



LAWS OF MALAYSIA

Act A661

**SECURITIES INDUSTRY (AMENDMENT)
ACT 1987**

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**SECURITIES INDUSTRY (AMENDMENT)
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An Act to amend the Securities Industry Act 1983.

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BE IT ENACTED by the Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

1. (1) This Act may be cited as the Securities Industry (Amendment) Act 1987.

Short title
and
commence-
ment.

(2) The Minister may, by notification in the *Gazette*, appoint different dates for the coming into force of different provisions of this Act.

(3) Notwithstanding the provisions of this Act and until such time as a member firm existing at the date of the coming into force of this Act causes a company incorporated under Part III of the Companies Act 1965 to take over its business, assets and liabilities—

Act 125.

(a) a dealer's licence issued to a partner of the member firm shall continue to have full force and effect until the expiry date specified therein, and thereafter may be renewed from year to year provided that such partner—

(i) remains as a partner in the same member firm; and

(ii) qualifies under section 18 (1) of the principal Act as if the principal Act has not been amended;

(b) a partner of any such member firm who holds a valid dealer's licence shall be deemed to be a dealer for the purpose of the principal Act; and

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(c) the term "member of the stock exchange" in the principal Act as amended by this Act shall include a person who is a partner of a member firm and who, before the coming into force of this Act, was a member of the stock exchange.

Amendment
of section 2.
Act 280.

2. Section 2 of the Securities Industry Act 1983, which in this Act is referred to as "the principal Act", is amended—

(a) by inserting the sign and figure "(1)" before the words "Dalam Akta ini" in the National Language text; and

(b) in subsection (1)—

(i) by inserting the words "as a corporation" immediately after the word "securities" in the interpretation of "dealer";

(ii) by deleting the words ", where the dealer is a corporation," and the words "who is not the holder of a dealer's licence and" in the interpretation of "dealer's representative";

(iii) by deleting the words "not being a stock broker or his representative" in paragraph (a) of the interpretation of "exempt dealer";

(iv) by inserting immediately after the interpretation of "licence" the following new interpretation of "listing requirements":

' "listing requirements" in relation to a body corporate which maintains or provides, or proposes to maintain or provide, a stock exchange, means the rules governing or relating to—

(a) the admission to the official list of any body corporate, government, unincorporate body or any other person for the purpose of the quotation on the stock market, or

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made available by a body corporate, government, unincorporate body or any other person or the removal from that official list and for other purposes; or

(b) the activities or conduct of any body corporate, government, unincorporate body and any other person who are admitted to that list,

whether those rules—

(i) are made by the body corporate or are contained in any of the constituent documents of the body corporate; or

(ii) are made by another person and adopted by the body corporate;;

(v) by deleting the interpretation of “member firm”;

(vi) by deleting the words “firm or” wherever they appear in the interpretation of “relevant authority”;

(vii) by substituting for the interpretation of “stock broker” the following new interpretation of “stock broker”:

“stock broker” means a person who is a member of the stock exchange and a director of a member company; and

(viii) by inserting immediately after the interpretation of “stock exchange” the following new interpretation of “stock market”:

“stock market” means a market or other place at which, or a facility by means of which—

(a) offers to sell, purchases or exchanges of securities are regularly made or accepted;

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(b) offers or invitations that are intended, or may reasonably be expected, to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange securities, are regularly made;

(c) information concerning the prices at which or the consideration for which, particular persons, or particular classes of persons, propose, or may reasonably be expected to sell, purchase or exchange securities is regularly provided;'

Amendment
of section 3.

3. Section 3 of the principal Act is amended—

(a) by deleting sub-paragraphs (i) and (ii) of subsection (1) (d); and

(b) by deleting the sign and word "(ii) or" in subsection (2).

Amendment
of section 6.

4. Section 6 of the principal Act is amended by inserting immediately after subsection (2) the following new subsections (2A) and (2B):

"(2A) Any person may make an announcement of a proposal for a scheme of arrangement, a scheme of reconstruction or a takeover scheme before submitting such proposal to the Capital Issues Committee for its approval under this section.

(2B) For the purpose of subsection (2A), "announcement" means any publication by press notice or in any other form of a firm intention to make an offer."

Amendment
of section
10.

5. Subsection (4) of section 10 of the principal Act is amended by inserting immediately after the word "fine" the words "not exceeding two thousand five hundred ringgit".

Amendment
of section
12.

6. Section 12 of the principal Act is amended by deleting the words "and a member company" in subsection (2).

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7. Section 16 of the principal Act is amended by inserting immediately after subsection (1) the following new subsection (1A): Amendment of section 16.

“(1A) Notwithstanding subsection (1) where an application for the renewal of a licence is made less than thirty days but before the expiry date of the licence, the Registrar may for any special reason he deems fit accept such application for consideration.”.

8. The principal Act is amended by substituting for sections 17 and 18 the following new sections 17 and 18 respectively: Amendment of sections 17 and 18.

Registrar to grant and renew dealer's licence in certain circumstances.

17. The Registrar shall only grant or renew a dealer's licence to a corporation if—

- (a) after consideration of the character of the directors and the secretary and of the financial position of the corporation; and
- (b) after consideration of the interest of the public,

he is of the opinion that the applicant is a fit and proper person to hold the licence applied for.

Registrar to grant and renew investment adviser's licence in certain circumstances.

18. The Registrar shall only grant or renew an investment adviser's licence if—

- (a) after consideration—
 - (i) where the applicant is a natural person, of the character and financial position of the applicant; or
 - (ii) where the applicant is a corporation, of the character of the directors and the secretary and of the financial position of the corporation; and
- (b) after consideration of the interests of the public,

he is of the opinion that the applicant is a fit and proper person to hold the licence applied for.”.

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- Amendment of section 22. 9. Section 22 of the principal Act is amended by inserting after the word "fine" the words "of not less than five thousand ringgit".
- Amendment of section 23. 10. Section 23 of the principal Act is amended by substituting for the words "stock broker" the words "member company" in subsection (1).
- Amendment of section 33. 11. Section 33 of the principal Act is amended—
(a) by deleting the words "or any person authorised by him" and the words "or any person so authorised" in subsection (1); and
(b) by deleting the words "or any authorised person" in subsection (2).
- Amendment of section 34. 12. Section 34 of the principal Act is amended by deleting the words "or any person authorised by him" in subsection (1).
- Deletion of section 36. 13. The principal Act is amended by deleting section 36.
- Amendment of section 38. 14. Section 38 of the principal Act is amended—
(a) by inserting after the word "name" the words "and address" in subsection (2) (c);
(b) by inserting after the word "commission" the words "and other fee (if any)" in subsection (2) (h);
(c) by deleting the words "partners or" in subsection (4) (c);
(d) by substituting for the words "who is a member of a stock exchange" the words "which is a member company" wherever they appear in subsection (5) (a); and
(e) by substituting for subsection (6) the following new subsection (6):
 "(6) Notwithstanding the provisions of section 3, a person is not associated with another person for the purposes of this section by reason only that he is a director of a body corporate of which the other

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person is also a director, whether or not the body corporate carries on a business of dealing in securities.”.

15. Section 39 of the principal Act is amended—

Amendment
of section
39.

- (a) by substituting for paragraph (c) of subsection (3) the following new paragraph (c):

“(c) notwithstanding the provisions of section 3, a person is not associated with another person in relation to the sending of a circular or other communication or the making of a recommendation by reason only that he is a director of a body corporate of which the other person is also a director, whether or not the body corporate carries on a business of dealing in securities, unless the person and the other person are acting jointly, or otherwise acting together or under or in accordance with an arrangement made between them, in relation to the sending of the circular or communication or the making of the recommendation.”;

- (b) by substituting for paragraph (a) of subsection (7) the following new paragraph (a):

“(a) where he is a member, or an employee of a member company or a member company of a stock exchange, thereupon serve a copy of the circular or other communication or of the offer or recommendation on that stock exchange; or”;

- (c) by substituting for the word “lodge” the word “lodged” in subsection (9); and

- (d) by inserting after the word “fine” the words “of not less than five thousand ringgit” in subsection (12).

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- Amendment of section 40. 16. Section 40 of the principal Act is amended—
- (a) by deleting the comma between the word “transaction” and the word “as” in subsection (2); and
 - (b) by deleting the words “partners or” in paragraph (c) of subsection (2).
- Amendment of section 41. 17. Section 41 of the principal Act is amended—
- (a) by inserting after the word “fine” the words “of not less than five thousand ringgit” in subsection (2); and
 - (b) by deleting the words “is a member of a stock exchange and” in subsection (4) (a).
- Amendment of section 42. 18. Section 42 of the principal Act is amended by deleting the sign and figure “(1)” in subsection (1) and by deleting subsection (2).
- Amendment of section 44. 19. Section 44 of the principal Act is amended by inserting after the word “fine” the words “of not less than ten thousand ringgit” wherever it appears in subsection (2).
- Amendment of section 49. 20. Section 49 of the principal Act is amended by substituting for subsection (4) the following new subsection (4):
- “(4) For the purposes of subsection (1), “financial year” in relation to a dealer, means the financial year of the corporation within
Act 125. the meaning of the Companies Act 1965.”.
- Amendment of section 50. 21. Section 50 of the principal Act is amended by deleting the words “or a member firm” in subsection (2).
- Amendment of section 55. 22. Section 55 of the principal Act is amended by substituting for paragraph (a) the following new paragraph (a):
- “(a) examine on oath any director, executive officer or the secretary of the dealer concerned and any of the dealer’s employees and agents and any other auditor appointed under this Act in relation to those books, accounts, records and securities;”.

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23. Section 57 of the principal Act is amended—

Amendment
of section
57.

(a) by substituting for paragraph (a) of subsection (1) the following new paragraph (a):

“(a) a dealer and any of its director, executive officer or secretary, employee or agent shall produce any books, accounts and records of and any securities held by the dealer relating to his business; and”;

(b) by substituting for the words “, where the dealer carries on business in partnership, the other members of the partnership and where the dealer is a corporation, any director, executive officer or the secretary of that corporation and the dealer’s employees and agents” the words “any of its director, executive officer, secretary, employee or agent” in subsection (2).

24. Section 58 of the principal Act is amended by inserting after the word “fine” the words “of not less than ten thousand ringgit” in subsection (1).

Amendment
of section
58.

25. Section 60 of the principal Act is amended by inserting immediately after the interpretation of “fidelity fund” the following new interpretation of “member of the stock exchange”:

Amendment
of section
60.

““member of the stock exchange”, in relation to a fidelity fund, means any person admitted to membership of the stock exchange;”.

26. Section 62 of the principal Act is amended by substituting for the words “stock brokers” the words “members of the stock exchange” in paragraph (a).

Amendment
of section
62.

27. Section 66 of the principal Act is amended by deleting the words “and section 74” in subsection (2).

Amendment
of section
66.

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Amendment
of section
67.

28. Section 67 of the principal Act is amended by substituting for subsections (1) and (2) the following new subsections (1) and (2):

“(1) A person shall not be admitted to membership of a stock exchange until he has paid to the stock exchange concerned, as a contribution to its fidelity fund, such amount being not less than one thousand ringgit as is determined by the stock exchange.

(2) A member of the stock exchange shall on or before the thirty-first day of December in each year pay to the stock exchange of which he is a member, as a contribution to its fidelity fund, such amount being not less than five hundred ringgit as is determined by the stock exchange.”.

Amendment
of section
68.

29. Section 68 of the principal Act is amended—

(a) by substituting for the words “stock broker” the words “member of the stock exchange” in subsection (1) (a);

(b) by substituting for paragraphs (b) and (c) of subsection (1) the following new paragraphs (b) and (c):

“(b) on the retirement from business or the cessation of business of any member of the stock exchange, the committee may in its discretion pay to him the total amount of annual contributions made by him to the fund or such proportion thereof as is for the time being determined by the committee either generally or in relation to the particular member of the stock exchange, either with or without simple interest thereon at a rate not exceeding three per centum per annum; and

(c) on the death or winding up, as the case may be, of any such member of the stock exchange without any payment having been made to him under paragraph (b), the committee may in its discretion make such payment either to

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his personal representative or to his widow or to any dependent or dependents or to its liquidator, as the case may be.”;

- (c) by substituting for the words “stock brokers” and “stock broker” the words “members of the stock exchange” and “member of the stock exchange” respectively in subsection (2); and
- (d) by substituting for the words “stock broker” the words “member of the stock exchange” in subsection (4).

30. The principal Act is amended by substituting for the words “stock broker” the words “member of the stock exchange” wherever they appear in section 69. Amendment
of section
69.

31. Section 72 of the principal Act is amended— Amendment
of section
72.

- (a) by substituting for subsections (1) and (2) the following new subsections (1) and (2):

“(1) Subject to this Part, a fidelity fund shall be held and applied for the purpose of compensating persons who suffer pecuniary loss from any defalcation committed by a member company or any of its directors who are liable to contribute to that fund, whether or not they have been freed and discharged from payment under section 68 or by any of the employees of such a member company in relation to any money or other property which, whether before or after the date of the coming into operation of this Act, in the course of or in connection with the business of that company—

- (a) was entrusted to or received by a member company or any of its directors or any of the company’s employees for or on behalf of any other person; or
- (b) the member company being in respect of the money or other property either the sole trustee or sole trustees or trustee or trustees with any other person or persons, was entrusted to or received by the member company or

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any of its directors or any of the company's employees as trustee or trustees or for or on behalf of the trustees of that money or property.

(2) Save as otherwise provided in this section, the total amount that may be paid under this Part to all persons who suffer loss through defalcations by a member company or any of its directors and through defalcations by any of the company's employees shall not, in any event, exceed in respect of that company the sum of one hundred thousand ringgit, but for the purposes of this subsection any amount paid from a fidelity fund shall to the extent to which the fund is subsequently reimbursed therefor be disregarded.”; and

(b) by substituting for subsection (6) the following new subsection (6):

“(6) For the purposes of this section “director” includes a person who has been, but at the time of any defalcation in question has ceased to be, a director of a member company if, at the time of the defalcation the person claiming compensation has reasonable grounds for believing that person to be a director of a member company.”.

Amendment
of section
73.

32. Section 73 of the principal Act is amended by substituting for subsection (2) the following new subsection (2):

“(2) Subject to subsection (3) a person shall not have any claim against the fidelity fund in respect of a defalcation in respect of money or other property which prior to the commission of the defalcation has in the due course of the administration of a trust ceased to be under the sole control of the director or directors of a member company concerned.”.

Deletion
of section
74.

33. The principal Act is amended by deleting section 74.

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- 34. Section 76 of the principal Act is amended— Amendment
of section
76.
 - (a) by deleting the words “the partners in the member firm or” appearing in subsection (2) (b);
 - (b) by substituting for the word “a” the word “the” after the words “refused leave by” in subsection (3); and
 - (c) by substituting for the words “stock broker” the words “member of the stock exchange” wherever they appear in subsection (6).

- 35. Section 78 of the principal Act is amended by deleting the words “the partners in a member firm or”. Amendment
of section
78.

- 36. Section 81 of the principal Act is amended by deleting the words “member firm or” wherever they appear in subsection (2). Amendment
of section
81.

- 37. Section 82 of the principal Act is amended— Amendment
of section
82.
 - (a) by substituting for the words “stock brokers” and “stock broker” the words “members of the stock exchange” and “member of the stock exchange” respectively in subsection (2); and
 - (b) by substituting for the words “stock broker” the words “member of the stock exchange” in subsection (3).

- 38. Section 86 of the principal Act is amended by inserting the word “a” immediately after the word “in” in paragraph (b). Amendment
of section
86.

- 39. Section 87 of the principal Act is amended— Amendment
of section
87.
 - (a) by deleting the word “or” at the end of paragraph (b);
 - (b) by substituting for the comma the sign and word “; or” at the end of paragraph (c); and

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(c) by inserting after paragraph (c) the following new paragraph (d):

“(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.”.

New section
87A.

40. The principal Act is amended by inserting immediately after section 87 the following new section 87A:

“Use of manipulative and deceptive devices.

87A. It shall be unlawful for any person directly or indirectly in connection with the 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.”.

Amendment
of section
88.

41. Section 88 of the principal Act is amended—

- (a) by substituting for the word “or” a comma, appearing after the word and figures “sections 84, 85, 86”; and
- (b) by inserting after the figures “87” the word and figures “or 87A”.

Amendment
of section
91.

42. Section 91 of the principal Act is amended—

- (a) by inserting before the figures “88” the figures “87A” appearing therein; and
- (b) by substituting for the words “or to imprisonment for a term not exceeding three years or to both” the words “of not less than fifty thousand ringgit and to imprisonment for a term not exceeding seven years” appearing therein.

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43. Section 92 of the principal Act is amended by substituting for the words "or to imprisonment for a term not exceeding one year or to both" the words "of not less than fifty thousand ringgit and to imprisonment for a term not exceeding seven years" in subsection (2).

Amendment
of section
92.

44. Section 93 of the principal Act is amended—

Amendment
of section
93.

(a) by inserting the word "an" immediately after the word "and" in subsection (1); and

(b) by deleting the words "member firm or" wherever they appear in subsection (3).

45. The principal Act is amended by inserting immediately after section 94 the following new section 94A:

New section
94A.

"Inspection
of books
and records
of licensee
and others.

94A. (1) For the purposes of ascertaining whether the holder of a licence has complied with the provisions of this Act and any conditions or restrictions subject to which the licence was granted or renewed, the Registrar may inspect and make copies of or take extracts from—

(a) any document, record or matter required by or under this Act or the conditions of the licence to be kept by the holder of that licence; and

(b) the books of a dealer, in so far as they relate to the business of the holder of that licence.

(2) The holder of a licence under this Act, and any of the servants or agents of that person shall, on being required by the Registrar so to do, produce any document, record or matter referred to in subsection (1)."

46. Section 95 of the principal Act is amended—

Amendment
of section
95.

(a) by substituting for the words "to a person authorised by the Registrar to receive them at such time and place as are specified in the direction," the words "to the Registrar" in subsection (1) (a);

- (b) by substituting for the words "to a person authorised by the Registrar to receive them, at such time and place as are specified in the direction" the words "to the Registrar" in subsection (1) (b);
- (c) by deleting subsection (2);
- (d) by deleting subsection (4);
- (e) by deleting the words ", or a person authorised by the Registrar," in subsection (5);
- (f) by deleting the words ", or a person authorised by the Registrar," in subsection (6);
- (g) by substituting for the words "the person to whom the books are produced" the words "the Registrar" in subsection (6) (a); and
- (h) by deleting the words "or the authorised person" in subsection (6) (b).

Amendment
of section
96.

47. The principal Act is amended by inserting after the words "under section" the figures and word "94A or" wherever they appear in section 96.

Amendment
of section
97.

48. Section 97 of the principal Act is amended—

- (a) by deleting the words ", or a person authorised by the Registrar," and the words "or authorised person" in subsection (1); and
- (b) by inserting the words "not exceeding five thousand ringgit" after the word "fine" appearing in subsection (2).

Amendment
of section
98.

49. Section 98 of the principal Act is amended—

- (a) by inserting before the words "the name of the person" the words "any information including" in subsection (1); and
- (b) by inserting after the word "fine" the words "of not less than five thousand ringgit" in subsection (4).

Amendment
of section
118.

50. Section 118 of the principal Act is amended by inserting after the word "fine" the words "of not less than fifteen thousand ringgit" in subsection (1).

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51. Section 119 of the principal Act is amended by substituting for the words "six months" the words "one year" in subsections (5) and (6). Amendment
of section
119.

52. Section 120 of the principal Act is amended by deleting the words "other than a member company". Amendment
of section
120.

53. The principal Act is amended by substituting for section 123 the following new section 123: Amendment
of section
123.

"123. A person who contravenes or fails to comply with any provision of the Act or any regulation made thereunder shall be guilty of an offence under this Act and, where no penalty is expressly provided, shall be liable on conviction to a fine not exceeding five thousand ringgit or to imprisonment for a term not exceeding one year or to both."

54. Section 124 of the principal Act is amended— Amendment
of section
124.

(a) by deleting the sign and figure "(1)" appearing in the section; and

(b) by substituting for the words " , a sum not exceeding the amount prescribed by the Minister by notification in the *Gazette* subject to such terms and conditions as may be prescribed therein" the words "such sum of money as he thinks fit but not exceeding the sum of five thousand ringgit".

55. The principal Act is amended by inserting immediately after section 126 the following new section 126A: New section
126A.

"Indemnity. 126A. No person shall be liable to be sued in any court for any act or matter done or ordered to be done or omitted to be done, by him in good faith and in the intended exercise of any power or performance of any duty, conferred or imposed on him by or under this Act."

Updating
of termino-
logies, etc.

56. The National Language text of the principal Act is amended—

- (a) by substituting for the word “paragraf” and “subparagraf” wherever they appear therein the words “perenggan” and “subperenggan” respectively;
- (b) by substituting for the words “kehendak-kehendak tersenarai” and “kehendak-kehendak pensenaraian” wherever they appear therein the words “kehendak-kehendak penyenaaraian”;
- (c) by substituting for the words “bursa stok” wherever they appear therein the words “bursa saham”;
- (d) by substituting for the word “sebagi” in section 13 the word “sebagai”;
- (e) by substituting for the words “membangkit dari” in section 39 (3) (a) the words “berbangkit dari”;
- (f) by substituting for the words “rekabentuk rekaan” in section 84 (2) the word “peranti”;
- (g) by substituting for the word “berlanggan” in section 93 (1) the word “melanggan”;
- (h) by substituting for the word “butir-butir” in section 104 (4) (c) the word “butir”; and
- (i) by substituting for the word “berapa” in section 110 the word “betapa”.