

# COMPLIANCE TODAY



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Date	Title
18 & 19 May 2016	Workshop on "Wealth Management – Opportunities, Trends & Latest Developments"
2 August 2016	Workshop on "ASEAN Community – Blueprint 2025"
3 August 2016	Workshop on "Commodities – Investment Roller Coaster"
4 August 2016	Workshop on "Counterparty Credit Risk & Mitigation"
9 & 10 August 2016	Seminar on "Valuation: Art, Science or Magic?" by Professor Damodaran
23 August 2016	Annual Conference 2016 jointly organised by MIBA's Compliance Officers Committee & Bursa Malaysia (TBC)

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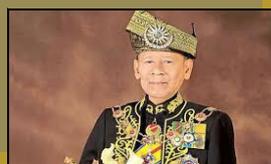
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**LABOUR DAY**  
**1 MAY 2016**



**WESAK DAY**  
**21 MAY 2016**



**BIRTHDAY OF YANG DI-PERTUAN AGONG**  
**4 JUNE 2016**



**NUZUL AL-QURAN**  
**22 JUNE 2016**

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## Local & Global News



Malaysia

### **BURSA: Bursa Amends Listing Rules to Strengthen Disclosure Practices**

Bursa Malaysia Bhd ("Bursa") announced a number of amendments to the listing rules on 24 March 2016, in a move to empower shareholders with better quality information in annual reports for informed investment decisions, and to strengthen the voting process.

Key amendments include introducing making greater non-financial information disclosures mandatory and mandating poll voting for all resolutions in company annual general meetings ("AGMs"). Part of the amendments made are in line with the new and revised International Standards of Auditing ("ISA"), which come into force on Dec 15, 2016.

Another key amendment which will come about with the ISA coming into force is that auditors will now be required to incorporate key audit matters which arose during the audit of the company's accounts in the annual report, a feature which was previously missing. Key audit matters are matters which are particularly scrutinised during the course of the audit of the company. The requirement is effective for audits of financial statements for period ending on or after Dec 15, 2016.

Source: <http://www.thesundaily.my>



Malaysia

### **SC: Much Investigative Resource were Spent on Insider Trading in 2015**

The Securities Commission ("SC") devoted a significant proportion of its investigative resources last year to working on cases concerning possible insider trading. Of the fifty-eight (58) active investigations as of Dec 31, 2015, forty-three (43) were related to insider trading offences, the SC said in its 2015 Annual Report. The SC charged seventeen (17) individuals in the Sessions Court last year: sixteen (16) of them for insider trading and one (1) for giving false statement to Bursa Malaysia Securities Bhd ("Bursa Securities").

It also said that in 2015, eight (8) individuals were sentenced to prison for various breaches of the securities laws. They included sentences meted out following trials at the Sessions Court as well as by the High Court.

Meanwhile, a total of twenty-two (22) referrals were received in 2015 on possible violations of securities laws. Corporate governance transgressions formed the majority of referrals during the year at forty-one percent (41%). On administrative action, a total forty-one (41) was taken by the SC for various misconduct and breaches of securities laws last year, in which RM1.04 million in penalties was imposed against various parties.

Source: <http://www.thestar.com.my/business>



World

### **FSB: Global Watchdog Flags 'Slow Go' on Bank Bailout Plans**

Many countries have not yet introduced laws allowing regulators to write down bank's debts to avoid taxpayer bailouts and prevent them being "too big to fail", the world's top financial watchdog warned on Friday. The Financial Stability Board ("FSB"), which can "name and shame" those which do not yet comply with its rules, said member countries that do not yet have these laws include Argentina, Australia, Brazil, Canada, China and Chinese territory Hong Kong, India, Indonesia, Korea, Mexico, Russia and Saudi Arabia.

The FSB, which is chaired by Bank of England Governor Mark Carney, is tasked with coordinating financial regulation for the Group of 20 economies ("G20").

In a review of how G20 countries have implemented rules to avoid a repeat of government bailouts of lenders as during the 2007-09 financial crisis, it said few of its members have introduced the so-called bail-in tool. This gives regulators powers to write down a bank's bonds to top up capital and keep core parts of a bank functioning, such as customer deposits and payments.

Source: <http://timesofindia.indiatimes.com/business>

## Anti-Money Laundering News



Malaysia

### **MALAYSIA: Ex-Managing Director Charged with Money Laundering**

A former managing director of Tanjung Offshore Berhad claimed trial under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 for equity transactions amounting to RM13 million but he pleaded not guilty.

Datuk Harzani Azmi ("Harzani"), was claimed to be "indirectly" involved in money laundering by instructing a law firm to transfer RM13.3 million from Clients Account belonging to the firm in Standard Chartered Bhd to Client Trust Account belonging to Kenanga Investment Bank Bhd in Standard Chartered Bhd.

He was alleged to have presented a proposal paper to persuade the board of directors to enter a share sale agreement between Syarikat Appolusa Sdn Bhd and Tanjung Offshore on 21 October 2013, for the purchase of the 49% of shares from Gas Generators (M) Sdn Bhd for RM34.3 million, which was more than the actual share value. Gas Generators (M) Sdn Bhd belongs to Syarikat Appolusa Sdn Bhd.

The money trail ended up at casinos and forty-four (44) accounts connected to the case had been frozen.

Source: [www.thesundaily.my](http://www.thesundaily.my)



US

### **US: Miami Firm Broke Anti-Money Laundering Protocols**

The Securities and Exchange Commission ("SEC") had on 4 February 2016 announced that a Miami-based brokerage firm agreed to pay a USD1million penalty to settle charges that it violated anti-money laundering rules by allowing foreign entities to buy and sell securities without verifying the identities of the non-U.S. citizens who beneficially owned them.

An ensuing SEC investigation found that E.S. Financial's Customer Identification Program ("CIP") failed to obtain documentation to verify the identities of certain non-U.S. customers who traded through a brokerage account opened by a Central American bank. As part of the settlement, E.S. Financial agreed to retain an independent monitor to directly review its anti-money laundering / CIP policies, and practices for the next two (2) years.

The SEC's order finds that E.S. Financial wilfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-8, which require a broker-dealer to comply with the reporting, recordkeeping, and record retention requirements in regulations implemented under the Bank Secrecy Act, including the requirements in the CIP rule applicable to broker-dealers. Without admitting or denying the findings, E.S. Financial consented to the order and agreed to cease and desist from committing or causing any future violations.

Source: <http://www.sec.gov>



World

### **WORLD: Trade Patents, a New Tool for Bringing Back Black Money**

People who own patents in India are suddenly in demand, not due to the value of their inventions that may be worthless, but as a conduit to launder money.

There have been many cases where patent owners made millions by selling intellectual property to front companies abroad, under deals tailored to round trip unaccounted money back to the economy as legal earnings.

Under the modus operandi, an Indian company or individual first forms a partnership with the patent holder. The patent is then sold to a firm outside India and the money is received legally. The money involved is often originated in India and sent abroad via havela or other illegal networks.

Source: <http://economictimes.indiatimes.com>

## Anti-Money Laundering News



World

### **WORLD: Cyber Heist Shakes Up Bangladesh Banking System**

Bangladesh's central bank Governor had resigned over the theft of USD81 million from the bank's U.S. account where USD30 million of the money was delivered in cash to a casino junket operator in Manila. The rest of the money hackers stole went to two casinos.

Unknown hackers last month breached the computer systems of Bangladesh Bank and attempted to steal USD951 million from its Federal account, which it uses for international settlements. They managed to transfer USD81 million to entities in the Philippines.

The money trail ended up at casinos and forty-four (44) accounts connected to the case had been frozen.

Source: <http://www.businessinsurance.com>

## Islamic Finance News



World

### WORLD: The Balancing Act of Islamic Forex Trading

Indonesia just made headlines in Islamic finance circles by setting up new rules that cover Shariah-compliant foreign exchange ("forex") trading including hedging in the wake of rapid growth of Islamic foreign exchange transactions in the country and in an attempt to tackle the volatility of the national currency, the rupiah.

The new regulation has been a balancing act since forex trading is being looked suspiciously at by many Muslim scholars with regards to its permissibility as per Shariah rules. There is indeed a general consensus that different currencies can be exchanged on a spot basis, e.g. for example at a money changer in a foreign country or by wiring money to a foreign account and convert it at rates applicable at that time. This is halal because there is no interest or speculative risk involved, and the money changer or the bank can also charge a fee for their services.

But there are diametrically opposite views on the permissibility of currency exchange on a forward basis, that is, when the rights and obligations of both parties are to be exercised at a future date, which is the case with currency hedging as in foreign exchange forwards, futures contracts or currency swaps. This runs counter to the prohibition of *riba*, or interest, and *qimar*, which means speculation or gambling, because forward transactions are determined not just by the spot rate, but also by interest rates both currencies are exposed to. Additionally, such contracts also treat money as a "commodity" which is also against Shariah principles.

Indonesia is shipping around these problems by a regulation that requires a "non-speculative hedging agreement," meaning that all hedging activities conducted by Islamic banks should have underlying assets. For this, the Indonesian National Shariah Board issued a fatwa saying that forward currency transactions are allowed under a scheme called "muwa'adah" which commits two parties to a future transaction at the spot rate and is basically a mutual promise wherein one party commits to buy an asset from the bank, while the bank commits to sell it to the client. Such promises can be conditional or unconditional. This form of permissible hedging is also confined to foreign exchange receivables and payables related to real goods and services only.

Edi Susianto ("Susianto"), director for financial markets at Indonesia's central bank, Bank Indonesia, said that the new regulation will bring an end to the limitations for the country's Islamic banks in forex deals and the disadvantages occurring from them as compared to conventional banks. Those limitations are also perceived as one reason for the high volatility of the rupiah the country experienced in the past years.

"In a market situation where there is a low supply of foreign currencies, Islamic banks and their clients face a more volatile condition that creates losses if we cannot contain it," Susianto said. The new policy, in turn, would protect Islamic banks and their clients from the risk of future currency volatility in areas such as export and import financing, treasury activities and haj payments. It would also increase the confidence of foreign investors to invest in Indonesia, he added.

Source: <http://www.economist.com>

### Terms of the Month



#### MUSAWAMAH

Sale contract without the disclosure of the asset cost price and profit margin to the buyer.

Source: <http://www.bnm.gov.my>

## Ethics & Governance News



Malaysia

### **BURSA: Dealer's Representative Reprimanded, Fined and Suspended for Engaging in Manipulative Dealing Activities**

Bursa Malaysia Securities Berhad ("Bursa Securities") had on 15 February 2016 publicly reprimanded, imposed a fine of RM30,000 and suspended / restricted Long Jin Seng ("Long") for 6 months as / from being a Registered Person of Bursa Malaysia Securities. At the time of the breach, Long was a Commissioned Dealer's Representative ("CDR") of Maybank Investment Bank Berhad at its Ipoh Branch Office. Long was found to have engaged in manipulative dealing activities in the following eight (8) counters:

- Malaysian Resources Corp Bhd-CU (MRCB-CU);
- TA Enterprise Bhd-CW (TA-CA);
- Encorp Bhd-WA (ENCORP-WA);
- RHB Capital Bhd-CW (RHBCAP-CQ);
- Selangor Properties Bhd-CW (SPB-CA);
- Malton Bhd-Warrants 11/18 (MALTON-WB);
- Alliance Financial Group Bhd-CW (AFG-CO); and
- Guocoland (Malaysia) Bhd (GUOCO).

Long had engaged in false market/manipulative activities in the eight (8) Counters through the execution of on-market cross trades in the accounts of his two clients who are related to him (his son and his brother-in-law), on/by the settlement dates to facilitate the rollover of trades and prolong the holding period for the securities acquired/traded by these two (2) clients.

Long had contravened Rules 3.14(d), (e) & (g) and 5.01(b) of the Rules of Bursa Securities and paragraph 1.1(1)(h) of the Directives No. 5-001 of the Participating Organisations' Directives and Guidance (POS' Directives). In addition, Long was further required to undergo training on conduct or professionalism of Dealer's Representatives/market offences.

Source: <http://www.bursamalaysia.com>



Malaysia

### **SC: Former Chairman Is Reprimanded And Fined Over Repco Share Manipulation**

On 29 February 2016, the Session Court sentenced Low Thiam Hock ("Low") a jail term for five (5) years and fined RM5 million for the manipulation of Repco Holdings Berhad shares in 1997. Low was convicted for an offence under section 84(1) of the Securities Industry Act 1983 (SIA) for acts calculated to create a misleading appearance with respect to the price of Repco shares on 3 December 1997, on the Kuala Lumpur Stock Exchange.

Low was convicted for an offence under section 84(1) of the Securities Industry Act 1983 (SIA) for acts calculated to create a misleading appearance with respect to the price of Repco shares on 3 December 1997, on the then Kuala Lumpur Stock Exchange.

Earlier on 11 January 2016, the Sessions Court convicted Low of the offence charged and the sentencing was then fixed on 29 February 2016. Following the sentencing on 29 February 2016, the Sessions Court allowed Low's application for a stay of the decision pending his appeal to the High Court. However, Low's bail was increased to RM1.3 million while his passport had earlier been ordered to be surrendered to the court.

The sentence against Low is the highest imprisonment term imposed by the courts in a market manipulation case.

Source: <http://www.sc.com.my>

## Ethics & Governance News



Malaysia

### SC: Court of Appeal Jails Former Directors for Market Manipulation

The Court of Appeal today unanimously upheld convictions against Dato' Phillip Wong Chee Kheong ("Wong"), 54, and Francis Bun Lit Chun ("Francis"), 46, former directors of the Impetus Group of Companies ("Impetus") for manipulating Suremax Group Berhad ("Suremax") shares over a period of four (4) months.

The manipulation which was committed between November 2004 and March 2005 resulted in charges brought by the Securities Commission Malaysia ("SC") in October the same year. The Sessions Court convicted Wong and Bun in 2011 after hearing thirty-eight (38) prosecution witnesses.

The President of the Court of Appeal Justice Md Raus Shariff together with Court of Appeal Justice Hamid Sultan Abu Backer and Justice Idrus Harun affirmed the convictions and sentences that were meted out by the Sessions Court. As a result, Wong is jailed for two (2) years and fined RM3 million, while Francis is jailed for three (3) months and fined RM2 million. The jail sentences commenced on 9 March 2016.

In persuading the Court of Appeal to consider the gravity of the offence committed, SC's prosecution team highlighted that market manipulation is not a victimless offence. Many account holders whose accounts were used in this manipulation, suffered millions of ringgit in losses. The manipulation committed in this case had the effect of increasing the price of Suremax shares by seventy-seven percent (77%) in a span of four (4) months.

Source: <http://www.sc.com.my>



US

### SEC: California Businessman Charged for Attempt on Cover Up of Stolen Investor Funds

The Securities and Exchange Commission ("SEC") has on 11 March 2016 announced fraud charges against a California businessman accused of stealing investor assets and then trying to cover it up once the SEC caught onto his scheme.

The SEC alleges that Daniel R. Nase ("Nase") raised money from investors through an unregistered offering of common stock in his Bakersfield, California-based company, BIC Real Estate Development Corp. ("BIC"), and used the funds for personal expenses.

According to the SEC's complaint filed in U.S. District Court for the Eastern District of California, Nase told investors that BIC would invest in real estate and promissory notes. With money he used to purchase real estate and notes, Nase improperly titled most of the properties in his name or his wife's name or their family trust, not BIC.

Nase also tried to cover up his theft after learning of the SEC's investigation by investing stolen assets back into the company to make it appear he was increasing his equity stake in it.

The SEC's complaint charges Nase and BIC with violating federal antifraud laws and rules and securities registration provisions. The complaint seeks emergency relief in the form of a temporary restraining order, asset freeze, and a preliminary injunction. It also seeks return of allegedly ill-gotten gains along with interest, penalties, and permanent injunctions and other relief against Nase and BIC.

Source: <http://www.sec.gov>

## Ethics & Governance News



US

### SEC: Company Executive Charged with Insider Trading

The Securities and Exchange Commission ("SEC") had on 5 February 2016 charged an executive at Stamford, Conn. based electronics company Harman International Industries ("Harman") with insider trading in the company's stock.

The SEC alleges that Dennis Wayne Hamilton ("Hamilton") made more than USD130,000 in illegal profits by trading on non-public information he learned on the job in advance of Harman's release of its fiscal year 2014 first quarter earnings. In a parallel action, the U.S. Attorney's Office for the District of Connecticut has on the same day announced criminal charges against Hamilton.

According to the SEC's complaint filed in U.S. District Court for the District of Connecticut. In his role as Harman's vice president of tax, Hamilton reviewed Harman's earnings and learned the company would report stronger-than-expected results for its FY2014 first quarter, which spanned from 1 July to 30 September 2013.

The day before Harman publicly released the financial results, Hamilton purchased 17,000 shares of Harman stock at a cost of more than USD1.2 million. He liquidated his position when the quarterly results were publicly announced. The day before Harman publicly released the financial results, Hamilton purchased 17,000 shares of Harman stock at a cost of more than USD1.2 million. He liquidated his position when the quarterly results were publicly announced.

Source: <http://www.sec.gov>



US

### SEC: Qualcomm Enters Into Settlement in Relation to its FCPA Investigation

Qualcomm on 1 March 2016 has entered into a settlement with the The Securities and Exchange Commission ("SEC") with respect to its Foreign Corrupt Practices Act ("FCPA") investigation. Without admitting or denying the SEC's findings, Qualcomm has agreed to pay a civil penalty of USD7.5 million to resolve this matter.

This is not a criminal action, and the U.S. Department of Justice recently closed its investigation on these matters without taking any action. The SEC's order detailing this settlement relates to conduct prior to 2012 and completely resolves the investigation previously disclosed by the Company in its public filings.

The SEC order states that on certain occasions Qualcomm gave employees of state-owned entities or government agencies in China event tickets and gifts or paid for travel, and on certain occasions hired children or friends of employees of state-owned entities or ministries in China.

As a result of this experience, Qualcomm has taken additional steps to enhance its existing internal controls and procedures. Pursuant to the terms of the settlement, Qualcomm will report periodically to the SEC on its efforts to maintain and enhance effective FCPA controls.

"Qualcomm is pleased to have put this matter behind us. We remain committed to ethical conduct and compliance with all laws and regulations, and will continue to be vigilant about FCPA compliance," said Don Rosenberg, Executive Vice President and General Counsel of Qualcomm.

Source: <http://www.sec.gov>

## Ethics & Governance News



### SEC: Insider Traders Returning Illegal Profits and Kickbacks

The Securities and Exchange Commission ("SEC") on 9 March 2016, announced that Jay Y. Fung ("Fung"), a Florida man, trading on inside information ahead of a pharmaceutical company merger and a friend, Kevin Dowd ("Dowd"), who tipped him have agreed to settle enforcement actions against them.

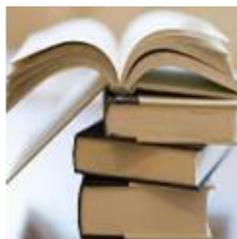
US

Fung has agreed to pay back more than USD700,000 in illegal profits plus more than USD60,000 in interest earned after allegedly purchasing stock and call options in Pharmasset Inc. ("Pharmasset") based on his Dowd's tip that it was about to be acquired. The SEC alleges that Fung cashed in when Pharmasset's stock rose eighty-four percent (84%) after its acquisition by Gilead Sciences was publicly announced, and he paid kickbacks to his friend who provided the nonpublic information.

The SEC filed a complaint against Fung today in federal district court in Newark, N.J., and the U.S. Attorney's Office for the District of New Jersey today announced parallel criminal charges. The SEC previously charged Dowd, who learned the nonpublic information during his employment at an investment advisory firm where a Pharmasset board member maintained an account and confidentially sought financial advice in advance of the acquisition.

Dowd has since cooperated with the SEC's investigation and agreed to pay back the cash kickbacks he received from Fung and be barred from the securities industry and penny stock offerings. Dowd also pleaded guilty in a parallel criminal case. The SEC's settlements with both Fung and Dowd are subject to court approval.

Source: <http://www.sec.gov>



## KNOWLEDGE CORNER

### Spotlight on Spoofing: Looking Back at 2015 and Forward to 2016

In 2014, regulators in the United States signalled that they would focus their efforts on investigating and prosecuting individuals engaged in spoofing. True to their word, 2015 saw the nation's first criminal conviction of a trader for spoofing in the U.S., as well as an increase in civil enforcement actions against traders who allegedly engaged in spoofing.

The expectation is that regulators and self-regulatory organizations will continue to actively monitor the markets using increasingly sophisticated technology to detect spoofing.

#### What Is "Spoofing"?

Spoofing can take many different forms. Typically, spoofing involves a trader placing a large number of buy or sell orders that he never intends to complete for the purpose of artificially inflating or lowering the market price of a security, futures contract, or other financial instrument that is traded on an exchange.

When Dodd-Frank was signed into law on July 21, 2010, the Commodity Futures Trading Commission ("CFTC") received a new tool explicitly addressing spoofing. Dodd-Frank amended the Commodity Exchange Act ("CEA") and expressly made spoofing in the commodity futures markets a violation of federal law.

Specifically, 7 U.S.C. 6c (a)(5)(C) makes it "unlawful for any person to engage in any trading, practice, or conduct on or subject to the rules of a registered entity that...is, is of the character of, or is commonly known to the trade as, 'spoofing' (bidding or offering with the intent to cancel the bid or offer before execution)."

#### Major Spoofing-Related Events in 2015

In 2015, spoofing was a popular "buzz word" in the financial markets. It received a great deal of attention in the financial press due to a perceived increase in regulatory activity focused on spoofing.

Major events demonstrate the various types of trading strategies that regulators are focused on, the range of markets that regulators are monitoring, and the multiple enforcement tools at both the state and federal level that regulators may use to investigate and police potential acts of spoofing. The following are highlights of the major spoofing-related events of 2015:-

- (a) The Michael Coscia Prosecution and Conviction;
- (b) Navinder Sarao;
- (c) Igor Oystacher;
- (d) The Martin Act and the FX Markets; and
- (e) DaVinci.

#### 2016 and Beyond

The events described above, and the rise of anti-spoofing technology, indicate that spoofing will continue to be in the headlines throughout 2016 and beyond. It is clear that, going forward, firms must employ top-notch compliance systems and individuals who understand their firm's particular trading strategies, as well as the new regulatory regime.

Instituting proactive spoofing compliance policies could help prevent spoofing from occurring. And, if the firm becomes the target of regulatory scrutiny, prophylactic compliance measures could help shape an investigation, and potentially mitigate any fine.

Source: <http://www.lexology.com/library>

## REGULATORY ALERT

Circulars/Guidelines				
 <b>Bursa</b>	08.01.16	<b>R/R 01 of 2016</b> Directive on the List of Approved Securities	<ol style="list-style-type: none"> <li>The list of 'RSS Approved Securities' issued pursuant to Rule 8.22(5) of the Rules of Bursa Malaysia Securities Berhad vide R/R 6 of 2015 for purposes of regulated short selling, has been amended with the inclusion of 14 new approved securities into the above list and the removal of 20 existing approved securities from the same list.  With the updated list, there are altogether 242 approved securities for regulated short selling.</li> <li>For details, please refer to the Circular.</li> </ol>	Effective: 22.01.16
 <b>Bursa</b>	08.01.16	<b>SBL 01 of 2016</b> List of SBL Eligible Securities and List of SBL Approved Securities for Collateral	<ol style="list-style-type: none"> <li>Pursuant to the definitions of "Eligible Securities" in the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd. and "Collateral" in the Bursa SBL (Terms and Conditions for Borrower), the lists of "SBL Eligible Securities" and "SBL Approved Securities for Collateral" are amended.</li> <li>For details, please refer to the Circular.</li> </ol>	Effective: 22.01.16
 <b>Bursa</b>	18.01.16	<b>Clearing Circular: 01/2016</b> Haircut Rates for Approved Foreign Currencies (FC) and Letters of Credits (LCs) as Collateral	The Circular provides Haircut Rates for Approved Foreign Currencies and Letter of Credits as Collateral for RM and USD margin obligations effective from Tuesday, 19 January 2016.	Effective: Immediate
 <b>BNM</b>	21.01.16	<b>BNM/RH/CP 028-19</b> Concept Paper – Qard	<ol style="list-style-type: none"> <li>The Policy Document aims to:               <ol style="list-style-type: none"> <li>Provide reference on the Shariah rulings applicable to <i>qard</i>;</li> <li>Set out key operational requirements for the implementation of <i>qard</i>; and</li> <li>Promote end-to-end compliance with Shariah requirements, which further promote sound banking practices and safeguards consumer interests.</li> </ol> </li> <li>For details, please refer to the Policy Document.</li> </ol>	Consultation Ends: 22.02.16
 <b>BNM</b>	22.01.16	<b>BNM/RH/CP 028-19</b> Concept Paper – Hibah	<ol style="list-style-type: none"> <li>The Policy Document aims to:               <ol style="list-style-type: none"> <li>Provide reference on the Shariah rulings applicable to <i>hibah</i>;</li> <li>Set out key operational requirements for the implementation of <i>hibah</i>; and</li> <li>Promote end-to-end compliance with Shariah requirements, which further promote sound banking practices and safeguards consumer interests</li> </ol> </li> <li>For details, please refer to the Policy Document.</li> </ol>	Consultation Ends: 23.02.16
 <b>BNM</b>	26.01.16	<b>BNM/RH/CP 028-19</b> Statutory Reserve Requirement ("SRR")	<ol style="list-style-type: none"> <li>The Policy Document sets out requirements for the maintenance of balances by Banking Institutions in their Statutory Reserve Accounts with BNM.</li> <li>The Policy Document supersedes Statutory Reserve Requirement dated 8 July 2011.</li> <li>BNM has updated the policy document to revise the SRR rate to 3.5% from 4%.</li> <li>For details, please refer to the Policy Document.</li> </ol>	Effective: 01.02.16
 <b>Bursa</b>	27.01.16	<b>Clearing Circular: 02/2016</b> Special Margin Rate	<ol style="list-style-type: none"> <li>In view of the holiday period from 6 February 2016 to 9 February 2016, Bursa Clearing (D) will impose special margin rates in order to manage undue volatility movements when market reopens on 10 February 2016.</li> <li>For details of the Margin Rate, please refer to the Circular.</li> </ol>	Effective: 03.02.16, will continue to apply until further notice

## REGULATORY ALERT

Circulars/Guidelines				
	05.02.16	<b>BNM/RH/STD 033-4</b> Financial Reporting for Islamic Banking Institutions	<ol style="list-style-type: none"> <li>The Policy Document sets out the disclosure requirements for the presentation of reports and financial statements of Islamic Banking institutions.</li> <li>The Policy Document has been amended to include requirements on the presentation and disclosure of investment account in the annual financial statements and interim financial reports of licensed persons.</li> <li>The Policy Document supersedes Financial Reporting for Islamic Banking Institutions dated 28 January 2015.</li> <li>For details, please refer to the Policy Document.</li> </ol>	Effective: 05.02.16
	10.02.16	<b>Letter dated: 04.02.16</b> Treatment of Rescheduled and Restructured Small and Medium Enterprise (SME) Loans/Financing	<ol style="list-style-type: none"> <li>This Notification addresses the treatment of rescheduled and restructured SME loans/financing to support efforts by financial institutions to proactively assist SMEs that may be facing more challenging business conditions.</li> <li>This Notification is read together with the Policy Document on Classification and Impairment Provisions for Loans/Financing (BNM/RH/GL 007-17) ("Policy Document") issued 6 April 2015.</li> <li>For full details, please refer to BNM Letter dated 04-02-2016 and the Policy Document.</li> </ol>	Effective: 01.01.16
	11.02.16	<b>Letter dated: 11.02.16</b> Establishment of Committed Liquidity Facility	<ol style="list-style-type: none"> <li>BNM vide letter dated 11 February 2016 announced the establishment of a new committed liquidity facility.</li> <li>This Notification is read together with the Policy Document on Classification and Impairment Provisions for Loans/Financing (BNM/RH/GL 007-17) ("Policy Document") issued 6 April 2015.</li> <li>For full details, please refer to BNM Letter dated 04-02-2016 and the Policy Document.</li> </ol>	Effective: 01.01.16
	12.02.16	<b>BNM/RH/NT 029-11</b> Exemptions from Stamp Duty and Real Property Gains Tax ("RPGT") for: 1. Conversion to single Insurance or Takaful Business; and 2. Establishment of a Financial Holding Company and Restructuring of Financial Groups	<ol style="list-style-type: none"> <li>This Notification provides for exemptions granted by the Minister of Finance from:               <ol style="list-style-type: none"> <li>stamp duty on instruments executed; and;</li> <li>real property gains tax (RPGT) in respect of the chargeable gains accruing on the disposal of any chargeable asset; pursuant to a restructuring scheme of a licensed person or its corporate group within the provisions of the Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 (IFSA).</li> </ol> </li> <li>For full details, please refer to the Notification and Orders of the Minister appended to the Notification.</li> </ol>	Effective: 01.11.14 – 30.06.18 (retrospective application)
	15.02.16	<b>Trading Participant Circular: 01/2016</b> Approved Port Tank Installation - Boustead Oil Bulking Sdn Bhd ("BOB")	<ol style="list-style-type: none"> <li>The Circular informs trading participants that, BOB is an approved Port Tank Installation (PTI) for the delivery of Crude Palm Oil tendered in fulfilment of BMD's Crude Palm Oil Futures Contract ("FCPO").</li> <li>For details, please refer to the Circular.</li> </ol>	Effective: 02.02.16
	15.02.16	<b>Clearing Circular: 03/2016</b> Change in Performance Bond/ Margin Rate	<ol style="list-style-type: none"> <li>The Circular informs clearing participants of the change in performance bond/ margin rates.</li> <li>Please refer to the Circular for rates applicable to all contracts which remain open at the close of business on Monday, 15 February 2016 and will continue to apply until further notice.</li> </ol>	Effective: Immediate

## REGULATORY ALERT

Circulars/Guidelines				
 <b>Bursa</b>	22.02.16	<p><b>R/R 02 of 2016</b> Amendments in relation to the Deletion of Section 94 of the Capital Markets and Services Act 2007:</p> <ol style="list-style-type: none"> <li>Amendments to the Rules of Bursa Malaysia Securities Berhad ("Rules of Bursa Securities"); and</li> <li>Amendments to Directive No. 3.36-001 (Directives for Head of Compliance) and Directive No. 3.39(5)-001 (Directives on Monthly Compliance Report) ("Directives")</li> </ol>	<ol style="list-style-type: none"> <li>In view of the deletion of section 94 of the Capital Markets and Services Act 2007 which took effect on 15 September 2015, Bursa Malaysia Securities Berhad has amended the Rules of Bursa Securities and the Directives.</li> <li>For details, please refer to the Circular and the following Annexures to said Circular:               <ol style="list-style-type: none"> <li>Annexure 1 - Rule Amendments</li> <li>Annexure 2 - Amendments to the Directives</li> </ol> </li> </ol>	Effective: 22.02.16
 <b>Bursa</b>	07.03.16	<p><b>Trading Participant Circular: 02/2016</b> Business Continuity Plan (BCP) Simulation Exercise on 23 April 2016</p>	<ol style="list-style-type: none"> <li>The Circular gives advance notice to Trading Participants (TPs) that a BCP Simulation Exercise ("Exercise") will be conducted on Saturday, 23 April 2016.</li> <li>The Exercise will simulate the failover from BMD main site to BMD Disaster Recovery site, while CME will be intact.</li> <li>Participation in the Exercise is mandatory for all TPs.</li> <li>A follow-up circular outlining the schedule, tasks, and expectations will be issued at a later date prior to the Exercise as soon as details have been finalised.</li> </ol>	Effective: N/A
 <b>SC</b>	07.03.16	<p>Renminbi Qualified Foreign Institutional Investor (RQFII):</p> <p>Guidance Note from Securities commission Malaysia (SC) and Bank Negara Malaysia (BNM) for Application of RQFII Licence</p>	<ol style="list-style-type: none"> <li>The Guidance Note is <b>jointly issued</b> by the SC and BNM to facilitate applications for a Renminbi Qualified Foreign Institutional Investor (RQFII) licence.</li> <li>The Guidance Note outlines the criteria and eligible entities that may apply for the RQFII licence, as well as additional requirements by SC and/or BNM prior to any application for a RQFII licence.</li> </ol>	Effective: N/A
 <b>Bursa</b>	10.03.16	<p><b>Trading Participant Circular: 03/2016</b> Announcement Of Eligible MGS for June 2016 Contracts</p>	<ol style="list-style-type: none"> <li>The Circular informs Trading Participants of the eligible basket of Malaysian Government Securities (MGS) for the June 2016 contracts of 3-Year and 5-Year MGS futures. These contracts expire on 15 June 2016.</li> <li>For details, please refer to the Circular.</li> </ol>	Effective: N/A
 <b>BNM</b>	11.03.16	<p><b>BNM/RH/CP 030-10</b> Concept Paper – Corporate Governance</p>	<ol style="list-style-type: none"> <li>The Concept Paper outlines proposals for enhancements to the corporate governance framework for financial institutions.</li> <li>The Guidance Note outlines the criteria and eligible entities that may apply for the RQFII licence, as well as additional requirements by SC and/or BNM prior to any application for a RQFII licence.</li> <li>For details, please refer to the Guidance Note.</li> </ol>	Effective: N/A
 <b>BNM</b>	15.03.16	<p>Manual Rujukan Institusi Kewangan Islam kepada Majlis Penasihat Syariah</p>	<ol style="list-style-type: none"> <li>The Manual is published as guidance to Islamic financial institutions (IFIs) in referring to BNM's Shariah Advisory Council (SAC) on any Shariah matters related to the Islamic financial business.</li> <li>For details, please refer to the Manual.</li> </ol>	Effective: 15.03.16

## REGULATORY ALERT

Circulars/Guidelines				
 <b>Bursa</b>	16.03.16	<p><b>Clearing Participants' Circular: SBL 2/2016</b> Regulated Short Selling ("RSS"):- Publication of Total Short Position in Relation to Regulated Short Selling ("RSS") on the Bursa Malaysia Website</p>	<ol style="list-style-type: none"> <li>Bursa Malaysia ("the Exchange") currently publishes daily RSS volume for each Approved Securities on the Bursa Malaysia website.</li> <li>In order to further increase the transparency in respect of RSS activities, the Exchange will publish the report in relation to RSS total short position for Approved Securities on a weekly basis on the Bursa Malaysia website with effect from 21 March 2016.</li> <li>For details, please refer to the Clearing Participant's Circular.</li> </ol>	Effective: N/A
 <b>BNM</b>	18.03.16	<p><b>BNM/RH/CP 029-11</b> Concept Paper – Shareholder Suitability</p>	<ol style="list-style-type: none"> <li>The Concept Paper outlines proposals for enhancements to shareholder suitability requirements that must be complied with at all times by shareholders of a licensed person.</li> <li>BNM seeks written feedback on the proposed regulatory requirements, including suggestions on areas to be clarified and alternative proposals that it should consider.</li> </ol>	Consultation Ends: 15.04.16
 <b>SC</b>	21.03.16	<p><b>Public Consultation Paper No 1/2016</b> Proposed Regulatory Framework on Cyber Security Resilience</p>	<ol style="list-style-type: none"> <li>The SC seeks feedback on proposals to introduce regulatory requirements to guide capital market participants to achieve a certain state of cyber security resilience that commensurate with their cyber security risk exposure and impact</li> <li>The date of issuance of the Consultation is on 21 March 2016. For details, please refer to the Consultation Paper.</li> </ol>	Consultation Ends: 29.04.16
 <b>Bursa</b>	24.03.16	<p><b>SR/TAC(ro)/LD02/16 [Disclosure, CG, PFI &amp; SCMA/ CMSA]</b> Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR") relating to:- 1. Disclosure &amp; Corporate Governance Requirements 2. Future Financial Information Consequential to SC's Revised Prospectus Guidelines 3. SC's (Amendment) Act 2015 and Capital Markets and Services (Amendment) Act 201</p>	<ol style="list-style-type: none"> <li>Bursa Securities has made the following amendments to the Main LR: <ul style="list-style-type: none"> <li>a) Disclosure and Corporate Governance Amendments</li> <li>b) Future Financial Information Amendments</li> <li>c) SCMA and CMSA Amendments</li> <li>d) Other miscellaneous amendments</li> </ul> </li> <li>For complete details, please refer to: <ul style="list-style-type: none"> <li>• Bursa Securities' Circular dated 24 March 2016</li> <li>• Appendix 1 - Summary of the Amendments</li> <li>• Appendix 2 - Full text of the Amendments.</li> <li>• Appendix 3 - Questions and Answers: Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Disclosure and Corporate governance Amendments &amp; Future Financial Information Amendments (as at 24 March 2016)</li> </ul> </li> </ol>	Effective: Immediate
 <b>Bursa</b>	30.03.16	<p><b>Clearing Circular: 04/2016</b> 1. Goods and Services Tax (GST) and High Volume Trader (HVT) Enhancements in Derivatives Clearing System (DCS) 2. Update on Clearing Participants' Manual</p>	<ol style="list-style-type: none"> <li><u>GST and HVT Enhancement in DCS</u> With effect from 4 April 2016, Bursa Clearing (D) will provide additional facilities via DCS.</li> <li><u>Update on Clearing Participants' Manual</u> Bursa Clearing (D) has updated the Clearing Participants' Manual in relation to the DCS implementation of the GST and HVT enhancements above. The updates take effect from 1 April 2016.</li> <li>For complete details, please refer to the Clearing Participants' Circular: 04/2016 and Clearing Participants' Manual</li> </ol>	Effective: 04.04.16 for GST and HVT in DCS; and 01.04.16 for Update on Clearing Participants' Manual



## THE PERSONAL DATA PROTECTION STANDARD 2015



### **Are there any standout differences between the definition of the Personal Data Protection Standard 2015, the Personal Data Protection Act, 2010 and the Personal Data Protection Regulations, 2013?**

The Personal Data Protection Regulations 2013 ("**Regulations**") require data users to comply with standards issued by the Personal Data Protection Commissioner ("**Commissioner**").

The Commissioner had in July 2015, issued a public consultation paper proposing standards to be adopted by data users. Since then, the Commissioner has reviewed the feedback provided and the Personal Data Protection Standards 2015 ("**Standards**") have been finalised.

The Standards serves as a guideline of detailed activities, inclusive of its purpose and goals in a context to be in line with the Personal Data Protection Act, 2010 ("**PDPA**"). A data user who fails to comply with the Standards may consequently be in breach of the data protection principles set out in the PDPA.



### **When is the Standards issued and expected to be in enforcement? Are there any legal consequences for data users in the event of non-compliance of the Standards?**

The Standards have been finalised and are in force as of 23 December 2015.

Upon conviction, data users who fail to comply with the Standards may be liable to a fine of up to RM300,000 and / or imprisonment for a term not exceeding two (2) years.

In view that the Standards will apply to all data users, data users should review their personal data processing practices and ensure that the Standards are complied with.



### **What are the main highlights set out by the Standards?**

The Standards generally address the same points previously raised in the consultation paper. General highlights extracted from the Standards include the following:-

- (a) All staff involved in the processing of personal data need to be registered;
- (b) The extent of authority of staff accessing personal data for purposes of collecting, processing and retaining personal data should be controlled and limited;
- (c) The transfer of personal data through removable media devices (e.g. USB thumb drives) and cloud computing services is not allowed unless permitted in writing by officers authorised by the top management of the data user;
- (d) Any transfer of personal data through removable media devices and cloud computing services will need to be recorded;
- (e) Contracts must be executed between data users and parties appointed by the data user (data processors) to handle and carry out personal data processing activities;
- (f) All transfers of personal data via conventional methods, for example by post, by hand, fax, etc., must be recorded;
- (g) Records of disposal of personal data must be maintained and produced upon request by the Commissioner;
- (h) Personal data collection forms must be disposed off within a period of 14 days, unless such forms have legal value (*'nilai perundangan'*) to the commercial transaction;
- (i) Data users are required to prepare a schedule for the disposal of personal data which have not been active for a period of 24 months; and
- (j) Data subjects may be informed about exercises to update personal data, via the data user's portal or by way of notice displayed on the premises or any other appropriate means.



## THE PERSONAL DATA PROTECTION STANDARD 2015



### **Are there any other specific key features that data users should be aware of in accordance to the Standards?**

There are certain adjustments apart from the main points that were raised in the consultation paper which make the Standards more reasonable and practical for data users. The adjustments, highlighted in the Standards in relation to the Security, Retention and Data Integrity principles have been issued by the Commissioner on 30 December 2015 and are binding on all data users with immediate effect.

The key highlights which applies to both physical and electronic personal data are as follows:-

#### **Standard for Security**

The Standard for Security distinguishes between conventional and electronic management of personal data and requires different security measures to be taken. By way of example, the security measures which have been proposed for personal data managed electronically include restricted access, password protection, protection against malware and viruses as well as the implementation of a back-up or recovery system to prevent any loss of data.

Correspondingly, conventional records are required to be kept in an orderly fashion under lock and key.

#### **Standard for Data Retention**

The Data Retention Standard focuses on the destruction and deletion of the personal data once it is no longer required. For example, the standard contemplates requiring data users to destroy data collection forms and customer data after fourteen (14) days unless the data user is legally obliged to retain the same.

The initial proposal was for the forms are to be destroyed after seven (7) days.

#### **Standard for Data Integrity**

The Data Integrity Standard also distinguishes between conventional and electronic management of personal data. However, the proposed steps, which are similar between the two (2) categories, include preparing standard forms to be used for data correction requests and correcting the data within seven days of receiving a correction request.

Source: <http://www.wongpartners.com>