

COMPLIANCE TODAY

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8 April 2023



22 & 23 April 2023



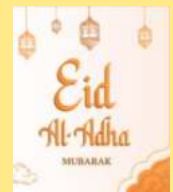
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Local & Global News



Malaysia

MALAYSIA: Bursa Malaysia Launches a Voluntary Carbon Market Exchange

Bursa Malaysia Berhad (“Bursa Malaysia” or the “Exchange”) announced the launch of Malaysia’s pioneer voluntary carbon market with the introduction of the Bursa Carbon Exchange (“BCX” or “Carbon Exchange”) at an event officiated by the Minister of Natural Resources, Environment & Climate Change, YB Tuan Nik Nazmi Nik Ahmad.

The BCX is the first Shariah-compliant carbon exchange in the world, diversifying the product universe for ESG and Shariah compliant products.

The objective of the Bursa Carbon Exchange is to enable companies to trade voluntary carbon credits from climate-friendly projects and solutions, with the aim to offset their emission footprint and meet climate goals.

The BCX will support Malaysia’s ambition to achieve its target of net zero greenhouse gas (“GHG”) emissions by 2050, while accelerating Corporate Malaysia’s pivot towards a green economy and meeting global demands for a sustainable supply chain.

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



Malaysia

MALAYSIA: Bursa Malaysia Signs MOC with MGTC to Enhance Voluntary Carbon Market Ecosystem

Bursa Malaysia and Malaysian Green Technology and Climate Change Corporation (“MGTC”) today signed a Memorandum of Collaboration (“MoC”) to build and promote the voluntary carbon market (“VCM”) ecosystem in Malaysia, following the launch of the Bursa Carbon Exchange (“BCX”) in December 2022.

A strong VCM needs a pipeline of carbon offset projects to support an increasing demand by corporates to meet their climate goals. Keeping this in mind, the terms of the MoC focuses primarily on three areas which are to identify, to guide, connect, and nurture key players in the carbon market ecosystem, which would be integral in building a robust VCM ecosystem.

The first focus area will be the development of a national VCM handbook that will serve as a resource for professionals and stakeholders in the industry, by supporting and guiding them with relevant information to generate carbon credits using international standards acceptable to the BCX.

The MoC’s second focus will be the creation of a Directory of Carbon Industry Service Providers. This will serve as a valuable resource for individuals and organizations in the VCM industry by listing project developers, Validation & Verification Bodies (“VVBs”), financiers, and technical experts, making it easier for interested parties to connect and collaborate. Both the handbook and directory are important and necessary tools to scale up Malaysia’s carbon credit supply, which is still at nascent stage.

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

Local & Global News



Malaysia

MALAYSIA: Bursa Malaysia Signs Agreement with the Department of Statistics Malaysia

Bursa Malaysia signed an agreement with the Department of Statistics Malaysia (“DOSM”) that allows both parties to share macroeconomic data with the aim of identifying key trends and insights to further develop the capital market. The agreement was signed by Bursa Malaysia’s Chief Executive Officer, Datuk Muhamad Umar Swift and DOSM’s Chief Statistician, Dato’ Sri Dr Mohd Uzir Mahidin.

Beginning 4 January 2023, DOSM will share demographic and macroeconomic statistics and reports with Bursa Malaysia. On the other hand, DOSM will have access to Bursa Malaysia’s database related to the companies listed on the Exchange, including trading statistics. Under the terms of the agreement, both DOSM and the Exchange will have the opportunity to conduct joint exploration on areas of mutual interest towards the development of the capital market.

Bursa Malaysia would like to reassure members of the investing public that individual participant’s trading data is not part of this agreement and will not be made public.

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



Malaysia

MALAYSIA: Bursa Malaysia Derivatives Launches ESG Themed Index Futures Contract

Bursa Malaysia Derivatives Berhad (“Bursa Malaysia Derivatives” or “the Exchange”) launched the cash settled FTSE4Good Bursa Malaysia Index Futures (“F4GM”) Contract, with the aim to meet the growing demand from Malaysian investors to include sustainable investment themes into their portfolios.

F4GM is the first Environmental, Social and Governance (“ESG”) based futures contract launched by Bursa Malaysia Derivatives with the FTSE4Good Bursa Malaysia (“F4GBM”) Index as its underlying instrument.

The F4GBM Index measures the performance of more than 80 Malaysian public listed companies (“PLCs”) from across the small, medium and large market capitalisation segments that demonstrate strong ESG practices.

“The launch of F4GM is in line with the Exchange’s aspiration to offer a diverse range of products for responsible investing,” said Mohd Saleem Kader Bakas, Acting Director of Bursa Malaysia Derivatives.

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

Local & Global News



Malaysia

MALAYSIA: Bursa Malaysia Emphasises Digital and Nation Building for PLCs

Bursa Malaysia launched the final two digital guidebooks under the PLC Transformation programme, aimed at transforming Malaysian PLCs into high-performing organisations.

Guidebook 4 "Being Digitally Enabled" highlights the imperatives, opportunities, benefits, and tools for companies to become more digitally enabled. Guidebook 4 focuses on four key areas of being digitally enabled – from Enhancing Customer Experience, Empowering People & Driving Change, Harnessing Operational Efficiencies, to Facilitating Business Model Transformation.

Guidebook 5 "Contributing Towards Nation Building" emphasises how businesses can accelerate their growth, while enhancing their value creation to the economy and nation in a myriad of ways. Guidebook 5 illustrates the outcomes that can be amplified when there is alignment of agendas, and/or collaboration between the private and public sector.

To date, more than 100 PLCs have committed to participate in the PLC Transformation programme. Although the PLC Transformation Programme is not prescriptive, the efforts and progress of these PLCs will be broadly monitored via a digital dashboard for benchmarking and to encourage adoption of best practices.

Since the launch of the programme in March this year, the Exchange has organised numerous webinars and engagements with PLCs, to encourage and assist corporate leaders in their pursuit towards delivering sustainable and robust financial performance. Similar experience sharing or guidance sessions, whereby the programme's diverse Champions will help nurture or support participating PLCs will continue over the course of the programme, which is till end of year 2025.

All five digital guidebooks available for download on the Bursa Malaysia website, as a resource for all PLCs and even private companies, especially SMEs. The first Guidebook focused on building purpose and performance-driven organisations, the second was on sustainable, socially responsible and ethical practises, and the third guidebook was on strengthening stakeholder management and investor relations.

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



Malaysia

MALAYSIA: SC Unveils Principles-Based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market - The SRI Taxonomy Reinforces Capital Market's Role in Accelerating National Climate and Sustainability Goals

The Securities Commission Malaysia (SC) unveiled the Principles-Based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market (SRI Taxonomy) to help advance the nation's climate and sustainability agenda.

The SRI Taxonomy provides universal guiding principles for the classification of economic activities that qualify for sustainable investment.

It aims to give clarity towards enabling proper and consistent identification and classification of various types of economic activities as well as the definition of sustainable investments. It also seeks to address concerns on the need to mitigate and manage the risks of greenwashing.

"The global expansion of sustainable investments has created demand for additional clarity and assistance for market players in identifying economic activities that are aligned with environmental, social and sustainability objectives," said the SC Chairman Dato' Seri Dr. Awang Adek Hussin.

Source: <https://mondovisione.com>

Local & Global News



Malaysia

MALAYSIA: SC Revises Guidelines to Strengthen Governance and Independence of Credit Rating Agencies

The SC issued the revised Guidelines on Credit Rating Agencies (CRA Guidelines), which amongst others, enhance and strengthen the role, independence, and objectivity of credit rating agencies (CRAs) in providing credible credit rating opinion.

The enhancement is part of SC's continuous efforts to inculcate and promote greater accountability and self-regulation within the capital market and amongst the capital market participants, in line with the broader strategic objectives of the Capital Market Masterplan 3.

SC Chairman Dato' Seri Dr. Awang Adek Hussin said that the Malaysian bond and sukuk market is a key segment of the capital market for corporate fund raising activities, as reflected by active and innovative issuances in recent years, particularly in the sustainability and Islamic-related segments.

The key amendments in the CRA Guidelines include added measures in relation to board governance and independence, and fit and proper requirements on the controller, compliance officer and the senior management of CRAs and their rating holding companies.

This also include changes in the SC's regulatory filings and processes as well as the adoption of regulatory forms for greater operational efficiency.

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



Malaysia

MALAYSIA: AOB: Audit Committees Must Ensure Integrity of Financial Reporting

The SC's Audit Oversight Board (AOB) has called for Audit Committees of public listed companies (PLCs) to create and maintain an environment that supports and upholds auditors' independence and high audit quality to ensure that reliable audited financial information is made available to facilitate informed decision by users.

At a recent virtual dialogue series with 823 Audit Committee members from 723 PLCs, the AOB reminded that members of the Audit Committee are instrumental in setting the right tone for the company's financial reporting process and enabling a close working relationship between the Audit Committee and the independent auditors.

It further emphasised that effective oversight by strong, knowledgeable, and independent Audit Committees shall further enhance audit quality in the marketplace.

Recognising this, the AOB regularly engages with Audit Committees to ensure that they are adequately informed and kept abreast with the relevant information to effectively carry out their oversight responsibilities.

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

Local & Global News



Malaysia

MALAYSIA: Former Company Officers Jailed, Fined RM2 Million Each for Unlicensed Derivatives Dealing

The Kuala Lumpur Sessions Court convicted two former officers of Jalatama Management Sdn Bhd (Jalatama) for carrying out a business of dealing in derivatives, a regulated capital market activity, without a licence. The offences were committed during the period between July 2011 to September 2013.

Sessions Court Judge, Ahmad Kamar Jamaluddin convicted Su Eng Kooi (Su) and Yap Choong Seong (Yap), both 47, with two charges each under section 58(1) of the Capital Markets and Services Act 2007 (CMSA) read together with section 367(1) of the same Act.

Su and Yap, both officers of the Kuala Lumpur based-Jalatama were sentenced to a one-year imprisonment and a fine of RM1 million (in default, a further one-year imprisonment) for each of the two charges. The court ordered for the jail terms for each accused person to be served concurrently.

Under section 58(1) of the CMSA, a person found guilty is liable to a fine not exceeding RM10 million or imprisonment not exceeding 10 years or both.

The SC would like to remind members of the public that dealing in derivatives is a regulated activity and any person carrying on a business of dealing in derivatives requires a licence from the SC under the CMSA.

The SC advises investors to verify the licence or registration information of individuals, companies and platforms offering capital market services or products, before deciding on investment opportunities. They should also check the SC's Investor Alert List, which is constantly updated to warn investors of identified companies or individuals that carry out unlicensed investment activities or scams.

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



Malaysia

MALAYSIA: High Court Upholds Conviction of Former Repco Holdings Bhd Chairman Over Market Manipulation Case

The Kuala Lumpur High Court dismissed the appeal by Low Thiam Hock (Low), also known as "Repc Low" against his conviction for the manipulation of Repco Holdings Bhd ("Repc") shares that occurred in 1997.

The High Court however reduced the sentence of imprisonment from five years to one year and maintained the fine of RM5 Million handed down by the Sessions Court in 2016. An offence under section 84(1) of the SIA carries a minimum fine of RM1 million and a maximum jail term of up to 10 years.

Following the judgment, the High Court further granted a stay of execution of the sentence pending the disposal of Low's appeal to the Court of Appeal. In dismissing the appeal today, the High Court Judge Dato' Azhar Abdul Hamid stated that the court agreed with the prosecution that the conviction is safe.

Following a full trial spanning close to 17 years, Low was convicted in 2016 by the Sessions Court for an offence under section 84(1) of the Securities Industries Act 1983 ("SIA"). He was charged with manipulating the price of Repco shares by engaging in acts to create a misleading appearance with respect to the price of Repco shares listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) on 3 December 1997.

Source: <https://www.sc.com>

Local & Global News



Asia

ASIA: Hong Kong and Singapore Spar for Green Finance Supremacy

Hong Kong and Singapore have long squared off to be the preeminent finance hub for Asia. That battleground is now shifting to the environmental, social and governance (ESG) space, with potentially trillions of dollars at stake.

From green bonds to carbon trading and asset management, both cities are angling to be the regional base for sustainable finance as governments and companies ramp up investments to fight climate change.

Combined ESG assets could soar to USD53 Trillion (RM233 Trillion) by 2025, with Asia sparking the next leg of growth, according to Bloomberg Intelligence.

The race to attract all that fresh money and trading business in Asia will take years to play out, but so far Singapore has an early edge over Hong Kong.

Source: <https://www.thestar.com.my>



Asia

ASIA: Japan to Ramp Up Scrutiny of ESG Data Providers with New Guidelines

Japan will soon be the first country to issue guidelines for ESG data and ratings providers as global regulators step up scrutiny of firms that measure companies on their environmental, social and governance (ESG) practices.

The Financial Services Agency (FSA) is finalising its draft code of conduct this month after receiving industry feedback, the regulator said. The draft guidelines, first published in July, outline voluntary principles to ensure the quality of the data and processes backing these ratings.

"We hope that the code of conduct will improve the transparency and fairness of ESG data and assessment services, as well as the development of the ESG market," Hideki Takada, Director for Strategy Development at the FSA, said in an interview.

Source: <https://www.businesstimes.com>



World

WORLD: US Authorities Charge Eight Social Media Influencers in Securities Fraud Scheme

United States (US) Prosecutors have charged eight individuals in a securities fraud scheme, alleging they reaped about USD 114 Million by using Twitter and Discord to manipulate stocks.

The eight men allegedly purported to be successful traders on the social media platforms and then engaged in a so-called "pump and dump" scheme by hyping particular stocks to their followers with the intent to dump them once prices had risen, according to prosecutors in the Southern District of Texas.

The US Securities and Exchange Commission (SEC) said it has filed related civil charges against the defendants in the scheme, claiming that seven of the defendants used Twitter and Discord to boost stocks. It said the eighth was charged with aiding and abetting the scheme with his podcast.

Source: <https://www.reuters.com>

Local & Global News



WORLD: The FTX Collapse, Explained

It's a collapse that some have called crypto's "Lehman moment." The bankruptcy of the crypto giant FTX and the resignation of its founder, Sam Bankman-Fried, has left customers in limbo and investors writing off what once looked like the next big thing in tech. And it happened in a matter of days. But in the complex world of crypto, such a collapse can be hard to parse.

How did it become so big?

The company, founded in 2019, quickly rose to international prominence through a series of high-profile acquisitions, aggressive marketing strategies and low trading fees. Competitor platforms include Kraken, Coinbase and Gemini.

Even those unfamiliar with the technology were lured to FTX with promises that they could park their money in accounts and earn much higher yields than at traditional banks. Major venture capital groups also bought in, investing almost \$2 billion in the company.

Sam Bankman-Fried, FTX's 30-year-old founder, became the face of the company and, to some, crypto at large. Celebrity endorsements and major sports sponsorships made FTX hard to miss.

The first red flags

Not long after Bankman-Fried started FTX, crypto began to boom. The price of bitcoin, which had traded at around \$10,000, shot up in 2021, peaking at more than \$64,000. Venture capital money flooded into all things blockchain and crypto, and crypto platforms moved to attract customers beyond the technologists and blockchain evangelists that once fueled its rise.

The price of bitcoin, generally seen as an indicator of the broader crypto market, declined dramatically from its late 2021 heights. It now trades at around \$16,000. Other crypto and token values followed suit.

The broader crypto industry decline had already forced many major platforms to shut down, but FTX seemed immune, even buying up some of its struggling competitors.

But things began to change earlier this month, when the balance sheet of a crypto investing firm that was also owned by Bankman-Fried, Alameda Research, was published by CoinDesk, a crypto-focused digital media website. It showed that Alameda held a large amount of a digital currency created by FTX called FTT. And though that FTT held a certain market value, if the price were to drop, Alameda would be at risk of insolvency.

A virtual bank run

After Alameda's balance sheet was leaked, Changpeng "CZ" Zhao, CEO of the crypto platform Binance, a rival of FTX, announced on Nov. 6 that his company would sell off all its FTT tokens. The price of FTT dropped sharply.

As the price dropped, many FTX customers moved to withdraw their assets from the platform. Though the extent of the connections between Alameda and FTX were not yet public, a series of recent crypto platform collapses had already put the crypto community on edge.

Those withdrawals would end up resembling a classic bank run, in which people worried about a bank's solvency rush to get their money out before it runs out of cash. Billions of dollars poured out of the platform. On Nov. 8, FTX stopped allowing customers to take money out of the platform.

An unbalanced balance sheet

What was not yet public was the extent of the connections between Alameda and FTX, or just how bad things had gotten for Bankman-Fried's companies.

Those connections began to become clearer in the days following FTX's move to stop withdrawals, as would its financial challenges. Media organizations including Bloomberg, the Financial Times, The Wall Street Journal and others cited anonymous sources saying that FTX needed \$8 billion to cover the gap between what it owed and what it could pay out.

Local & Global News

NBC News has not verified those reports, and Bankman-Fried said in an interview Monday with a Vox journalist over Twitter DM that he needed to raise \$8 billion in the next two weeks to make things right with account holders

And in the Vox interview, Bankman-Fried appeared to confirm reports that funds had moved between FTX and Alameda, adding that he “thought Alameda had enough collateral” to cover the moves.

Soon after that, blockchain analysts tracked the flow of \$400 million of assets out of FTX accounts, though it was unclear why those funds had been moved.

In a series of text messages to Reuters, Bankman-Fried denied funds had been furtively funnelled from one company to the other. He blamed the transfers on an internal mislabelling issue.

However, it is difficult to ascertain how and why the company’s funds were handled the way they were, according to a court filing from FTX’s current CEO, John Ray, who helped navigate Enron through its corporate bankruptcy process in the early 2000s.

That’s because FTX and its sister companies allegedly didn’t follow standard financial reporting procedures.

Normally, a business produces balance sheets several times a year that provide reliable information on the company’s assets (what the business owns) and its liabilities (what it owes), among other things. But the balance sheets of Bankman-Fried’s firms were never audited, according to the company’s bankruptcy court filings, meaning there is no reliable account or paper trail of what money the company had and where it went.

Ray called FTX’s poor management and financial opacity “unprecedented.” “Never in my career have I seen such a complete failure of corporate controls and such a complete absence of trustworthy financial information as occurred here.”

Ray wrote that the company has thus far secured \$740 million of cryptocurrency held by the various companies that made up FTX and Alameda, a number that is only a “fraction” of what they hope to recover.

Source: <https://www.nbcnews.com>

Anti-Money Laundering News



Malaysia

MALAYSIA: Man Pleads Not Guilty to Nine Counts of Money Laundering Involving More than RM700,000

Elderly man pleaded not guilty in the Sessions Court to nine charges of receiving, transferring and disposing of proceeds from unlawful activities, involving more than RM700,000, three years ago.

On the first to the fourth charges, Ahmad Yusri Mohd Yunus, 67, was alleged to have received RM705,625, believed to be proceeds from unlawful activities, which was transferred from a bank account belonging to AYMY Multitouch Enterprise into this bank account.

Ahmad Yusri was also charged with three counts of making online transfers, involving RM77,000, believed to be proceeds from unlawful activities, from his bank account into the bank accounts of three different companies.

He was also charged with two counts of disposing of RM490,285, believed to be proceeds from unlawful activities, through his bank account. The offences were allegedly committed at Maybank Islamic Berhad, IBS Taman Maluri in Jalan Mahkota, Maluri here, between November 6 and November 13, 2020.

All the charges were framed under Section 4(1) (b) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, which provides imprisonment for up to 15 years and can be fined not less than five times the amount or value of proceeds from the unlawful activities or RM5 million, whichever is higher, if convicted.

Deputy public prosecutor Norazihah Asmuni offered bail of RM100,000 for all charges, but lawyer Muhammad Rafique Rashid Ali, representing Ahmad Yusri, requested for a lower bail on the grounds that his client, who is a diabetic and had just undergone surgery on his right knee, was unemployed and a bankrupt. Judge Kamarudin Kamsun then set bail at RM30,000 with one surety and fixed March for mention.

Source: <https://www.malaymail.com>



Malaysia

MALAYSIA: Former Company Finance Manager Charged with Money Laundering Involving RM28 Million

A former finance manager of a musical equipment company, Foo Yong Xian, 35, was charged in two Sessions Courts with 22 counts of money laundering involving RM28 Million. Foo was charged with 10 counts of receiving and disposing of RM9.6 Million, believed to be proceeds from unlawful activities, while the remaining 12 charges, involving transferring and disposing of RM18.4 Million.

Foo was alleged to have received the money through cheques, and transferred it online from a bank account belonging to the company into his own personal account and several other company accounts. The offences were allegedly committed at two bank branches in Bangsar and Bandar Puteri Puchong between February 2018 and December 2020.

The charges were framed under Section 4(1)(b) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and punishable under Section 4(1) of the same law, which provides imprisonment for up to 15 years and a fine of not less than five times the amount or value of the proceeds from unlawful activities or RM5 Million, whichever is higher, if found guilty.

Source: <https://www.theedgemarkets.com>

Islamic Finance News



Malaysia

MALAYSIA: Bursa Malaysia Enhances Islamic Securities Selling and Buying Negotiated Transaction Framework

Bursa Malaysia recently improved its Islamic Securities Selling and Buying - Negotiated Transaction (ISSBNT) Framework, the first Shariah-compliant substitute for securities borrowing and lending in the world, first introduced in December 2017.

In a statement released by Bursa Malaysia, the framework calls for the sale and purchase of Shariah-compliant securities, which produces the same results as a traditional borrowing and lending transaction in securities but is organised in accordance with Shariah principles.

As mentioned, "the enhancement includes a 'Additional Remedial Option' which allows users to recall or acquire back the securities if the status of the ISSBNT Eligible Securities changes to Shariah non-compliant, whereas, the previous framework only allowed transactions to be settled in cash via commodity murabahah or replaced with similar Shariah-compliant securities as the remedial options.

Bursa Malaysia stated, the Additional Remedial Option entails instituting a seven market days grace period to facilitate and provide an ideal window and enough time for securities transfers and transactions to take place, after taking into account the T+2 clearing and settlement cycle.

However, in order for this option to apply, the exercise must be completed within seven market days from the effective date of the updated List of Shariah-compliant Securities by the Shariah Advisory Council of the Securities Commission Malaysia.

According to Datuk Muhamad Umar Swift, chief executive officer of Bursa Malaysia, the improved ISSBNT model was created in response to industry demands to address the needs of today's dynamic investment and market scenario.

He added, the additional settlement option will provide a more facilitative trading environment to enable market participants greater flexibility to buy and sell Shariah-compliant securities under the ISSBNT model, which will improve trading liquidity and velocity of Shariah-compliant assets

Source: <https://www.thestar.com.my>

Ethics & Governance News



World

WORLD: SEC Charges Former BlackRock Portfolio Manager with Undisclosed Conflict of Interest

The Securities and Exchange Commission today charged Randy Robertson, a former BlackRock Advisors, LLC portfolio manager, for failing to disclose a conflict of interest arising from his relationship with a film distribution company, Aviron Group LLC ("Aviron") in which the fund he managed for BlackRock invested millions of dollars. To settle the charges, Robertson agreed to pay a USD250,000 penalty.

BlackRock Multi-Sector Income Trust (BIT), a closed end publicly traded fund, invested in Aviron Group, LLC subsidiaries by loaning the subsidiaries, which were in the business of funding advertising budgets of motion pictures, as much as USD75 Million.

Robertson, a co-portfolio manager of BIT, had a significant role recommending and overseeing BIT's loans to the Aviron subsidiaries. At the same time, Robertson had asked Aviron to help advance his daughter's acting career, in which Robertson's daughter managed to obtain a small role in a film produced in 2018.

Robertson did not disclose to BIT's board of trustees or BlackRock's compliance and legal team that he had asked Aviron to help advance his daughter's acting career or helped his daughter obtain a film role.

"Investment professionals must be forthcoming about any conflicts of interest they may have with the companies in which they have business relationship and investors must be able to know that the advice they receive is free of undisclosed conflicts, regardless of whether the conflict is financial in nature" as quoted by Andrew Dean, Co-Chief of the Enforcement Division's Asset Management Unit.

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



World

WORLD: CFTC Charges Former New York City Commodity Pool Operator with Fraud

The Commodity Futures Trading Commission (CFTC) announced it filed a civil enforcement action in the U.S. District Court for the Eastern District of New York against Mark A. Ramkishun, a former resident of New York City. The complaint alleges that Ramkishun fraudulently induced individuals to participate in a purported commodity pool called Leo Growl LLC.

The complaint alleges that beginning in at least March 2019 and continuing through at least September 2021, Ramkishun, acted as an unregistered commodity pool operator to fraudulently solicit and receive funds from more than 30 pool participants for the purpose of trading, among other things, commodity futures and options contracts in the pool. The complaint further alleges that both in the course of soliciting as well as after receiving pool participant funds, Ramkishun knowingly made fraudulent and material misrepresentations and/or omitted material facts about the use of pool participant funds and the profits purportedly earned from Ramkishun's trading.

Furthermore, rather than use all of the pool participant funds to trade in the pool as he had promised, Ramkishun traded less than half of these funds (resulting in net trading losses) and ultimately misappropriated a substantial portion of pool participant funds on personal expenditures and to make Ponzi-type payments to pool participants. The complaint also alleges that Ramkishun failed to operate the pool as a separate entity from himself and commingled his personal funds with pool participant funds.

In its continuing litigation, the CFTC seeks full restitution to defrauded fund participants, disgorgement of any ill-gotten gains, civil monetary penalties, permanent trading and registration bans, and a permanent injunction against further violations of the Commodity Exchange Act (CEA) and CFTC regulations, as charged.

Source: <https://www.cftc.gov>

Ethics & Governance News



World

WORLD: SEC Charges Options Clearing Corporation with Rule Failures

The Securities and Exchange Commission (SEC) had announced that The Options Clearing Corporation (OCC) will undertake remedial efforts and pay USD17 Million in penalties to settle charges that it failed to comply with its SEC-approved Stress Testing and Clearing Fund Methodology rule. OCC is the sole registered clearing agency for exchange listed option contracts in the United States.

According to the SEC's order, OCC failed to properly establish, implement, and enforce written policies and procedures reasonably designed to manage certain operational risks. The SEC's order further finds that OCC failed to modify its Comprehensive Stress Testing System and did not provide timely notification to the SEC of this failure as required by Regulation SCI. OCC also failed to comply with its margin methodology, margin policy, and stress testing and clearing fund methodology relating to specific wrong way risk and holiday margin.

Among OCC's remedial measures were to revise its model validation policies and procedures; enhance its approach to risk data governance; implement changes to elements of its control environment, including processes, procedures, and controls; and conduct appropriate training on the changes.

Previously in September 2019, the SEC charged OCC with failing to establish and enforce policies and procedures involving financial risk management, operational requirements, and information-systems security, and imposed remedial measures and a USD15 Million penalty.

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



World

WORLD: FCA Fines Three Broker Firms £4,775,200 for Failures Relating to the Detection of Market Abuse





The UK's Financial Conduct Authority ("FCA") has fined BGC Brokers LP, GFI Brokers Limited and GFI Securities Limited (herein referred as "BGC/GFI") £4,775,200 for failure to have appropriate systems and controls to effectively detect market abuse. Additionally, BGC/GFI had also failed to properly implement the Market Abuse Regulation ("MAR") trade surveillance requirements.

According to FCA's findings, BGC/GFI had manual, automatic and communications surveillance processes that were deficient, which leads to inadequacy in properly addressing the risk of market abuse. Additionally, the systems used by BGC/GFI for monitoring of market abuse did not have proper coverage of all asset classes which are subject to MAR.

BGC/GFI did not dispute the FCA's findings, agreed to settle the fine and resolve the case at early stage by enhancing their systems and controls.

Source: <https://www.fca.org.uk>





REGULATORY ALERTS

Circulars/Guidelines				
	11.10.22	Licensing Handbook (14 th Edition)	<p>The Licensing Handbook (“the Handbook”) was revised to include the following main amendments/updates:</p> <ul style="list-style-type: none"> i. amendments to facilitate changes in processes and automation of additional forms under the second phase of the Electronic Application System (“EASy”) for greater operational efficiency, provide greater clarity and consistency in the requirements. ii. introduction of new form types in EASy and the revisions of supporting documentation; and iii. Other housekeeping amendments throughout the Handbook to provide greater clarity and consistency. 	Effective: 11.10.22
	28.10.22	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (13 th Revision)	<p>SC has updated and revised the Guidelines to facilitate the implementation of ASEAN Sustainability-Linked Bond Standards. Summary of the amendments/additions are as follows:</p> <ul style="list-style-type: none"> i. Relevant requirements for foreign currency denominated corporate bonds or Sukuk; ii. A new chapter - Chapter 10 ASEAN Sustainability-Linked Bonds and Sukuk were added. This chapter sets out the requirements pertaining to the issuance of ASEAN Sustainability-Linked bonds and Sukuk. 	Effective: 28.10.22
	28.10.22	Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (8 th Revision)	<p>SC has updated and revised the Guidelines to facilitate the implementation of ASEAN Sustainability-Linked Bond Standards to incorporate the additional requirements for the issuance of ASEAN Sustainability-Linked corporate bonds and Sukuk.</p>	Effective: 28.10.22
	08.11.22	Result of Thematic Review on Concentration of Technology Service Providers and Industry Measures to Mitigate Emerging Technology Risks 2022	<p>BNM conducted thematic review on the emerging technology risks affecting the financial industry, the quality of risk controls measures adopted by FIs and to identify potential vulnerabilities that may be affecting FIs business operations. This report aims to provide relevant context to enhance the situational awareness of FIs in managing technology risks.</p> <p>Key observations are as follows:</p> <ul style="list-style-type: none"> i. The reliance on technology service providers by FIs remains high due to the prevalent use of technology products and services. Hence, it is essential for FIs to continuously improve operational resilience against emerging threats especially in relation to the outsourcing supply chain. ii. Banking institutions re-pivoted resources from crisis management to IT project implementation for technology risk reduction to adjust to the new norm (post pandemic). 	Effective: 08.11.22

REGULATORY ALERTS

Circulars/Guidelines				
			<p>iii. It is important for banking institutions to remain vigilant to potential risks from cyber threats and supply chain and continue to strengthen IT service management to ensure provision of essential financial services to retain public confidence</p>	
	17.11.22	Amendments to the Rules of Bursa Malaysia Securities Berhad ("BMS Rules") In Relation to the Introduction of Securities Donation Scheme)	<p>Bursa Malaysia Securities Berhad ("the Exchange") has amended the BMS Rules to facilitate investors to donate their securities towards specified charitable causes via a share donation scheme called Shares2share ("S2S"). With the introduction of S2S, the Exchange seeks to:</p> <ul style="list-style-type: none"> a) create additional funding avenues for charitable organisations to facilitate positive impact creation for the society and the environment; and b) leverage the capital market by rallying market participants towards corporate social responsibility. <p>In this connection, Yayasan Bursa Malaysia will introduce and administer Shares2share, which enables an investor to donate listed securities or the proceeds from the sale of listed securities to Yayasan Bursa Malaysia for charitable purposes.</p> <p>Under the amended BMS Rules, a Participating Organisation participating in the S2S is not required to charge a minimum fixed commission with respect to the sale of securities made pursuant to a donation by a client.</p>	Effective: 17.11.22
	28.11.22	Guidelines on Islamic Capital Market Products and Services ("ICMPS Guidelines")	<p>The ICMPS Guidelines consolidates all the existing Shariah requirements which were previously set out in various SC guidelines The aim is to provide a single point of reference for those offering or intending to offer Islamic capital market (ICM) products and services. In addition to the existing framework, the ICMPS Guidelines has introduced the following additional framework / requirement:</p> <ul style="list-style-type: none"> a) Expanding the categories of fund under the waqf framework to include listed REITs and listed ETFs which can be found under Chapter 34; and b) Introducing additional requirements relating to fund managers, Venture Capital and Private Equity Corporations and Management Corporations and Recognised Market Operator carrying on Islamic fund management business which can be found under Part A, Section II, Chapter 37 and Chapter 38 respectively. 	Effective: 28.11.22







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Circulars/Guidelines				
	28.11.22	Guidelines on Exchange-Traded Funds	<p>The guidelines was revised to reflect changes upon issuance of ICMPS Guidelines. Changes are as follows:</p> <ul style="list-style-type: none"> i. The key amendments are related to the removal of the relevant Shariah requirements as these are now provided under the ICMPS Guidelines. ii. Editorial amendments are conducted to enhance clarity of certain requirements under the Guidelines. 	Effective: 28.11.22
	28.11.22	Guidelines on Listed Real Estate Investment Trusts	<p>The guidelines was revised to reflect changes upon issuance of ICMPS Guidelines. Changes are as follows:</p> <ul style="list-style-type: none"> i. The key amendments relate to the removal of the relevant Shariah requirements as these are now provided under the ICMPS Guidelines. ii. Enhancements to the governance-related requirements under the Guidelines to streamline with the requirements applicable to listed issuers on Bursa Malaysia. iii. Editorial amendments to enhance clarity of certain requirements under the Guidelines. 	Effective: 28.11.22
	28.11.22	Guidelines on Real Estate Investment Trust	<p>The guidelines was revised to reflect changes upon issuance of ICMPS Guidelines. Changes are as follows:</p> <ul style="list-style-type: none"> i. The key amendments relate to the removal of the relevant Shariah requirements as these are now provided under the ICMPS Guidelines. ii. Editorial amendments to enhance clarity of certain requirements under the Guidelines. iii. Housekeeping amendments throughout the Guidelines to provide greater clarity and consistency. These amendments include stylistic or formatting changes and necessary changes of an editorial nature such as grammatical corrections. iv. changes of an editorial nature such as grammatical corrections. 	Effective: 28.11.22
	28.11.22	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (14 th Revision)	<p>The guidelines was revised to reflect changes upon issuance of ICMPS Guidelines. Changes are as follows:</p> <ul style="list-style-type: none"> i. The key amendments are related to the removal of the relevant Shariah requirements as these are now provided under the ICMPS Guidelines. ii. Editorial amendments are conducted to enhance clarity of certain requirements under the Guidelines. 	Effective: 28.11.22

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Circulars/Guidelines				
 Suruhanjaya Sekuriti Securities Commission Malaysia	28.11.22	Licensing Handbook (15 th Revision)	The handbook was revised to reflect changes upon issuance of ICMPS Guidelines. Revised items are amended to make reference to ICMPS Guidelines.	Effective: 28.11.22
 Suruhanjaya Sekuriti Securities Commission Malaysia	28.11.22	Guidelines on Issuance of Corporate Bonds and Retail Sukuk Investors (9 th Revision)	The guidelines was revised to reflect changes upon issuance of ICMPS Guidelines. Changes are as follows: i. The key amendments are related to the removal of the relevant Shariah requirements as these are now provided under the ICMPS Guidelines. ii. Editorial amendments are conducted to enhance clarity of certain requirements under the Guidelines.	Effective: 28.11.22
 Suruhanjaya Sekuriti Securities Commission Malaysia	08.12.22	Guidelines on Market Conduct and Business Practices for Investment Analysts and Their Analysts	The guidelines seek to outline the core principles and minimum standards to be observed by Investment Analysts and their Analysts towards maintaining fair, efficient and transparent markets by ensuring objectivity, quality and transparency of their research and recommendation.	Effective: 08.06.23
 Suruhanjaya Sekuriti Securities Commission Malaysia	08.12.22	Technical Note No. 1/2022 - Clarification on Licensing Requirements for Persons Offering Digital Investment Advice ("DIA")	SC notes that the advisory business is growing and has attracted a lot of innovation in the ways in which advice can be provided to investors. One such innovation is the provision of advice digitally where algorithms are utilised by the providers to automate provision of advice, hereinafter referred as to as 'digital investment advice'. This Technical Note should be read together with the relevant Schedules in the CMSA and guidelines issued by the SC.	Effective: 08.12.22
 BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA	12.12.22	Guidelines on Cyber Resilience for Participants of PayNet's Services 2.0	The issuance of this guidelines seeks to support PayNet's participants to build an appropriate cyber security program that encompasses a robust infrastructure with the necessary detective and preventative controls. The guidelines provide participants with security guidance to assess and improve their ability to prevent, detect and respond to cyber-attacks. In addition, the guidelines will also help to enhance participant's cyber resilience and security by providing protective measures and supplemental details to mitigate cyber risks that it bears from and poses to Paynet and the ecosystem as a whole.	Effective: 19.12.22
 BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA	15.11.22	Guidelines on Business Continuity Management for Participants of PayNet's Services	The guidelines outline the business continuity management requirements that participants of Retail Payment Services ("RPS") are required to adopt in order to ensure resilience and preparedness for any unplanned business disruptions. The guidelines shall be read in conjunction with PayNet's Participation Rules, Operational Procedures and Overlay Service Procedures.	Effective: 01.01.23


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Circulars/Guidelines				
 <small>BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA</small>	16.12.22	Regulatory Handbook System	BNM Regulatory Handbook (RH) System will be migrated to the new Enterprise Platform known as Kijang.Net on 31 December 2022 with new features. With effect from 3 January 2023, RH system would be accessible upon successful registration in Kijang.Net.	Effective: 03.01.23
 <small>BURSA MALAYSIA</small>	04.01.23	Online Submission of Regulatory Applications and Notifications (eAPPS) to BNM via Kijang.Net	This policy document aims to address the obsolescence of the eAPPS system via FI@KijangNet, and to introduce the new eAPPS system, which serves to enhance the system functionalities and seamless end-to-end processing of regulatory applications and notifications submission to and from the Bank. This document will supersede the policy document "Online Submission of Applications and Notifications (eAPPS) to Bank Negara Malaysia via FI@KijangNet" issued on 3 February 2020.	Effective: 04.01.23
 <small>BURSA MALAYSIA</small>	10.01.23	Amendments to the Rules of Bursa Malaysia Securities Berhad	Bursa Malaysia have updated the following chapters in the Rules of Bursa Malaysia Securities Berhad: <ul style="list-style-type: none"> • Chapter 1: Definitions and Related Provisions • Chapter 2: Administration • Chapter 7: Dealings in Securities • Chapter 8: Trading • Chapter 10: Direct Business Transactions 	Effective: 10.01.23
 <small>BURSA MALAYSIA</small>	10.01.23	Amendments to the Consolidated Rules of Bursa Malaysia Securities Clearing Sdn Bhd	Bursa Malaysia have updated the following chapters in the Consolidated Rules of Bursa Malaysia Securities Berhad: <ul style="list-style-type: none"> • Interpretation • Chapter 1: General Rules 	Effective: 10.01.23
 <small>Suruhanjaya Sekuriti Securities Commission Malaysia</small>	10.01.23	Guidelines on Credit Rating Agencies	The Guidelines was revised pursuant to a holistic review on the existing credit rating agency (CRA) framework. <ul style="list-style-type: none"> • Additional amendments were made to enhance clarity of certain requirements in the Guidelines. • Consequential amendments were made in relation to the implementation of the Electronic Application System (EASy). • Housekeeping amendments throughout the Guidelines were made to provide greater clarity and consistency. 	Effective: 10.01.23
 <small>BURSA MALAYSIA</small>	10.01.23	Updates on Main Market Listing Requirements	Bursa Malaysia have updated the consolidated listing requirements and the following chapters in the Main Market listing requirements to incorporate the "Surprise Holiday" requirements. <ul style="list-style-type: none"> • Chapter 1: Definitions and Interpretation • Chapter 2: General • Chapter 6: New Issues and Securities 	Effective: 10.01.23

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	10.01.23	Updates on ACE Market Listing Requirements	<p>Bursa Malaysia have updated the consolidated listing requirements and the following chapters in the ACE Market listing requirements to incorporate the "Surprise Holiday" requirements.</p> <ul style="list-style-type: none"> • Chapter 1: Definitions and Interpretation • Chapter 2: General • Chapter 6: New Issues and Securities • Chapter 16: Suspension, De-listing and Enforcement 	Effective: 10.01.23
	10.01.23	Updates on LEAP Market Listing Requirements	<p>Bursa Malaysia have updated the consolidated listing requirements and the following chapters in the LEAP Market listing requirements to incorporate the "Surprise Holiday" requirements.</p> <ul style="list-style-type: none"> • Chapter 1: Definitions and Interpretation • Chapter 2: General • Chapter 8: Suspension, De-listing and Enforcement 	Effective: 10.01.23
	16.01.23	Amendments to the Rules of Bursa Malaysia Derivatives Bhd & Trading Participants Directives and Guidance	<p>Bursa Malaysia have made amendments to the rules and directives listed below:</p> <ul style="list-style-type: none"> • No.2.01(2)-002 Directive on Readiness Audit – Self Assessment Approach, Declaratory Approach and Green Lane • No.2.01(2)-003 Directive on Submission of Periodic Reports • No.2.07-001 Directive on the Powers of the Exchange and The Circumstances when the Exchange May Take Action Under Rule 2.07 • No. 3.06-001 Directives on Regulation 30.10 Relief • No. 3.36-001 Directive on Compliance Function • No. 3.36-002 Directive on Compliance Report • No. 3.39(1)-002 Directive on Mobility of Registered Representatives • No. 4-001 Directive on Conduct of Business • No. 4.19-001 Directive on Memorandum of Deposit • No. 6.25(1)-001 Directive on the List of Specified Exchanges • No.7-001 Directive on Accounting and Financial Reporting Requirements • No.8-001 Directive on Adjusted Net Capital 	Effective: 16.01.23
	19.01.23	Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in Relation to Structured Warrants Framework ("Structured Warrants Amendments")	<p>Pursuant to section 9 of the Capital Markets and Services Act 2007 ("CMSA"), Bursa has amended the Main LR to further enhance and liberalise the structured warrants framework ("SW Amendments").</p> <p>SW Amendments would, among others:</p> <ol style="list-style-type: none"> a) facilitate issuers of structured warrants ("SW issuers") to tap into a wider pool of underlying financial instruments while still safeguarding investor protection; b) provide more investment opportunities for investors; c) ensure requirements remain fit for purpose; and d) improve clarity and ensure certainty of the requirements. 	Effective: 19.01.23

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	20.01.23	Amendments to the Rules of Bursa Malaysia Securities Berhad	Bursa have updated Chapter 7 – Dealings in Securities to incorporate the following new requirements: <ul style="list-style-type: none"> • The provisions in this Rule 7.01 are applicable to On-Market Transactions and Direct Business Transactions whether transacted in Board Lots or Odd Lots unless specifically stated otherwise. • A Participating Organisation’s connection to the ATS (The automated and computerised securities trading system established by the Exchange) for the purpose of trading in securities on the stock market of the Exchange must be through an access point approved by the Exchange. 	Effective: 20.01.23
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