



The Reporter

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Executive Summary

The SC continuously strives to strengthen the ecosystem of the capital market. This issue focuses on improving the conduct and culture of licensed intermediaries, strengthening financial reporting and protecting investors from unlicensed activities.

Given the important role played by senior management in driving desirable conduct and culture outcomes, global financial standard setters and regulators worldwide have been focusing on individual accountability of the board and senior management of firms in the financial sector. This issue of *The Reporter* provides a glimpse of what the SC takes into account when deciding whether or not to hold senior management accountable in relation to breaches committed by the firm.

The SC seeks to uphold standards in the financial reporting in the capital market. As such, the second article looks at the roles played by the various parties in the financial reporting ecosystem and how it can be enhanced. It provides guidance to auditors, audit committees of companies and investors on how they can contribute to higher quality financial reporting.

The highlight of the investor alert is on unlicensed activities as they form a substantial portion of the total complaints received by the SC. Practical tips on detecting unlicensed activities are provided to educate investors in this issue of the *The Reporter*.

Share with us your comments, feedback or ideas for future editions via email to the Editorial Team at reporter@seccom.com.my

Improving
Conduct and Culture,
Strengthening
Financial Reporting and
Alert on Unlicensed
Activities

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Improving Conduct and Culture in the Capital Market through Senior Management Accountability

Introduction

Previously, in the August 2016 issue of *The Reporter*, the SC had emphasised its expectations of directors, CEOs of regulated entities and licensed individuals. This article looks at the SC's efforts in improving conduct and culture in the capital market and what it takes into consideration when holding individuals in senior management to account.

Corporate Conduct and Individual Accountability

In the context of the Malaysian capital market, directors and senior management are legally responsible for breaches committed by the company unless they can show that the breaches were committed without their consent or connivance and they have exercised all such diligence to prevent the commission of the offence.¹ Further, directors and senior management of licensed stockbrokers are primarily accountable and responsible for putting in place policies and procedures in meeting the regulatory objectives set out in the *Guidelines on Market Conduct and Business Practices for Stockbroking Companies and Licensed Representatives* (Market Conduct Guidelines).²

Following the global financial crisis in 2008, much effort has been put into mitigating conduct risk by global standard setters such as the Financial Stability Board (FSB).³ Increasingly, the role played by senior management in driving desirable conduct outcomes has been the focus of national regulators. This has resulted in many national regulators reforming their frameworks for regulating key individuals and strengthening accountability.⁴ This is because while the board is ultimately responsible in setting the "tone from the top"⁵, it cannot execute its plans without effective leadership and action from senior management.

¹ Section 367 of the *Capital Markets and Services Act 2007* (CMSA).

² Paragraph 4.0(a) of the Market Conduct Guidelines.

³ The FSB published a report in 2017 on strengthening governance frameworks to mitigate misconduct risks and a tool kit for firms and supervisors in 2018.

⁴ These countries include the United Kingdom, Hong Kong, Australia, Singapore, United States, France, Germany that have frameworks for senior management responsibility.

⁵ The *Malaysian Code on Corporate Governance* places a lot of emphasis on the role of the board and its responsible for meeting the goals and objectives of companies.

Holding Individuals Responsible – A Case Study

During the period covered by this issue of *The Reporter*, the SC took action against a CEO of a licensed intermediary under section 356(1)(a) of the CMSA, read together with Core Principle 3 of the *Market Conduct Guidelines* for failure to address tax controls and risk management processes which resulted in multiple breaches from 2013 to 2016.

Circumstances of the case

This case involved a series of breaches which occurred at several branches of the intermediary affecting 19 victims in the following instances:

- ▶ Misappropriation of client's monies totaling RM19.5 million involving four licensed representatives;
- ▶ Misappropriation of client's monies totaling RM2.5 million by a licensed representative using his wife's trading account;
- ▶ Unlicensed fund management activities by two individuals; and
- ▶ Improper customer due diligence performed by a licensed representative, resulting in client's monies being placed into a third-party's trading account.

Breaches Committed

The licensed intermediary in this case was found to have committed the following breaches:

Guidelines Breached	Details
Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries (AML Guidelines)	<ul style="list-style-type: none">• Failure to:<ul style="list-style-type: none">i. conduct ongoing due diligence and scrutiny of clients' trading accounts; andii. discover and report suspicious transactions to FIED of BNM.• Failure to conduct ongoing due diligence and scrutiny of clients' trading accounts.• Failure to identify its customer and verify such customer's identity using reliable, independent source of documents, data or information.

Section 61(4) of the CMSA	<ul style="list-style-type: none"> • Contravention of conditions of licence in Licencing Handbook for failure to adequately supervise its licensed representatives in the performance of their duties and ensure they comply with securities laws.
Market Conduct Guidelines	<ul style="list-style-type: none"> • Failure to have adequate controls and risk management processes resulting in breaches of AML Guidelines and section 61(4) of the CMSA.

Enforcement actions

The SC took the following actions against the various parties responsible for the breaches:

- ▶ Licensed intermediary – reprimanded and fined;
- ▶ CEO of licensed intermediary – reprimanded and fined; and
- ▶ Seven licensed representatives – reprimanded, fined and/or licences revoked or suspended.

The SC also secured approximately RM780,000 in a representative’s account for restitution to eligible investors. To date, 21 investors have been restituted.

The SC took the additional step of issuing a reprimand and imposing a fine against the CEO for his failure to ensure the adequacy of the intermediary’s policies and procedures to manage the risks of money laundering, and to effectively implement them. The breaches exposed the intermediary to being used to further financial crime and had an impact on the integrity of the capital market which may result in loss of confidence by investors in the intermediary and its licensed representatives.

Factors taken into account in relation to the action against the CEO

Serious nature of the breach – There had been numerous breaches across a span of few years where the SC detected irregularities at several branches of the intermediary, involving eight accounts and 19 victims. The SC views AML breaches seriously as intermediaries can be exposed to being used as a conduit to further financial crime. The seriousness of AML offences can be seen where the SC imposed new requirements and obligations for intermediaries to adopt more rigorous controls, so as to identify and prevent illicit gains from flowing through Malaysia’s financial system. Such measures, as provided in the AML Guidelines include requiring intermediaries to have continuous obligation to monitor suspicious transactions for all customers, not just those who are of higher risk.

Cause of the breach – Upon analysing the nature of the breaches of the intermediary, the SC found that the breaches were due to gaps and weaknesses in internal controls and processes which among others contributed to the risks of money laundering or terrorism financing (AML/CFT).

Inadequate attention to ensure regulatory compliance – The SC had previously identified and communicated to the said intermediary the risks of the relevant breaches but yet, the CEO had failed to appreciate the need to give and allocate sufficient focus and resources on areas where these risks have been identified. As a CEO, he is responsible for ensuring that sufficient controls are in place and set clear expectations of culture, values and conduct towards compliance with securities laws.

Failure to heed warnings and meet regulatory expectations – As early as January 2015, the SC had highlighted to all CEOs of licensed intermediaries, the risks related to incidences of misappropriation of clients' monies arising from weaknesses in procedures and control over third-party accounts, and had required immediate steps to be taken to ensure that client's monies are properly accounted for and safeguarded.

Following that, in the January–August 2015 issue of *The Reporter*, the SC also highlighted emerging risks arising from third-party deposits with a reminder to intermediaries to strengthen procedures and controls. Messages to intermediaries to exercise vigilance and supervise their representatives were also included in our article.

In November 2015, as a result of audit findings, the SC had also issued a supervisory letter to the intermediary in this case, highlighting several gaps in operational manuals, review of "red flags" relating to possible money laundering activities and non-compliance with policies and procedures on employee training relating to AML/CFT.

Multiple regulatory actions – Upon detecting breaches which happened in various branches of the licensed intermediary, the SC issued its "show cause letter" to the licensed intermediary and a few representatives in November 2015. Subsequently, when other breaches came to light, a second "show cause letter" was issued in December 2017 to the licensed intermediary and a few other representatives concerned.

Against this backdrop, sanctions were meted out against the CEO as he had failed to ensure that the licensed intermediary had effectively:

- (a) established adequate and effective anti-money laundering internal control procedures;
- (b) established appropriate and effective procedures for handling third-party deposits including conducting relevant assessments on source of funds and reasons for payments;
- (c) enforced its account opening procedures; and
- (d) established adequate and effective procedures for the supervision of its licensed representatives and ensure their compliance with securities laws.

In addition, the losses incurred by the victims totalling approximately RM22 million is significant.

Message to Senior Management

1. Senior management should ensure that effective risk management are carried out and recommendations arising out of regulatory assessments are acted upon promptly.
2. Senior management should pay attention to regulatory findings and actions against breaches occurring in the company and remedy the problems identified without delay.
3. Senior management should be mindful that they continue to be responsible for areas of the business they have been placed in control of and cannot avoid responsibility by delegating some of their functions to others.
4. Senior management must implement sufficient controls and practices, and set clear expectations of culture, values and conduct towards compliance with securities laws and should consider the following:
 - take active steps to evaluate whether the controls and processes adequately address the risks;
 - ensure that the company has adequate resources to address risks;
 - foster a culture of compliance;
 - maintain appropriate oversight of regulated activities carried out by the company; and
 - have a proper understanding of AML/CFT risks.

Strengthening Financial Reporting in the Capital Market

Introduction

The SC seeks to uphold standards in the financial reporting ecosystem in the capital market and takes action where necessary.¹ This article looks at the roles played by the various parties in the financial ecosystem as to how it can be enhanced.

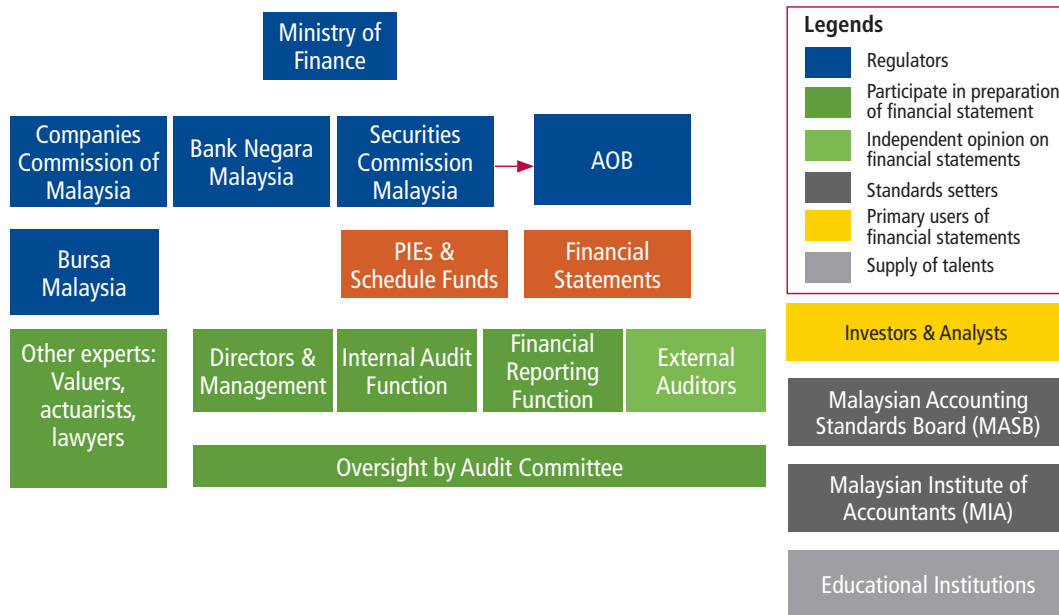
The Financial Reporting Ecosystem

The financial reporting ecosystem exists to enable reliable and accurate financial reporting to flourish. Within this ecosystem, the roles played by those involved in preparing financial statements are just as important as the roles played by the regulators, accounting standard setters and other stakeholders. This includes those who are involved in stock taking and record keeping; the staff in the finance and accounting departments that consolidate records and prepare financial reports; the internal audit function which checks the records, and the board of directors which establishes the audit committee to provide oversight of the internal audit functions as well as to engage with external auditors.

In Malaysia, the SC's Audit Oversight Board (AOB) regulates and oversees the auditing profession on the audit of public-interest entities (PIE) and schedule funds (refer to The Reporter May 2010 issue on the establishment of the AOB in April 2010).

¹ In the six months prior to 31 March 2019, the SC took six actions in relation to financial reporting and auditing. More information available at: <https://www.sc.com.my/news/media-releases-and-announcements>

The Financial Reporting Ecosystem



The Audit Committee

The primary role of a company's audit committee is to provide oversight of the financial reporting process. As such, the audit committee assists the board in discharging its responsibility with due care, diligence and skill in relation to the following areas:

- ▶ Reporting of financial information to users of financial reports;
- ▶ Application of accounting policies;
- ▶ Financial management, internal control and risk management systems;
- ▶ Providing a formal forum for communication between the board of directors and senior financial management;
- ▶ Facilitating communication between the board of directors as well as internal and external auditors;
- ▶ Facilitating the maintenance of the independence of the external auditor; and
- ▶ Consideration of significant matters that were raised during the audit process.

The audit committee's role is to, among others, provide oversight of the financial reporting and audit processes. This includes ensuring the proper functioning of internal audit which evaluates and monitors the effectiveness of the internal control systems in managing risks. The financial reporting process should be well run as finance managers are expected carry out their functions well and not expect the auditors to be responsible for the preparation of the financial statements. In this regard, the audit committee should ensure that staff involved in the finance functions are competent, conversant with, and keep abreast of the latest developments in accounting standards.

Audit committees should set up internal whistle-blowing procedures and educate the staff on the legal obligations and prohibitions under the law. This is because the law offers protection for these whistle-blowers who are involved in preparing financial statements of a public-listed company (PLC).²

The audit committee is also tasked with coming up with the terms of engagement and selection of external auditors. There should be timely involvement and engagement between the audit committee and the auditors. Once the auditors are selected, the audit committee should work together with the auditors to review the audit process and findings, and discuss matters of significance that arose during the audit process. This is to ensure that the financial statements comply with the requirements of the law and accounting standards, and give a true and fair view of the company's financial position.

Auditors' role in ensuring quality audits

Auditors serve an absolutely vital role in the capital market as transparent, informative and accurate financial reporting are the lifeblood of the capital market and are essential for investors to make informed investment decisions.

As auditors play such an important role in safeguarding public trust and strengthening investor confidence, auditors must themselves demonstrate the highest level of professional integrity as they seek to uphold audit quality.

² Includes chief executive, any officer responsible for preparing or approving financial statements or financial information, an internal auditor or secretary of a listed corporation.

Independence of auditors

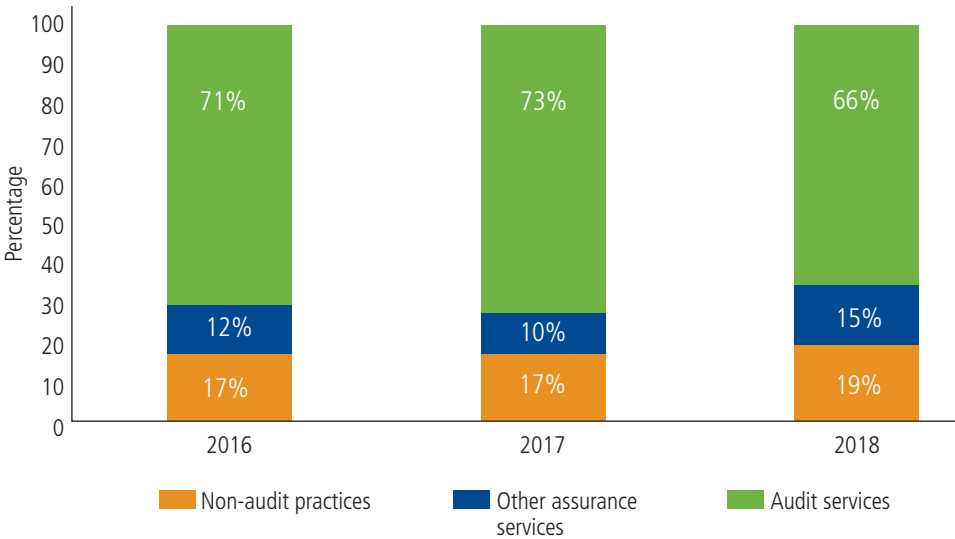
Auditor independence is a cornerstone of the auditing profession as auditors are expected to give an unbiased and honest professional opinion on the financial statements to the shareholders.

Concerns on the independence of auditors includes whether the provision of non-audit services by audit firms to its audit clients could undermine the auditor’s independence. This is especially when the proportion of fees derived from such services is high. As such, some measures taken in other jurisdictions to address these concerns are:

- Imposing restrictions on the range of non-audit services that can be provided;
- Imposing a fee cap on permissible non-audit services provided; and
- Mandating audit firms to seek pre-approval from audit committees in the provision of non-audit services.

In Malaysia, the AOB is closely monitoring the developments and evaluating the robustness of the existing framework to strengthen auditors’ independence. This is in light of the increasing trend in the composition of fees earned by non-audit services of major audit firms relative to the audit services over the years. It is observed that from 2016 to 2018, the composition of audit fees relative to non-audit fees decreased from 71% to 66% whereas fees obtained from the non-audit services increased by 5% over the last three years.

Chart
Composition of fee income between statutory audit, other assurance services and services provided by the non-audit practice of the Major Audit Firms



Source: AOB

Reporting of non-compliance

Those involved in preparing financial statements may report non-compliance to the SC or the stock exchange. If they do so, they will enjoy legal protection in their employment and also be protected from being sued by the PLC under section 321 of the CMSA.

Auditors of PLCs are under a legal obligation to report breaches and circumstances that may adversely affect the financial performance of the company to relevant authorities. The auditors' duty under *section 320 of the CMSA* are as follows:

<i>Situation Detected</i>	<i>Required Action</i>
Any breach or non-performance of the securities laws	Report to the SC
Any breach or non-performance of the rules of the exchange	Report to the SC and exchange
Any cases that adversely affects to a material extent the financial position of the PLC	Report to the SC and exchange

The law also provides protection to auditors who report to the relevant authorities from legal suits.³

Example of an Auditor's Report to the SC under section 320 of the CMSA

A PLC's statutory auditor reported to the SC several potential irregularities it detected during the audit of a PLC's financial statements relating to a substantial increase in expenses and but was not supported by proper documentation.

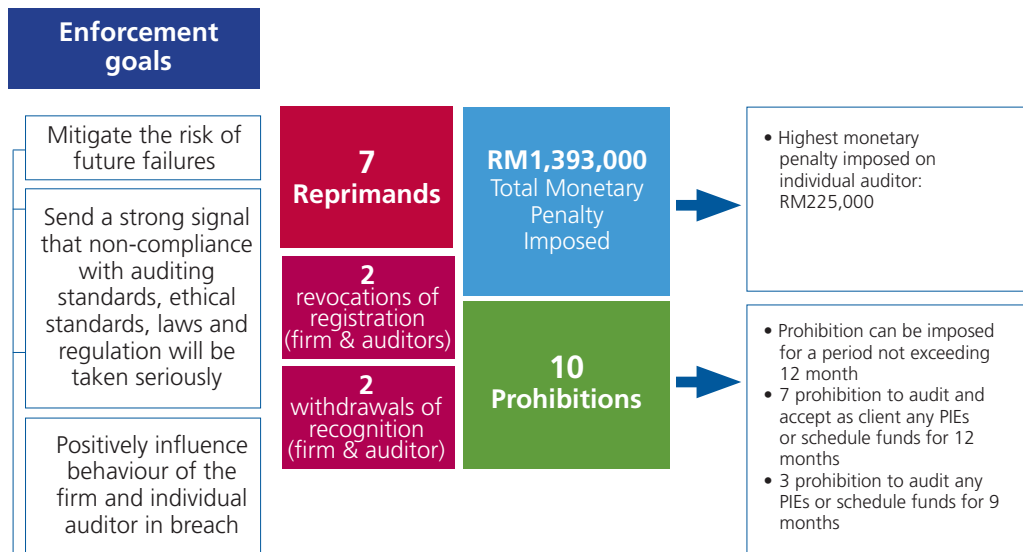
The SC took action on the directors and Chief Financial Officer for falsification of records and knowingly causing the furnishing of false or misleading statements to Bursa under *sections 368 and 369 of the CMSA*.

False and Misleading Financial Statements of PLCs

Given the seriousness of fraudulent financial statements, the CMSA was amended in 2010 to provide that that it is a crime under section 320A of the CMSA for anyone to influence, coerce or mislead any person who is engaged in the preparation of financial statement of a PLC to falsify the financial statement. It seeks to ensure that the financial statements of PLCs are reliable source of information to investors. The punishment for the contravention of this provision is imprisonment for a term of two to ten years and a fine not exceeding RM10 million.

³ Section 320(1) of the CMSA.

Actions Taken by the AOB on Audit Firms & Auditors (2017–June 2019)



Message to Auditors

1. Demonstrate the highest level of professional integrity to all stakeholders, including regulators.
2. Uphold audit quality to safeguard public trust and strengthen investor confidence in the capital market. To support and ensure audit quality, audit firms need to have the right level of infrastructure, training and technical competence.
3. Ensure that independence is not compromised by accepting engagements which may put auditors in a position of conflict of interest.
4. Ensure audit firm is well staffed in order to conduct a proper audit by putting in place capacity building efforts and measures to cope with attrition rates.
5. Ensure technical knowledge is kept up-to-date. Be conversant with the accounting standards and continuously keep abreast with the developments relating to accounting standards.
6. Go beyond a 'mere compliance' mentality to ensure that the financial statements provide a true and fair view of the company's financial performance.
7. Timely involvement of the audit partners and engagement quality control review partner in the audit so that issues can be identified early and discussed with client.

Message to Auditors

(continued)

8. Timely engagements and communication between the engaging partners and the company's Board of Directors/Audit Committee. This will enable significant issues, if any, to be identified early and discussed with the Board and Audit Committee in a timely manner for appropriate actions.
9. Be reminded that it is a statutory duty of auditors under section 320 of the CMSA to report to the SC upon detecting any breaches and non-performance of any requirement or provision of the securities laws, including non-compliance with approved accounting standards. Auditors have legal protection under the CMSA from being sued upon submission of such report to the SC.
10. Provide fullest co-operation to the SC and ensure that the information provided during the engagement sessions are factual, clear and not misleading.

Message to Issuers/Companies

1. Directors are reminded that although the financial statements are being audited, they have statutory responsibilities over the preparation of financial statements. Hence, directors need to ensure that the financial statements are drawn up in accordance with applicable accounting standards to give a true and fair view of the financial position and performance of the company.
2. Ensure financial reporting functions are adequately resourced, sufficiently competent and are in line with new developments in accounting standards and regulatory requirements. Consult the auditors in a timely manner when there are any uncertainties over any accounting treatment. For more complex areas, consider the need to engage the help of specialists for technical advice.
3. The management, directors and staff should develop a better understanding of the preparation of financial statements, the scope and remit of an audit and their respective roles in the financial reporting ecosystem.
4. Ensure that the finance and accounting systems are able to accurately capture the relevant finance-related data.
5. Have a strong internal audit team that is able to carry out its functions and that reports directly to the board and/or audit committee.

Message to Issuers/Companies *(continued)*

6. Establish an audit committee which comprises competent people who are able to act independently in the best interest of the company.
7. The audit committee should establish clear criteria and terms for the engagement of the external auditors.
8. Be proactive in your engagements with the external auditors throughout the audit to ensure issues, if any, are resolved in a timely manner.
9. Those involved in preparing financial statements should report any wrongdoings to the appropriate authorities. Legal protection is offered to whistle-blowers under the CMSA and the Whistleblower Protection Act 2010.
10. Be open and honest when dealing with regulators – do not misrepresent information or facts during engagement sessions.

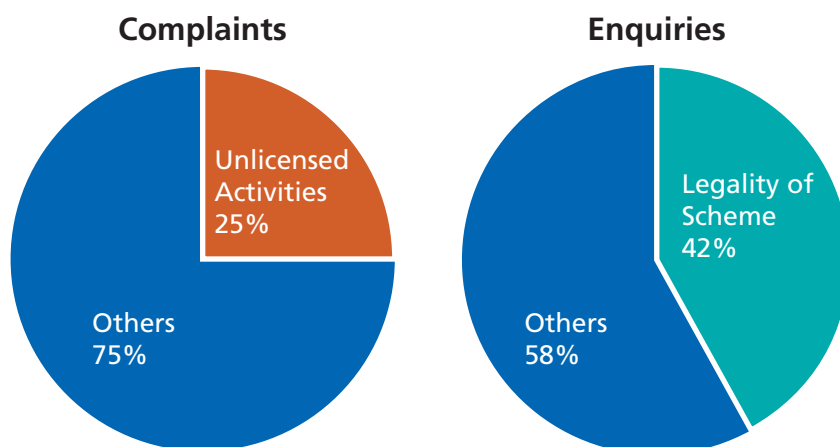
Message to Investors

1. Have a good understanding of financial reporting, the relevant roles and responsibilities of the various parties in the financial reporting ecosystem.
2. The auditors' report contains pertinent information in relation to the PLC's financial statement. Scrutinise the report to know what are the auditor's opinion and understand what are the key audit matters which the auditors consider as areas that are significant in their audit.
3. Be vigilant when reading financial statements of companies and do not merely rely on representations of others relating to the financials of the company.
4. Ask the company questions on the financial statements if you detect any error or if things are not clear.
5. During Annual General Meetings, take the opportunity to ask the PLC for clarification on the financials or any aspect of its businesses.
6. Alert the appropriate authorities if you know of any impropriety relating to the finances of a PLC, PIE or schedule fund.

Be Alert Against Unlicensed Capital Market Activities

Unlicensed activity

The SC regularly receives complaints from the public on unlicensed entities operating illegally or fraudulently (**unlicensed activity**) targeting Malaysians and overseas investors. In 2018, a substantial ratio of complaints received by the SC were in relation to unlicensed activity (25%), and it is the largest number of complaints received by the SC. As for enquiries, 42% of the total enquiries received were in relation to legitimacy of schemes.



“ Statistics show many Malaysians invest with unlicensed entities and lose large amounts of money.”

The statistics of complaints show that many Malaysians are induced into investing with unlicensed entities and losing large amounts of money as a result. This is despite regular warnings and various investor education initiatives undertaken by the SC including educating the investing public against dealing with unlicensed operators. Such unlicensed activity is typically carried out via internet websites, cold calling or seminar presentations. The instruments or products offered are either fictional, or to the extent the products exist, often located offshore. Some of the activities are actually ‘Ponzi schemes’ veiled as a legitimate investment schemes that offer high returns within short time frames.

The scheme operators make use of the age-old tactics of luring and enticing unsuspecting public into making an ‘investment’ by promising quick and extraordinary high returns, and play on the greed factor. Modern scammers utilise websites, blogs and social media applications such as Facebook and messaging systems such as chat groups on WhatsApp and Telegram to spread disinformation and engage in unlicensed activities.

Investors be vigilant

The SC's survey shows that all segments of society from students, housewives, professionals and retirees are susceptible to investments offering quick and easy money or high returns.

Among the types of cases involving unlicensed activities received by the SC over the years consists the following:

- Offering of securities without the SC's approval;
- Dealing in securities without a licence;
- Offering of CFDs and binary options;
- Dealing in derivatives without a licence;
- Operating a market (ECF/P2P) without the SC's approval;
- Robo-advisory; and
- Initial coin offering.

These are offered by unlicensed entities or involved products that have not been approved by the SC. As such, investors must be vigilant and if they encounter suspicious offerings involving unverified products, they can always verify on the SC's website (www.sc.com.my).

The SC has from time to time issued warnings and reminders on the increased use of blogs, forums and social media platforms in spreading false and misleading information relating to unlicensed activities.

The SC's strategies in relation to unlicensed activities

The SC has been on the alert and has intensified its measures against those who undertake unlicensed activities in the capital market through the following means:

- Blocking access to websites of operators of illegal schemes with joint action with the Malaysian Multimedia and Communications Commission;
- Issue cease and desist directives against operators of unlicensed activities;
- List entities and/or individuals who are involved in unlicensed activities in the SC's Investor Alert List; and
- Take enforcement action against operators of unlicensed activities.

“The SC advises investors to always exercise diligence and verify the legitimacy of information before making an investment decision. Investors are reminded to be cautious of the risk of fraud and when in doubt, to seek advice from persons licensed by the SC.”

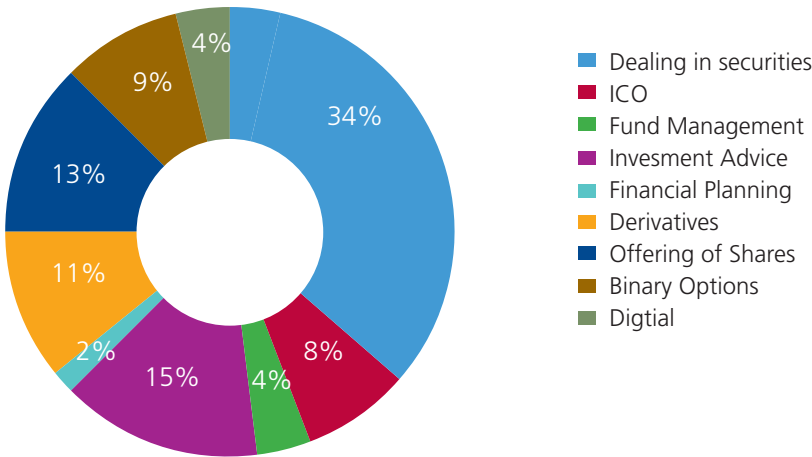
For example, the SC shut down the 'Bonescythe Stock Watch' blog which was found to have published various articles that contain misleading statements and forecasts, an offence under section 178 of CMSA.

If you encounter suspicious websites or investment products check the SC's website for verification:

List Of Unauthorised Websites/Investment Products/ Companies/Individuals

<https://www.sc.com.my/list-of-unauthorised-websites-investment-products-companies-individuals/>

The SC has included a total of 43 entities/companies/persons/websites on the SC Investor Alert List 2018 for carrying out unlicensed capital market activities.



Helping to detect illegal or unlicensed activities

The SC has a dedicated department, **Consumer and Investor Office**, which looks into inquiries and complaints relating to the capital market. If investors have any queries or suspicion in their dealings with the parties seeking to offer services or investment products in the capital market, they should immediately contact the department at **03-6204 8999**. In this way, the general public acts as the 'eyes and ears' of the SC in detecting unlicensed activities when they provide information to the SC on a timely basis. This enables the SC to take prompt actions against such parties in order that they might not do further harm to potential investors.

Case Studies Relating to Unlicensed Activities

1

An online platform offers share trading services and investment advice.

- ▶ A website with no physical presence and appears to be targeting investors and utilise its online trading platform to perform share trading activities;
- ▶ The website also provides tips and information on specific stocks to its members;
- ▶ All the benefits and activities above require investors to subscribe to a membership plan, amounting to RM200 a month; and
- ▶ Funds transacted are all done using a local bank account.

Findings: The platform is carrying out capital market activities, particularly dealing in securities and investment advice without a licence from SC.

2

Offering of CFDs by company XYZ, an unlicensed entity

- ▶ XYZ operates through social media, specifically targeted at Malaysians;
- ▶ XYZ offers contract for differences (CFDs) as its main product to investors, purportedly generating lucrative returns as compared to other financial products; and
- ▶ Local investors sign up online or with their local agents and deposit the funds into their local bank accounts.

Findings: XYZ, is carrying out capital market activity, particularly offering of CFDs without a licence from SC.

3

Individual 'X' soliciting investors to perform fund management activities

- ▶ X, a Malaysian individual, has approached his neighbours and family friends to invest in a scheme which will purportedly generate approximately 20% returns over 3 months;
- ▶ Prospective investors are told that all funds collected will be pooled and invested into top multi-national companies in the US; and
- ▶ Investors deposited their funds into his personal bank account and he issued fictitious documents to them.

Findings: X is carrying out fund management activities without a licence from the SC.

Things you should watch out for



Always question the intention of anyone who gives free investment advice

- Beware of unscrupulous parties who may give tips and rumours on stocks especially if the information comes from blogs and social media.



Differentiate fact from rumour

- Always verify the source of information to determine whether it is true or false.



If in doubt, seek advice

- Consult a licensed stockbroker or financial planner.
- You may also refer to research reports published by SC's licensed persons.



Check with SC

- Only deal with SC's licensed persons.
- Verify their status at our Public Register of License Holders in our website.
- Always check SC's Investor Alert List for list of unauthorized websites, products, companies and individuals.

More information

- To check if the person is authorised by the SC to provide investment advice go to the SC website:
<http://www.sc.com.my/licensing/public-register-of-licence-holders/>
- Also check out the SC's Investor Alert List:
<http://www.sc.com.my/enforcement/investor-alerts/sc-investor-alerts/>
- For enquires or complaints, contact SC's Consumer and Investor Office at +603 6204 8999

Message to Licensed Intermediaries

1. Always act in the best interest of your client.
2. Report any unethical or abusive or illegal market practices to your compliance department and the SC.
3. Always practice high ethical standards in order to build market confidence.
4. If your client has any queries or complaints relating to unlicensed products or services, ask them to contact the SC's Consumer and Investor Office immediately at 03-6204 8999 and caution them if you spot any irregularities or unlicensed activities.

Message to Investors

1. Only deal with SC's licensed intermediaries / individuals, and only invest in investments products distributed by licensed persons.
2. Check with the SC through Aduan@seccom.com.my or call at 03-6204 8999 if you have any queries or concerns on any investment scheme offered to you.
3. Check the SC's website or utilise InvestSmart's mobile application to verify if an individual / entity is licensed by the SC to carry out regulated activities.
4. Never invest in anything you do not understand. In particular, be wary of:-
 - 'investment opportunities' promising quick high returns. Remember if it sounds too good to be true, it probably is;
 - any investment that offers high returns in short time frames – this is one of the tell-tale warning signs that indicates that the investment is bogus;
 - investments that require transfer of monies to third-parties overseas;
 - any scheme that promises no loss in investment; and
 - investments that are offered for 'a limited period only' where the goal is to pressure you to buy now before the 'deal is gone'.
5. Report any suspicious activities to the SC's Consumer and Investor Office.

Summary of Enforcement & Supervisory Actions

Criminal Actions

8
Criminal Conviction

RM7.2million
Amount of Regulatory settlements

9 cases
Regulatory Settlements

Supervisory Engagements

(1 January 2019 - 30 June 2019)

54
Supervisory Examinations

38
Supervisory Engagements

Civil Actions

5 filed
Civil Suits


RM26.7million
Civil penalties

Administrative Actions

85
Administrative Sanctions

RM7.49million
Administrative Penalties

87
Infringement Notices



Criminal Prosecutions and Outcomes, Civil Enforcement and Regulatory Settlements

Introduction

From 1 July 2018 to 30 June 2019, the SC filed five civil suits against five individuals for breaches of the securities laws. One individual was sued for knowingly authorising the furnishing of a misleading statement to Bursa Malaysia Bhd (Bursa Malaysia) while the other four individuals were sued for insider trading.

For the period under review, the SC was also able to secure convictions against two individuals for insider trading, two individuals for distribution of application forms for securities without a copy of prospectus registered in the SC and a total of four individuals for furnishing a false statement to Bursa Malaysia. In addition, the SC also reached nine regulatory settlements.

A testament of SC's active enforcement efforts is also demonstrated in a decision of the High Court which had affirmed convictions and sentences meted out by the Sessions Court.

Outcomes Of Criminal Prosecutions And Appeals

The seriousness of capital market offences was recognised by the court where an Executive Director was sentenced to a prison term of 5 years, in addition to fines, for insider trading.

In August 2018, Supermax Corporation Bhd Group Executive Director, Datin Seri Cheryl Tan Bee Geok, was convicted and sentenced to 5 years' imprisonment and RM7 million fine, for communicating non-public material information to her sister, Tan Bee Hong.

Tan Bee Hong was also convicted and sentenced to 5 years' imprisonment and RM7 million fine for insider trading of 350,000 APL Industries Bhd shares on 31 October 2007.

In another case in October 2018, a former senior manager of an investment bank pleaded guilty to five charges of insider trading following a plea bargaining application under section 172C of the *Criminal Procedure Code*. Pursuant to the application, the abetment charge against Lim Bun Hwa was substituted with five charges of insider trading and he was sentenced to six months' jail and fined RM1 million for abetting Lim Boon Cheng in acquiring PacificMas Bhd shares while Lim Boon Cheng was in possession of inside information in relation to the proposed

conditional take-over offer by OSPL Holdings Sdn Bhd to acquire all the voting shares in PacificMas Bhd not already owned by OHSB.

In March 2019, the High Court affirmed a sentence imposed by the Session Court where a director at Tsunami Capital Sdn Bhd, Chok Chew Lan was sentenced to a fine of RM35,000 for failing to appear before an SC investigating officer to be examined orally and to assist an ongoing investigation.

In the same month, a former director of Axis Incorporation Bhd, Koh Tee Jin (Koh), pleaded guilty to one charge of furnishing false statements to Bursa Malaysia in Axis' unaudited Q1 financial report ended 30 June 2006. Koh was sentenced to one-day imprisonment and a fine of RM200,000.00. The case against his co-accused, Lee Koon Huat, is currently proceeding at the Kuala Lumpur Sessions Court.

In April 2019, a former audit partner of Messrs. Arthur Andersen & Co. who was in charge of Kiara Emas Asia Industries Bhd, pleaded guilty to three charges of submitting false information to the SC. Ravandaran a/l Thangeveloo was sentenced to a total of RM450,000.00 fine, in default, 3 years of imprisonment.

In the same month, two former group managing directors and executive directors of Kosmo Technology Industrial Bhd (Kosmo), Datuk Norhamzah Nordin (Datuk Norhamzah) and Mohd Azham Bin Mohd Noor (Mohd Azham), were convicted under all eight charges respectively for furnishing false statements to Bursa Malaysia. Datuk Norhamzah and Mohd Azham were each sentenced to imprisonment for a total of 2 years and both were found liable to a total fine of RM1.45 million.

Meanwhile, Lim Hai Loon, Kosmo's accounts manager at the material time, was sentenced to imprisonment for a total of 1 year and fined RM560,000.00. He was charged with abetting in the commission of the offences.

In June 2019, two former Bestino Group Bhd (Bestino) directors were found guilty of distributing application forms for the company's redeemable preference shares without a copy of a prospectus registered with the SC. Chong Yuk Ming, who is also the founder of the now-defunct Bestino, was fined RM600,000 in default 6 months' imprisonment, while Balachandran a/l Shanmugan, was fined RM400,000 in default 4 months' imprisonment. They were also ordered to serve a one-day jail term.

In the same month, the High Court affirmed a conviction passed by the Sessions Court where a former executive chairman and director, Datuk Dr Mohd Adam Che Harun (Datuk Adam) was found guilty for furnishing false information to Bursa Malaysia. The appeal against his sentence was however, allowed in part, whereby the imprisonment term of 18 months was reduced to 6 months while the fine of RM300,000 was maintained. The High Court also allowed Datuk Adam's application for a stay of execution of the imprisonment term pending his appeal to the Court of Appeal.

A detailed excerpt of the above cases can be found at:

<https://www.sc.com.my/regulation/enforcement/actions/criminal-prosecution/updates-on-criminal-prosecution-in-2019>



Regulatory Settlements And Outcomes Of Civil Enforcement Actions

Regulatory Settlements

During the period of review, credible deterrence was achieved for serious corporate governance transgressions.

In July 2018, Tan Sri Abdul Rahman Bin Omar entered into a regulatory settlement with the SC in the sum of RM69,144.00 when he agreed, without admission or denial of liability, to settle a claim that the SC was proposing to institute against him for acquiring Edaran Otomobil Nasional Bhd (EON) shares while in possession of inside information. The inside information was in relation to EON's announcement to Bursa Malaysia Bhd of a proposed special gross dividend of 137 cents per share less 27% tax in respect of the financial year ended 31 December 2006. Abdul Rahman Bin Omar had acquired 100,000 EON shares on 23 February 2007, prior to the announcement.

In October 2018, Dato' Lim Lean Heng entered into a regulatory settlement with the SC in the sum of RM666,900.00 when he agreed, without admission or denial of liability, to settle a claim that the SC was proposing to institute against him for acquiring 727,000 Hirotako Holdings Bhd (Hirotako) shares in the account of Bright Memory Sdn Bhd while in possession of inside information. The inside information was in relation to a proposed take-over offer by MBM Resources Bhd to acquire all voting shares and outstanding warrants in Hirotako.

In January 2019, Dato' Harjit Singh a/l Gurdev Singh entered into a regulatory settlement with the SC in the sum of RM173,352.00 when he agreed, without admission or denial of liability, to settle a claim that the SC was proposing to institute against him for acquiring 346,500 Johor Land Bhd (JLand) shares through a HSBC Private Bank Singapore's account for Star Honour Limited, a BVI incorporated company while in possession of inside information. The inside information was in relation to the proposed privatisation of JLand via a Voluntary General Offer at a price of RM1.55 per JLand share, which was announced to Bursa Malaysia on 13 April 2009.

In a related case, the former Managing Director of JLand, AFM Shafiqul Hafiz (Shafiqul), entered into a settlement with the SC in the sum of RM173,352.00 when he agreed, without admission or denial of liability, to settle a claim that the SC was proposing to institute against him for communicating inside information to Dato' Harjit. At the material time, Shafiqul was the Managing Director of JLand.

In April 2019, AirAsia Group Bhd co-founder and Executive Chairman, Datuk Kamarudin bin Meranun entered into a settlement with the SC in the sum of RM3,637,252.00 when he agreed, without admission or denial of liability, to settle a claim that the SC was proposing to institute against him for acquiring 5,660,000 Malaysia Airlines Bhd (MAS) shares between 1 August 2011 and 5 August 2011 through the account of Nor Ashikin binti Khamis' and Malizan bin Mahmood whilst in possession of inside information contrary to section 188(2) of the *Capital Markets and Services Act 2007* (CMSA).

In a related case, Abdul Radzim bin Abdul Rahman and Mohamed Radzif bin Mohamed Shamsudin entered into a settlement with the SC in the sum of RM750,000 respectively when they agreed, without admission or denial of liability, to pay a civil penalty that the SC was proposing to institute against them for acquiring 3,160,000 MAS shares through the account of Nor Ashikin binti Khamis and 2,500,000 MAS shares through the account of Malizan bin Mahmood respectively between 1 August 2011 and 5 August 2011 whilst in possession of inside information contrary to section 188 (2) of the CMSA.

In the same month, a former head of research at CIMB Equities Research, Terence Wong @ Huang Thar-Rearn (Terence Wong) has entered into a settlement with the SC in the sum of RM573,150 over the purchase of 800,000 Malaysia Airlines Bhd in July 2011 through the account of Tan Ah Loy @ Tan May Ling while in possession of inside information. The amount disgorged from Terence Wong is equivalent to three times the difference between the price at which the shares were acquired and the price at which the shares would have been likely to have been acquired at the time of the acquisition, if the information had been generally available.

Also in the same month, Datuk Paul Poh Yang Hong (Datuk Poh) entered into a settlement with the SC in the sum of RM260,160.00 when he agreed without admission or denial of liability to settle a claim that the SC was proposing to institute against him for acquiring 200,000 EON Capital Bhd shares between 16 December 2009 and 17 December 2009 through the account of Poh Soon Sim while in possession of inside information. The amount disgorged from Datuk Poh is equivalent to three times the difference between the price at which the shares were acquired and the price at which the shares would have been likely to have been acquired at the time of the acquisition, if the information had been generally available.

In May 2019, Chong Ah Kaim (Chong) entered into a settlement with the SC in the sum of RM65,157.00 when he agreed without admission or denial of liability to settle a claim that the SC was proposing to institute against him for acquiring 66,800 Harn Len Corporation Bhd (Harn Len) shares in his account between 13 September 2013 and 27 September 2013 while in possession of inside information. The inside information was in relation to the proposed disposal of two parcels of land held by Uniglobal Sdn Bhd, a wholly-owned subsidiary of Harn Len to in the district of Lahad Datu, Sabah for a cash consideration of RM184,596.825.00 to Boustead Rimba Nilai Sdn Bhd, a wholly-owned subsidiary of Boustead Holdings Bhd. The proposed disposal was announced on Bursa Malaysia on 27 September 2013. At the material

time, Chong was the Assistant General Manager of Harn Len and a member of the Management Working Committee at Harn Len.

In a related case, the son of the late business tycoon Tan Sri Low Nam Hui, Low Kok Yong (Low) entered into a settlement with the SC in the sum of RM85,596.00 when he agreed without admission or denial of liability to settle a claim that the SC was proposing to institute against him for acquiring 120,000 Harn Len shares in his account between 9 September 2013 and 13 September 2013 while in possession of inside information. At the material time, Low was the Head of Business Development at Harn Len. The amount disgorged from Low is equivalent to two times the difference between the price at which the shares were acquired and the price at which the shares would have been likely to have been acquired at the time of the acquisition, if the information had been generally available.

All settlements were reached following letters of demand sent by the SC pursuant to its civil enforcement powers under the securities laws.

Outcomes of civil enforcement actions

In March 2019, founder and Group Managing Director of TH Group Bhd, Lei Lin Thai entered into a consent judgment with the SC for the sum of RM2,258,578.53 pertaining to a civil suit knowingly authorised the furnishing of misleading statement to Bursa Malaysia Bhd. The misleading statement is in relation to a failure to disclose 4 individuals as parties acting in concert in an announcement dated 29 September 2008.

Also in the same month, the High Court recorded a consent judgment between the SC and the chairman of Three-A Resources Bhd (3A), Dato' Mohd Nor Abdul Wahid (Dato' Mohd Nor) for orders which included a declaration that Dato' Mohd Nor had contravened s188(2)(a) CMSA when he acquired 500,000 3A shares on 5 October 2009 whilst in possession of inside information. Dato' Mohd Nor was ordered to pay a sum of RM50,201.40 for the said contravention and a civil penalty of RM1 million. Additionally, he is barred from being appointed a PLC director for 5 years and prohibited from dealing in any securities on a stock market for the same period.

In April 2019, former Chief Executive Officer (CEO) of Malaysia Pacific Corporation Bhd (MPAC), Dato Ch'ng Poh @ Ch'ng Chong Poh (Dato Ch'ng Poh) who was charged with 58 counts of insider trading entered into a consent judgment with the SC. The High Court granted the orders sought by SC which include, among other, a declaration that Dato Ch'ng Poh had contravened section 188(2)(a) of the CMSA; an order that Dato Ch'ng Poh pay the sum of RM390,777.00 which is equivalent to three (3) times the amount of RM130,259.00 being the difference between the price at which the said shares would have been likely to have been acquired at the time of the trading, if the information relating to the Proposed Joint Venture Project had been made generally available; an order for a civil penalty of RM1 million; an order that Dato Ch'ng Poh be barred from being a director of any public listed companies for a period of 5 years; and an order that Dato Ch'ng Poh be

prohibited from any involvement or dealings in any securities on a stock market within Malaysia for a period of 5 years.

In May 2019, the High Court recorded a consent judgment between the SC and businessman Datuk Ishak Ismail (Datuk Ishak), requiring him to pay a fine slightly less than RM20 million. Datuk Ishak was charged for insider trading and giving misleading statements likely to induce others to buy shares in the financially stressed company, Kenmark. He was previously the largest shareholder in Kenmark.

Also in the same month, a consent judgment was recorded between SC and a former director of Ranhill Bhd and Ranhill Power Bhd (formerly listed on Bursa Malaysia), Amran Bin Awaluddin (Amran) and one Nooralina Binti Mohd Shah (Nooralina), declaring both defendants to be in contravention of Section 89E2(a) of Securities Industry (Central Depositories) Act (SIA). Amran faced 7 charges for acquiring 309,100 units of Ranhill Power Bhd shares between 27 July 2007 and 11 September 2007 whilst in possession of material non-public information, whereas Nooralina faced 7 charges for abetting Amran in the commission of the offences. The High Court also granted the three times disgorgement sought by the SC, and ordered by consent for both defendants to pay a civil penalty of RM1,000,000.00 each. The SC was also awarded a sum of RM50,000.00 as cost.

A detailed excerpt of the above cases can be found at:

<https://www.sc.com.my/regulation/enforcement/actions/civil-actions-and-regulatory-settlements/civil-action-in-2019>

The details of the regulatory settlement can be found at:

<https://www.sc.com.my/regulation/enforcement/actions/civil-actions-and-regulatory-settlements/regulatory-settlements-in-2019>

Administrative Actions and Supervisory Engagements

ADMINISTRATIVE ACTIONS

From 1 July 2018 to 30 June 2019, the SC had imposed a total of 85 administrative sanctions as can be seen in the table below:

Table 1

Administrative actions from 1 July 2018 to 30 June 2019 by types of sanction and parties in breach

Parties in breach	Type of sanction				
	Directive	Reprimand	*Penalty	Suspension / Revocation of licence	Public Statement
Licensed persons					
Licensed entities	-	1	1	3	-
Licensed individuals	-	2	1	2	-
Directors of PLC	-	18	5	-	4
PLC	-	9	6	-	-
Other entities	8	3	11	-	-
Other individuals	1	4	6	-	-

*A total of RM7,494,000 of penalty was imposed.

These sanctions were imposed for mainly breaches of the CMSA in particular failure to disclose material information which led to the companies' financial statements to be false and misleading, the SC's guidelines as well as breaches of licensing conditions.

Table 2

Penalties imposed from 1 July 2018 to 30 June 2019

Parties in Breach	Amount of Penalty (RM)
1 July 2018 to 31 December 2018	
Lotte Chemical Titan Holding Berhad	560,000
Maybank Investment Bank Berhad	450,000
Ernst & Young	297,500
Lee Dong Woo	441,000
Lee Kwan Ho	441,000
Raja An Nurum Muhammadun Jamil Iqbal bin Mohamed @ Mohd Beta	50,000
Lim Boon Cheng	100,000
Kenanga Investment Bank Berhad	4,000
AmanahRaya Investment Management Sdn Bhd	1,000
VCB Capital Sdn Bhd	2,000
Kumpulan Sentiasa Cemerlang Sdn Bhd	7,000
"Yeoh Jin Hoe ("YJH") And 1. Eller Axis Sdn Bhd 2. Patricia Woon Lai Ching @ Lee Yah Seng 3. Marc Francis Yeoh Min Chang 4. Scott Sebastian Yeoh Min Hsing 5. Yeoh Jin Aik 6. Yeoh Jin Kim 7. Yeoh Jin Beng 8. Agnes Goh Cheng Suan 9. Iska Tenaga Sdn Bhd 10. Sanwoi (Malaysia) Sdn Bhd (collectively parties acting in concert and referred to as "the Can-One PACs")."	480,000
"Yeoh Jin Hoe (YJH); And 1. Can-One International Sdn Bhd 2. Bukit Feringhi Resort Sdn Bhd 3. Patricia Woon Lai Ching @ Lee Yah Seng 4. Marc Francis Yeoh Min Chang 5. Scott Sebastian Yeoh Min Hsing 6. Yeoh Jin Aik 7. Agnes Goh Cheng Suan 8. Sanwoi (Malaysia) Sdn Bhd (collectively parties acting in concert and referred to as "the KJCF PACs")."	455,000
RHB Investment Bank Berhad	900,000
Chan Cheong Yuen (Mike)	200,000
MTC Asset Management (M) Sdn Bhd	1,000
TOTAL FOR 2018	4,389,500

1 January 2019 to 30 June 2019	
MTC Asset Management (M) Sdn Bhd	8,000
RHB Investment Bank Berhad	50,000
Standard Chartered Bank Malaysia Berhad	21,000
Deloitte PLT	2,200,000
Chu Li Choon	100,000
Cho Seongtaeg	220,500
MTC Asset Management (M) Sdn Bhd	4,000
Azuzay bin Zamani	500,000
Golden Touch Asset Management Sdn Bhd	1,000
TOTAL FOR 2019	3,104,500
GRAND TOTAL	7,494,000

Promoting Integrity of Financial Statements

Financial statements of public interest entities and schedule funds (“PIEs”) are important documents relied on by various stakeholders.

Auditors being gatekeepers, are relied on by the SC to ensure that financial statements submitted are true and accurate. In ensuring the reliability of financial statements, the SC has taken action against an auditor, PIEs and its directors for breaches of securities laws.

Deloitte PLT, a firm of auditors, was sanctioned for failure to immediately report to the SC irregularities which may have a material effect on the ability of Bandar Malaysia Sdn Bhd to fulfill its obligations in repaying its sukukholders any amount under the Sukuk Murabahah Programme. The SC imposed reprimands and penalties on Deloitte PLT totalling RM2,200,000 with respect to this failure and breaches of securities laws.

It is also an offence for any person to knowingly cause the lodgement of false or misleading statements to the SC or Bursa Malaysia. The gravity of this offence is paramount with respect to financial statements of PIEs which are submitted to Bursa Malaysia and relied on by the public at large.

In light of this, the SC reprimanded the following PIEs and some of its directors for knowingly causing the lodgement of false or misleading financial statements to Bursa Malaysia:

- China Stationery Limited (CSL);
- Maxwell International Holdings Berhad (Maxwell); and
- Xingquan International Sports Holdings Limited (Xingquan).

The SC has also issued a public statement that the retention of office by Chan Fung of CSL, Li Kwai Chun of Maxwell and Dato’ Wu Qingquan of Xingquan as directors of those respective companies, as being prejudicial to the public interest.

Enforcing Fit and Proper Requirements for CMSL and CMSRL Holders

CMSL and CMSRL holders are expected to remain fit and proper throughout the period of their licence. This is important to ensure that they act honestly and treat investors fairly.

In this regard, the SC has revoked VCB Capital Sdn Bhd's (VCB) CMSL for fund management. The SC found VCB not fit and proper to continue holding its CMSL as VCB was found to have breached the Guidelines on Compliance Function for Fund Management Companies and Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries.

The SC also revoked the CMSRL of Chu Li Choon for executing unauthorised share trades and investment in structured product without her client's authorisation. Chu Li Choon had also fabricated investment advices to her client to conceal the unauthorised transactions. Additionally, the SC also imposed a penalty of RM100,000 for her breaches.

Enforcing requirements under the LOLA Framework

The Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (LOLA Guidelines) require an issuer of a wholesale fund to submit to the SC monthly statistical returns and annual report of the wholesale fund within the period prescribed in the LOLA Guidelines. For this reporting period, the SC imposed a penalty of RM1,000 for each day of delay per fund on the following fund management companies for their failure to submit monthly statistical returns or annual report of wholesale funds as required under the LOLA Guidelines:

- Amanah Raya Investment Management Sdn Bhd;
- VCB Capital Sdn Bhd;
- Kumpulan Sentiasa Cemerlang Sdn Bhd;
- MTC Asset Management (M) Sdn Bhd;
- Muamalat Invest Sdn Bhd; and
- Golden Touch Asset Management Sdn Bhd.

The LOLA Guidelines also require an issuer of a structured product to submit to the SC a monthly post-issuance report and post-issuance notice within the guidelines' prescribed period. On this matter, Kenanga Investment Bank Bhd, RHB Investment Bank Bhd and Standard Chartered Bank Malaysia Bhd were imposed a penalty of RM4,000, RM50,000 and RM21,000 respectively due to delayed submission of their monthly post-issuance reports or post-issuance notices to the SC.

INFRINGEMENT NOTICES

During this period, SC issued 50 Infringement Notices in relation to, among others:

1. non-compliances with approved accounting standards;
2. non-compliances with licensing conditions;
3. weaknesses in compliance, risk and audit functions; and
4. weaknesses in the process and procedures for the prevention of anti-money laundering and countering financing of terrorism.

Table 3

Infringement Notices Imposed from 1 July to 30 December 2018

Types of Infringement Notices	July	August	September	October	November	December
Supervisory Letter	1	2	1	9	-	-
Warning Letter	7	-	1	-	2	4
Non-Compliance Letter	1	-	-	1	3	3
Cease and Desist Letter	1	-	1	-	-	-
TOTAL	10	2	3	10	5	7

Table 4

Infringement Notices Imposed from 1 January to 30 June 2019

Types of Infringement Notices	January	February	March	April	May	June
Supervisory Letter	4		5	10		1
Warning Letter	1	1	5		4	7
Non-Compliance Letter			1	7		1
Cease and Desist Letter					3	
TOTAL	5	1	11	17	7	9

SUPERVISORY EXAMINATIONS AND ENGAGEMENTS

As part of the SC's market oversight and supervision activities, the SC leverages on supervisory engagements as one of the supervisory toolkits to ensure that policies and rules governing markets, governance and risk management practices and regulatory duties of market institutions and self-regulatory organisation are aligned to the SC regulatory objectives and expectations. In 2019, various engagements were held to communicate the SC's views and feedback on proposed changes to regulatory plans, exchange rules and governance structure. The SC also engaged the recognised market operators, providing alternative funding and investment avenue to communicate compliance expectations surrounding adequacy of information disclosure in fund raising campaigns, and issuer and investor suitability assessments.

Table 5

Number of Supervisory Examinations and Engagements¹ Conducted by the SC from 1 January to 30 June 2019

Entity	Number of Examinations Conducted	Number of Engagements Conducted
Bursa	-	18
FIMM / PPA	-	1
RMO	-	19
Investment Banks	14	-
IUTA Banks	4	-
FMCs / UTMCS	18	-
Trustees	5	-
Other intermediaries	13	-

¹ These statistics are exclusive of engagements conducted by the Authorisation and Licensing Department

FOR MORE INFORMATION

www.sc.com.my

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If you have queries or comments, please contact:

Corporate Affairs Department

Securities Commission Malaysia
3, Persiaran Bukit Kiara, Bukit Kiara
50490 Kuala Lumpur
Malaysia

Tel: 603-6204 8777

Faks: 603-6201 5078

Email: cau@seccom.com.my