

PARTICIPATING ORGANISATIONS' CIRCULAR

Date: 29 July 2024

No.: G 26 of 2024

Enforcement Action Pursuant to the Rules of Bursa Malaysia Securities Berhad**29 July 2024****BURSA MALAYSIA SECURITIES PUBLICLY REPRIMANDS, FINES AND ORDERS TO STRIKE OFF ONG KAI BOON FOR ENGAGING IN MANIPULATIVE TRADING ACTIVITIES**

Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)] (**Bursa Malaysia Securities**) has publicly reprimanded, imposed a fine of RM409,000 and ordered to strike off Ong Kai Boon (**OKB**) from the Register as a Registered Person (**RP**) of Bursa Malaysia Securities for engaging in manipulative trading activities of order book manipulation in the shares of the following 11 counters (**Relevant Counters**):

- (i) INIX Technologies Holdings Berhad (**INIX**);
- (ii) INIX – Warrants A;
- (iii) K-One Technology Berhad;
- (iv) Vivocom International Holdings Berhad (now known as Vinvest Capital Holdings Berhad);
- (v) Gets Global Berhad;
- (vi) Bintai Kinden Corporation Berhad;
- (vii) Sino Hua-an International Berhad (now known as Techna-X Berhad);
- (viii) Solution Group Berhad;
- (ix) Melewar Industrial Group Berhad;
- (x) Lion Industries Corporation; and
- (xi) HPP Holdings Berhad (**HPPHB**).

OKB, who was at the material time of the breach a Salaried Dealer's Representative of Kenanga Investment Bank Berhad (**KIBB**) at its Principal Office, had contravened and/or triggered the provisions of Rules 5.01(a) & (b) of the Rules of Bursa Malaysia Securities read together with paragraphs 1.1(1)(e) & (h) of Directives No. 5-001 of the Participating Organisations' Directives and Guidance (**POs' Directives**) and Rules 3.14(d), (e) & (g) of the Rules of Bursa Malaysia Securities.

Bursa Malaysia Securities places strong emphasis on the need to maintain an orderly and fair 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 and severe actions, including suspension/striking off a RP from the Register and imposition of fines which commensurate with the severity of the breach.

BACKGROUND

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

- (1) OKB had engaged and continued to engage in false market/manipulative trading activities of order book manipulation (**False Market/Manipulative Trading Activities**) in the securities of the Relevant Counters over a period of about 6 months (**Relevant Period**) despite numerous trading concerns raised together with illustrations highlighted by Bursa Malaysia Securities and actions taken by KIBB including trading suspensions imposed by KIBB on OKB (collectively, **Bursa's and KIBB's Actions**).
- (2) The False Market/Manipulative Trading Activities were carried out in the IVT account of KIBB and involved the activities of stacking/layering multiple buy orders, cancellation of buy orders that were in/had moved up to priority queue and/or before/after/upon OKB's disposal of shares. These activities were carried out in the following manner: -
 - (a) OKB had placed or entered large/relatively large buy orders at various price levels including at or near the best bid prices (**Order Stacking/Layering**) which dominated/controlled the buy side of the order books during certain trading intervals. These Order Stacking/Layering had created a false/misleading appearance of increased/sustained/strong demand/market for the Relevant Counters at the price levels stacked/layered;
 - (b) OKB had subsequently cancelled/withdrawn these stacked/layered buy orders (**Order Withdrawal/Cancellation**) when they were partially matched/resting at the best bid price/when they were in the priority queue, so as to avoid priority (**Avoiding Priority**) and/or before/after/during the disposal of shares by OKB which indicated that OKB did not intend to buy these shares; and
 - (c) the Order Stacking/Layering activities were carried out to facilitate OKB's selling activities with his sell orders entered at higher prices/the new best bid price (created by other market participants (**OMP**)/OKB) or at the prevailing best bid price. OKB was able to sell the shares in the Relevant Counters at his desired/higher prices to the buy orders of OMP who had/could have been enticed into the market to trade upon seeing the inflated demand caused by the Order Stacking/Layering activities of OKB.
- (3) OKB had continued to engage in/failed to refrain from such order book manipulation despite Bursa's and KIBB's Actions which displayed his recalcitrant behaviour/conducts and blatant disregard of the Rules (**OKB's Recalcitrant Conducts**) where: -
 - (a) It was noted that prior to Bursa's and KIBB's Actions in this case, Bursa Malaysia Securities had previously highlighted similar trading concerns vis-à-vis order book manipulation by OKB in other counters where KIBB had also taken actions against OKB. There were also various communications on market conducts/manipulation and published enforcement cases involving order book manipulation on Bursa Malaysia Berhad's website which emphasised the serious view taken by Bursa Malaysia Securities of such activities and zero tolerance for market offences which would attract severe sanctions. Hence, OKB knew or ought to have known that he should not engage in such order book manipulation.
 - (b) As for Bursa's and KIBB's Actions in this case, KIBB had twice suspended or instructed OKB to cease his manipulative trading manner. KIBB had also engaged with OKB and shared the illustrations of order book manipulation which were prohibited.

- (c) However, OKB had continued to engage in similar manipulative trading and in greater intensity/more extensive manner in other counters including HPPHB (a newly listed counter) which led to Bursa Malaysia Securities instructing KIBB to take appropriate action to ensure that OKB ceased and refrained from engaging in the False Market/Manipulative Trading Activities (**Bursa's Instructions**) where KIBB imposed a further suspension on OKB (**3rd Suspension**).
- (d) OKB had only ceased his False Market/Manipulative Trading Activities after Bursa's Instructions and the 3rd Suspension by KIBB.

Hence, OKB had failed to discharge his duties as a RP to exercise proper skill, care and diligence and observe professional conduct, standards of integrity and fair dealing and act in a manner that contributed to the maintenance of an orderly and fair market for the Relevant Counters during the Relevant Period.

- (4) The sanctions were imposed on OKB having considered, amongst others, the following: -
 - (a) The materiality/extent/intensity/impact of the False Market/Manipulative Trading Activities and OKB's Recalcitrant Conducts and hence warranted a striking off order against OKB.
 - (b) The profits generated by OKB from the False Market/Manipulative Trading Activities.
 - (c) The sanctions underlined the severity/extent of the breaches and the importance of orderliness of dealing activities and trading in a manner which contributes to the maintenance of an orderly and fair market which is one of the fundamental obligations/duties of a Dealer's Representative (**DR**) and cornerstone of market integrity and hence must be upheld at all times and should not be compromised. This factor coupled with OKB's Recalcitrant Conducts and the severity of the breaches outweighed OKB's acknowledgement/non-dispute of the breaches.
- (5) As a RP acting in the capacity of a DR, OKB must, at all times: -
 - (a) observe professional conduct, standards of integrity and fair dealing;
 - (b) act with due skill, care and diligence and with due regard for the integrity of the market;
 - (c) not engage in or avoid/refrain himself from: -
 - (i) any act or practice that might lead to a false or misleading appearance of active trading in the securities or a false or misleading appearance with respect to the market for, or the price of the securities or directly or indirectly be tantamount to stock market manipulation;
 - (ii) doing anything which may result in or has the effect of the market not being orderly and fair;
 - (iii) engaging in unlawful or irregular or unhealthy practice; and

- (d) carry out his duties in a manner that contributed to the maintenance of an orderly and fair stock market.

-End-

Head, Investigation & Enforcement

ADDENDUM

Rules 3.14(d), (e) & (g) and 5.01(a) & (b) of the Rules of Bursa Malaysia Securities and Paragraphs 1.1(1)(e) & (h) of Directives No. 5-001 of the POs' Directives provide, among others, that:

- Throughout the term of a RP's registration, a RP must:
 - (a) observe professional conduct, standards of integrity and fair dealing;
 - (b) exercise proper skill, care and diligence; and
 - (c) carry out the RP's duties in a manner that contributes to the maintenance of an orderly and fair stock market.

 - A PO and RP must, in the conduct of the PO's business:
 - (a) adhere to just and equitable principles and act with due skill, care and diligence and with due regard for the integrity of the market; and
 - (b) not through any act or omission, do anything which may result in or has the effect of the market not being orderly and fair.

 - A PO and RP must:
 - (a) not engage in any unlawful or irregular or unhealthy practice;
 - (b) 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.