 2 years.
- (6) As a Registered Person acting in the capacity of a DR, KSK must at all times: -
  - (a) observe professional conduct and standards of integrity and act in the best interest of the client;
  - (b) exercise proper skill, care and diligence; and
  - (c) not engage in any unlawful or irregular or unhealthy practice.

- End -

Investigation & Enforcement Department

## ADDENDUM

**Rules 5.01(a), 5.16(1)(a) and 15.09(g) & (i)(iv) of the Rules of Bursa Malaysia Securities and Paragraphs 1.1(1)(e) & 11.3(2) of Directives No. 5-001 of the POs' Directives** provide, amongst others, that:

- A Participating Organisation (**PO**) and Registered Person (**RP**) must, in the conduct of the PO's business adhere to just and equitable principles and act with due skill, care and diligence and with due regard for the integrity of the market.
- A PO and RP must not engage in any unlawful or irregular or unhealthy practice and must not participate in any operation by others that might have the same result.
- A PO, Head of Dealing or DR may only accept or act on an instruction from a third party in relation to trading in a Client's trading account upon receipt of a written authorisation from the Client empowering the third party to trade for the Client's account.
- Any Defaulting Participant who, in any circumstances, directly or indirectly
  - fails to perform his duties efficiently, honestly or fairly; or
  - being a DR, unlawfully transacts on another person's account,will be liable and be dealt with in accordance with the provisions of the Rules relating to the disciplinary proceeding.