

MEMORANDUM

To : All Dealer's Representatives (DRs)
From : The Management
Date : 13 October 2025
Re : Prohibition on Sharing of Unapproved Investment Product or Private Arrangement Investment Scheme

The Management wishes to remind all DRs on the prohibition of sharing of unapproved investment product to clients by Dealer's Representative ("DR"). This prohibition also includes the sharing / passing information of private arrangement investment scheme with clients.

An example of an unapproved investment product or private arrangement investment scheme is detailed below:

1. A party offers an investment scheme which requires the client to purchase a particular share at an agreed price.
2. The scheme guaranteed buyback of the same share on/by a certain date at an agreed sale price via a put option agreement.
3. The scheme allows client sell the shares on the open market if the market price of the share purchase falls below the agreed sale price; or
4. The client is paid interest/management fee at an agreed rate per month during the put option period.

In the above scenario, if the agreement is not honored by the party involved, the client may be left holding the shares at a loss or may have to sell the shares in the market at a loss due to the declining in share price.

This type of product or investment schemes may constitute a breach under Section 178 and/or Section 179 of Capital Markets and Services Act 2007 ("CMSA").

Fraudulently inducing persons to deal in securities

178. (1) A person shall not—

- a) by making or publishing any statement, promise or forecast that he knows to be misleading, false or deceptive;
- b) by any dishonest concealment of material facts;
- c) by the reckless making or publishing, dishonestly or otherwise, of any statement, promise or forecast that is misleading, false or deceptive; or
- d) by recording or storing in, or by means of, any mechanical, electronic or other device, information that he knows to be false or misleading in a material particular, induce or attempt to induce another person to deal in securities.

Use of manipulative and deceptive devices

179. It shall be unlawful for any person, directly or indirectly in connection with the subscription, purchase or sale of any securities—
- a) to use any device, scheme or artifice to defraud;
 - b) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or
 - c) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made in the light of the circumstances under which they were made, not misleading.

A person who contravenes Section 178 or 179 commits an offence and shall be punished on conviction to imprisonment for a term not exceeding ten years and to a fine of not less than one million Ringgit.

It is DR's responsibility to exercise proper skill, care and diligence and observe professional conduct, standards of integrity and fair dealing and ensure that their / their clients' trading activities do not, in any way, contravene the relevant rules of Bursa Malaysia Securities Berhad ("BMSB") and the CMSA.

The Management takes a serious view of any misconduct or breaches of the rules and will not hesitate to take appropriate disciplinary action against DR who engage in such misconduct/breaches or fail to carry out their duties with integrity.

The regulators, including BMSB and the Securities Commission ("SC"), also take any misconduct or contravention of the relevant rules under BMSB and the CMSA seriously, and will not hesitate to take appropriate action against DR who engages in such misconduct or breaches, including striking off the DR from the Register and imposing fines.

DRs are also reminded that they are required to regularly access the Remisier's Portal to keep themselves abreast with the latest company memorandums, announcements and regulatory circulars and guidelines that have been or will be posted from time to time. The BMSB enforcement actions and SC administrative actions are also posted in the Remisier's Portal to create awareness on the serious view taken by BMSB / SC for misconduct or breaches of the rules / CMSA.

Thank you.

