

To : All Dealer's Representatives (DR)
From : The Management
Date : 25 April 2022
Subject : Revised Guidelines on Market Conduct and Business Practices for
Stockbroking Companies and Licensed Representatives

The Securities Commission Malaysia (SC) has issued the revised Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives ("Stockbroking Guidelines") and revised Guidance Note on Provision of Investment Advice ("Guidance Note").

Among the significant changes in the revised Stockbroking Guidelines and Guidance Note include:

1. Stockbroking Guidelines:

Introduction of a new section (Section 9A – Investment Advice by DR) in the Stockbroking Guidelines which sets out requirements that both the Capital Market Services License (CMSL) holder and Capital Market Services Representative's License (CMSRL) holder must comply with in order for the CMSRL holder to offer investment advice on listed securities to any person in your capacity as a DR of the Company.

9A.0 INVESTMENT ADVICE BY DR

9A.01 Subject to the conditions set out in this section, a licensed representative of a stockbroking company may offer investment advice only on listed securities to any person in his capacity as a licensed representative of the stockbroking company.

9A.02 The licensed representative must-

- (a) **obtain prior approval of the senior management** of the stockbroking company to undertake the activity described in paragraph 9A.01;
- (b) maintain a record of such activity and related materials including, but not limited to, presentation materials; and
- (c) comply with any other terms or conditions that may be set out by the stockbroking company.

9A.03 The licensed representative must not charge or collect any fees in relation to the activity described in paragraph 9A.01 including for any related materials.

9A.04 The stockbroking company, in approving the licensed representative under paragraph 9A.02 and in continuing to allow the licensed representative to undertake the activity described in paragraph 9A.01, must ensure the following:

- (a) Its licensed representative is competent and has the necessary skills and expertise reasonably expected of a person carrying on such activity;
- (b) Its licensed representative complies with securities laws and the relevant guidelines in carrying out the activity; and
- (c) Its licensed representative maintains records of relevant approvals and investment advice-related materials.

9A.05 The stockbroking company must have in place adequate policies and procedures to ensure that the licensed representative complies with paragraph 9A.04.

2. Guidance Note:

Clarification that the stock and derivatives trading seminars conducted by the CMSRL holder is no longer restricted to his clients only in line with the amendments to the Stockbroking Guidelines.

As such, please ensure that prior approval is obtained before offering investment advice to any person as highlighted above.

The above shall take effect immediately and the revised Guidelines have been posted to TC Pro for your reference.

