



ADMINISTRATIVE ACTIONS IN 2018

No.	Nature of Misconduct	Parties Involved	Brief description of misconduct	Action Taken
1.	<p>Breach of Section 356(1)(a) of the Capital Markets and Services Act 2007 ("CMSA") read together with:</p> <ul style="list-style-type: none"> • Paragraphs 8.2.1, 11.2, 11.3 and 11.4 of the SC's Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries; and • Section 61(4) of the CMSA for contravention of conditions of its Capital Markets Service Licence, set out in Paragraphs 7.02(11) and 7.02(12)(a) of the SC's Licensing Handbook; and • Core Principle 3 of the SC's Guidelines on Market Conduct and Business Practices for 	RHB Investment Bank Berhad ("RHBIB")	<ul style="list-style-type: none"> • RHBIB had failed to conduct on-going due diligence and scrutiny of the trading account of seven of RHBIB's clients; • RHBIB had failed to discover and report suspicious transactions in five accounts to the Financial Intelligence and Enforcement Department of Bank Negara Malaysia; • RHBIB had failed to identify its customer and verify such customer's identity using reliable, independent source of documents, data or information; and • RHBIB had 	<ul style="list-style-type: none"> • Reprimand • Penalty of RM900,000

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	Stockbroking Companies and Licensed Representatives ("Market Conduct Guidelines")		<p>failed to adequately supervise its licenced representatives and ensure their compliance with securities laws.</p> <ul style="list-style-type: none"> • RHBIB had breached Core Principle 3 of the Market Conduct Guidelines, as it had failed to organise its affairs responsibly and effectively due to absence of adequate controls and risk management processes. 	
2.	Breach of Paragraph 4.0(b) of the Market Conduct Guidelines	Chan Cheong Yuen, the Managing Director and Chief Executive Officer of RHBIB at the material time	Failure as Managing Director and Chief Executive Officer to ensure that adequate policies and procedures are in place to organise and control RHBIB's affairs responsibly and effectively, with adequate risk management and supervision to meet the requirements of Core Principle 3.	<ul style="list-style-type: none"> • Reprimand • Penalty of RM200,000
3.	Breach of Section 65(1)(g)(v) of the CMSA for conducting himself in such a way as to cast	Khe Yew Chun @ Jie Yaw Chuan ("Khe"), a holder of a CMSRL carrying	Khe, being the Head of RHB Centre Main Branch, Retail, Securities and	<ul style="list-style-type: none"> • Suspension of 1 month

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	soundness of judgement	in securities	a letter by relying on three individuals, despite them being stated to be involved in the misappropriation of monies deposited with a client of RHBIB. Khe had also instructed a Branch Administration Manager to verify the said letter, without the Branch Manager being aware of another letter. The result was that a false and misleading letter was submitted to the SC.	<ul style="list-style-type: none"> • Reprimand
4.	Breach of Section 356(1)(a) of the CMSA read together with Section 61(4) of the CMSA for failure to comply with the condition of his Capital Market Services Representative License ("CMSRL"), which requires him to remain fit and proper at all times as provided under Paragraph 7.03(1) of the SC's Licensing Handbook			
5.	Breach of Section 65(1)(g)(iv) of the CMSA for engaging in business practices appearing to the SC to be improper or reflects discredit on his method of conducting business.			
6.	Breach of Section 356(1)(a) of the CMSA read together with Section 61(4) of the CMSA for failure to comply with the condition of his CMSRL, which requires him to remain fit and proper at all times as provided under Paragraph 7.03(1) of the SC's Licensing Handbook		Azhar had signed-off as a witness to an individual's signature in an application form despite no face-to-face meeting between him and the said individual prior to his account opening. Azhar had also certified as true, copies of the individual's identity card and bank statements despite not having sighted the original documents. This resulted in monies being allocated from the individual to a third party's account. Upon being informed that the sum of monies belonged to the individual, Azhar failed to notify RHBIB immediately and only	