

E. Some of the Cases on failure to comply with minimum financial resources requirements by Market Participants where Enforcement Actions were Taken Against them

Case E1: Failure to maintain the requisite minimum financial resources requirements

A fine of RM200,000 was imposed on a PO for:-

- failing to ensure that its shareholders' funds unimpaired by losses (SHF) were maintained at all times at an amount of not less than RM20 million; and
- failing to comply with the directive of Bursa to prevent occurrence of similar non-compliance and to ensure the strict compliance with the requirement of the minimum shareholders' funds which must be complied with at all times.

A fine of RM100,000 was also imposed on the PO for failing to ensure that its CAR ratio be at all times maintained at above 1.20 times, as it was noted that the PO's CAR ratio fell below 1.20 times over a period of time (CAR Breach).

The fines imposed on the PO for the breaches relating to financial resources requirements were considerably substantial in tandem with the severity of the breaches committed. The breaches by the PO showed that the PO had not been prudent in its management and monitoring of its financial requirements. The PO failed to implement the necessary measures to increase its SHF to the required minimum level and maintain the same despite its representations to Bursa of its plans to do so.

Bursa viewed that such breaches had the potential to adversely affect and undermine its financial stability and the integrity of the markets that Bursa operates.

Case E2: Non-compliance on Financial Reporting Requirement /Shortfall of Adjusted Net Capital (ANC)

A fine of RM60,000 was imposed on a TP for incorrect and inaccurate reporting and shortfall in ANC due to misreporting of subordinated loan (Sub-Loan).

By virtue of the inclusion of the amount of Sub-Loan, the ANC was inflated during the material periods but the actual drawdown of funds were not made and the funds were not on deposit under the TP's bank accounts, as disclosed by the TP.

Case E3: Deficiency of funds in clients' segregated account

A fine of RM79,000 was imposed on a TP for deficiency of funds in segregation and failure to immediately rectify the shortfalls in the clients' segregated account for a certain period.

