

**PARTICIPATING ORGANISATIONS' CIRCULAR**

Date: 28 February 2025

No.: G 5 of 2025

**Bursa Malaysia Rules – Key Enforcement Cases in 2024**

In line with Bursa Malaysia's continuing commitment to improve effectiveness of its enforcement actions, we have published the key enforcement actions taken against market participants in 2024 for breaches of the rules on the website of Bursa Malaysia.

The details of the key enforcement actions taken are set out in **Annexures 1 and 2** respectively.

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### B. Cases on Market Abuses/Manipulative Activities where Enforcement Actions were taken against RPs

**RPs including DRs must at all times in carrying out their dealing activities:**

- (a) observe professional conduct, standards of integrity and fair dealing including exercise due skill, care and diligence in the execution of trades;**
- (b) carry out their duties efficiently and in a manner which contributes to the maintenance of a fair and orderly market; and**
- (c) avoid or refrain from engaging in acts/practices which might lead to a false/misleading appearance of active trading in the market for or price of the securities.**

Bursa Malaysia Securities had imposed public reprimands, fines and striking off or suspension and/or Mandatory Training on the following DRs for engaging in market abuses/trading misconducts/manipulative activities, details of which can be found in the media releases issued:

No.	DR	Type of market abuse/manipulative activities	Date of media release
1.	<b>Ong Kai Boon (“OKB”)</b>	<ul style="list-style-type: none"> <li>• false market/manipulative trading activities of order book manipulation involving order stacking/layering followed by order withdrawals/cancellations or avoiding priority activities in 11 counters</li> </ul>	<a href="#">29 July 2024</a>
2.	<b>Tye Lim Huat (“TYE”)</b>	<ul style="list-style-type: none"> <li>• unlawful/unpermitted short selling</li> <li>• used client's account for personal trades</li> <li>• undertook prohibited discretionary trading in client's accounts</li> <li>• misapplied/misused monies in client's trust accounts and client's trading limits/sales proceeds to fund his personal trades</li> <li>• unlawful/irregular/unhealthy practices</li> </ul>	<a href="#">7 December 2022</a>

Glossary:

Bursa Malaysia Securities  
DR  
Mandatory Training  
RP

Bursa Malaysia Securities Berhad  
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No.	DR	Type of market abuse/manipulative activities	Date of media release
3.	<b>Mooi Weng Hou</b> ("MOOI")	<ul style="list-style-type: none"> <li>carried out unlawful/unpermitted short selling and instructed KWAN (DR in item No. 4 below) to execute unlawful/unpermitted short selling trades</li> </ul>	<a href="#">16 November 2022</a>
4.	<b>Kwan Chun Han</b> ("KWAN")	<ul style="list-style-type: none"> <li>executed unlawful/unpermitted short selling trades based on MOOI's instructions</li> </ul>	
5.	<b>Abdul Karim bin Yasin</b> ("KARIM")	<ul style="list-style-type: none"> <li>abuse/improper use of clients' trade information to undertake front-running activities via pre-arranged/cross trades with another DR from another broker (i.e. SOBRI in item No. 6 below) and bidding-up activities</li> <li>unlawful trading in a third party's account</li> </ul>	<a href="#">4 October 2022</a>
6.	<b>Sobri bin Ahmad</b> ("SOBRI")	<ul style="list-style-type: none"> <li>abuse of client's account to facilitate KARIM's front-running activities via pre-arranged/cross trades</li> <li>unlawful trading in client's account and used client's online trading facility to execute personal and third party's (i.e. KARIM's) trades</li> </ul>	

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### C. Cases of misconducts/unlawful, irregular or unhealthy practices/non-compliances by RPs who:-

- (a) falsely/unlawfully opened and operated trading accounts as “secret accounts” for RP’s personal/third party trades;
- (b) failed to properly authenticate account opening and/or took instructions to trade from third party without client’s prior written authorisation; and
- (c) failed to notify the PO of client’s demise to prevent further trades from being undertaken.

**Bursa Malaysia emphasises that safeguarding clients’ monies/assets/accounts is one of the fundamental obligations/duties of a RP and cornerstone of market integrity which must be upheld at all times. In this regard, RPs:-**

- (a) **must act honestly and refrain from engaging in any misconducts in circumvention of the Rules, including operating secret accounts for the RP’s personal/third party trades;**
- (b) **must ensure proper authentication of account opening and obtain client’s written authorisation before acting on a third party’s instructions to trade on the client’s behalf; and**
- (c) **must promptly notify the PO/TP of the demise of a client and/or monitor the deceased client’s account to prevent any misuse/abuse of the deceased client’s account.**

Bursa Malaysia had taken actions against RPs for various misconducts as set out below:-

#### **Case C1: Falsely/Unlawfully Opened and Operated Trading Accounts for Personal and Third Party Trades and Engaged in Unlawful/Irregular/Unhealthy Practices**

A Salaried DR (“SDR”)/Registered Representative (“RR”) was imposed a **public reprimand via e-Rapid Link, fine of RM163,000 and striking off** for various misconducts in breach of the Rules of Bursa Malaysia Securities and Rules of Bursa Malaysia Derivatives as follows:

- (a) used false/unlawful/dishonest means to open a securities and a derivatives trading account (“**Accounts**”) in his friend’s name where he had: -

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- (i) completed/filled up the friend's details in the account opening forms and procured his (i.e. the SDR/RR's) wife or a third party to sign/write his friend's name in the forms to pose as his friend's signature; and
  - (ii) inserted an email address, which was created and accessible only by the SDR/RR, in the account opening forms to enable him to receive the monthly statements of accounts;
- (b) operated/used the Accounts to execute his personal trades over a period of 11 years and trades for a third party on several market days; and
- (c) arranged for a joint bank account to be opened in the name of his friend and his (i.e. the SDR/RR's) wife for the purpose of withdrawal of funds from the trust accounts.

The SDR/RR had admitted that he had opened the Accounts and executed his personal trades to conceal his trading activities from the monitoring of the PO/TP. This was a circumvention of the relevant monitoring rules which required approval by/notification to the PO/TP of the DRs'/RRs' trades to enable the PO/TP to manage conflict of interest and risks in accordance with the Rules. Hence, the SDR/RR had failed to observe professional conduct, standards of integrity and fair dealing, failed to act honestly and engaged in unlawful or irregular or unhealthy practice.

The sanctions were imposed having considered, among others, the following:

1. The SDR/RR had self-reported his misconducts to the regulator.
2. The severity/extent/materiality of the breaches which spanned over 11 years and involved multiple serious misconducts and extensive personal trades.
3. The profits generated by the SDR/RR from the trades in the Accounts.
4. Notwithstanding the self-reporting by the SDR/RR, a severe fine and striking off were imposed on him in view that: -
  - (a) The breaches involved multiple serious misconducts where the SDR/RR had used false/unlawful/dishonest means to open the Accounts and operated the Accounts as his "secret accounts" to conceal his trading activities from the PO/TP's monitoring. As a RP, the SDR/RR knew or ought to have known that he should not engage in such unlawful/irregular/unhealthy practices including approaching/engaging other persons to participate in/facilitate/enable such practices by him.
  - (b) The breaches were intentionally perpetrated, had elements of fraud and concealment and demonstrated dishonesty on the part of SDR/RR, all of which impinged on his integrity/

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honesty as a RP and brought into question as to whether he is a fit and proper person to be in the industry.

In this regard, his friend's knowledge of and verbal approval/consent for the opening and utilisation of the Accounts by the SDR/RR for his personal trades, did not absolve him from the breaches or mitigate/derogate from the severity of the breaches.

5. The public reprimand was imposed to serve as a deterrence to other RPs and create awareness on the serious view taken by Bursa Malaysia against such unlawful/irregular/unhealthy practices/misconducts involving operation of secret accounts by RPs to circumvent the provisions of the Rules. It further underlines the importance of the Registered Person's duty to act honestly and observe professional conduct and standards of integrity at all times.
6. As a RP, the SDR/RR must at all times: -
  - (a) observe professional conduct, standards of integrity and fair dealing; and
  - (b) act honestly and refrain from engaging in any unlawful or irregular or unhealthy practices or any misconducts in circumvention of the Rules, including operating secret accounts for his personal trades.

### **Case C2: Failure to exercise due skill, care and diligence relating to deceased client's account**

A Commissioned DR ("CDR") was imposed a **private reprimand and Mandatory Training** for he had failed to act with due skill, care and diligence and perform his duties as a DR efficiently in relation to the account of a deceased client. In this regard, despite knowing/being aware of his client's demise and hence no trades can be executed in the client's account thereafter, the CDR had failed to notify the PO of the client's demise and/or monitor the client's account to prevent trades from being undertaken in the client's account. This had resulted in online trades being undertaken in the client's account by the client's husband who did not have the relevant legal authority to undertake the trades at the material time.

The sanctions were imposed having considered the CDR's knowledge of the client's demise and, among others, the following:

1. The CDR was aware of the online trades through the business done report, but failed to alert/inform the PO of the trades.

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2. The DR was under the belief (albeit mistakenly) that the client's husband had relevant legal authority to undertake trades in the client's account. However, this did not absolve the DR from the breach.
3. There was no evidence of bad faith, fraud or dishonesty on the DR's part or that he had knowingly facilitated the client's husband in carrying out the trades.
4. The client's husband was subsequently appointed as the Administrator and is the sole beneficiary of the client's estate and hence, there was no dispute from the client's estate.

### **Case C3: Trades Without Prior Written Authorisation and Failure to Properly Authenticate Account Opening**

**A private reprimand, fine of RM4,000** (which was reduced to RM3,200 as the CDR elected for agreed settlement/did not dispute the actions taken) **and Mandatory Training** were imposed on a CDR for he had taken instructions to trade in a client's account from a third party without obtaining the prior written authorisation from the client as required by the relevant Rules of Bursa Malaysia Securities.

In addition, a **private reprimand** was imposed on the CDR for he had sent his trading clerk (in his place) to authenticate and witness the opening of the client's trading and Central Depository System accounts and thereafter, the CDR signed-off/attested the account opening forms as witness of the client's signature. Hence, the CDR had failed to ensure that the opening of the client's accounts was properly authenticated in accordance with the rules applicable at the material time which required the forms to be signed before the DR.

The sanctions were imposed having considered, among others, the following:

1. Whilst the client had given verbal authorisation for the third party to trade on the client's behalf, the CDR had failed to procure the client's written authorisation for the same.
2. The severity/extent of the trades undertaken without prior written authorisation which spanned over several months.
3. As a CDR with many years of experience at the material time of the breaches, the CDR knew or ought to have known that: -
  - (a) the client should be present before him (and not the trading clerk) for opening of the client's accounts. It was not proper or acceptable for the CDR to send the trading clerk to attend to/witness the account opening and thereafter to sign-off/attest the account opening forms as witness of the client's signature; and

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(b) the CDR must obtain the prior written authorisation from the client before accepting and acting on the trade instructions from the third party.

4. The CDR's reasons/explanations for: -

(a) sending the trading clerk to attend to the account opening, particularly that the meeting for account opening was during market hour when he had to attend to other clients; and

(b) not obtaining the client's prior written authorisation as his trading clerk had conveyed the client's verbal authorisation to him,

were not acceptable and did not absolve the CDR from the breaches.

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