

Summary of Amendments on the Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives

(Date of Issuance: 20 May 2021)

The following table provides a summary of the key amendments to *Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives* the which was revised on 20 May 2021:

Amendments to specific paragraphs			
Prior to 20 May 2021	Revision on 20 May 2021		Remarks
<p>3.0 Core Principles of Supervision</p> <p>No existing provision.</p>	<p>3.0 Core Principles of Supervision</p>	<p><u>12. Data Governance</u></p> <p><u>A licensed person must ensure that it establishes sound data governance framework.</u></p> <p><u>(Example: Have in place data security policies and standards.)</u></p>	<p>New principle No. 12 on Data Governance emphasises the importance of establishing a sound data governance framework.</p>

Proposed amendments to the Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives

<p>4.0 PRIMARY ACCOUNTABILITY AND RESPONSIBILITY FOR COMPLIANCE</p> <p>No existing provision.</p>	<p>4.0 PRIMARY ACCOUNTABILITY AND RESPONSIBILITY FOR COMPLIANCE</p> <p><u>4.04 The compliance function must report directly to the Board of Directors and/or board committee as well as submit monthly reports to the Board of Directors and/or board committee on all matters pertaining to compliance with the securities laws, any guidelines issued by the SC or Bursa's Rules.</u></p>	<p>New para 4.04 to enhance the governance of compliance function by requiring them to report directly to Board / Board committee.</p>
<p>8.0 UNAUTHORISED USE OF CUSTOMERS' ACCOUNTS</p> <p>(a) Unauthorised use of customer accounts is not permitted.</p> <p>(b) To prevent unauthorised use of customer accounts, a stockbroking company must:</p>	<p>8.0 UNAUTHORISED USE OF CUSTOMERS' ACCOUNTS AND ONLINE TRADING</p> <p><u>Customers' accounts</u></p> <p><u>8.01(a) Unauthorised access or use of customers' accounts is not permitted.</u></p> <p><u>8.02 Notwithstanding, 8.01, no person is allowed to access or use a customer's online trading account in whatever circumstances.</u></p> <p><u>8.03 (b) To prevent unauthorised use of customer accounts, A stock broking company must --</u></p> <p><u>(a) ensure that adequate policies and procedures are in place to safeguard against:</u></p>	<p>To clarify that unauthorised access of a customer's account is not permitted.</p> <p>New para 8.02 seeks to prevent market misconduct by prohibiting SBCs and its employees from accessing clients' online trading account.</p> <p>New para 8.03(a) states that SBCs are responsible for putting in place processes and</p>

Proposed amendments to the Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives

	<p><u>(i) unauthorised access or use of customers' accounts by any person, and</u></p> <p><u>(ii) access or use of any customer's online trading account by any person for trading other than the customer who is the account owner;</u></p>	<p>procedures to put in place to safeguard the customer.</p>
<p>No existing provision.</p>	<p><u><i>Handling of Customer Data</i></u></p> <p><u>8.05 A stockbroking company must have in place adequate policies and procedures for the management of customer data that covers collection, storage, use, transmission, sharing, disclosure and disposal of customer information, and must include the following:</u></p> <p><u>(a) Handling and safeguarding of customer data at all levels of the stock broking company;</u></p> <p><u>(b) Protection of confidentiality and security of customer data;</u></p> <p><u>(c) Governance structure to ensure effective implementation of policies</u></p>	<p>New paragraph 8.05 sets out the expectation that SBCs are to put in place written policies and procedures for protecting, securing and safeguarding customer data.</p>

Proposed amendments to the Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives

	<p><u>and procedures, and clear delineation of accountability and reporting; and</u></p> <p>(d) <u>Managing third party service provider who has access to customer data and safeguarding customer data.</u></p>	
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