

INSIDER TRADING :- PREVENTIONS AND ITS ENFORCEMENT IN MALAYSIA

A PAPER PRESENTED TO THE  
SCHOOL OF ACCOUNTANCY  
MARA INSTITUTE OF TECHNOLOGY SHAH ALAM  
IN PARTIAL FULFILLMENT OF THE REQUIREMENT  
FOR THE ADVANCED DIPLOMA IN  
ACCOUNTANCY

BY:

YUSNI BINTI ABD. KAHAR

ADVANCED DIPLOMA IN ACCOUNTANCY  
MARA INSTITUTE OF TECHNOLOGY  
SHAH ALAM

15 APRIL 1993

## TABLE OF CONTENTS

	PAGE
TITLE PAGE	i
ACKNOWLEDGEMENT	ii
ABSTRACT	iii

### CHAPTER 1

INTRODUCTION	1
OBJECTIVE	5
SCOPE AND LIMITATIONS	6
METHODOLOGY	7

### CHAPTER 2

LITERATURE REVIEW	8
-------------------	---

### CHAPTER 3

ANALYSIS OF DATA	
CATEGORIES OF SECTIONS OF THE ACTS COVERING CERTAIN SITUATIONS ON INSIDER TRADING	18
LOOPHOLES	25
MAINTENENCE OF CONFIDENTIALITY	31

ENFORCEMENT OF THE LAW

THE NEED FOR ENFORCEMENT	33
ELEMENT OF ENFORCEMENT	33
HOW ARE THE DETECTION DONE?	34
POWERS OF INVESTIGATION	38
PROBLEMS FACED BY THE ENFORCERS	41

CHAPTER 4

CONCLUSION	44
------------	----

CHAPTER 5

RECOMENDATIONS	47
----------------	----

BIBLIOGRAPHY

## **ACKNOWLEDGEMENT**

There are a number of people who I would like to extend my thanks for their help in contributing ideas, advice and data to make this project paper possible. They are:

- 1) Encik Rudzi Bin. Majeed (Securities Unit Officer of ROC)
- 2) Encik Ahmad and Encik Azman (KLSE Officers)

## ABSTRACT

Insider trading is not an alien phrase to those who are involved in the business world. Its existence has been known since America suffered its worst stock market crash in 1929 but is beginning to capture the general public attention when the SEC of the United States brought the case of Ivan Boesky to court and then followed by Stephen Chang, Micheal Milken and many more.

In Malaysia, eventhough there is no case is being brought to court yet, but there are regulations provided by the Malaysian Government to prevent insider trading practices. The regulations are provided in various Acts and the government also has appointed the ROC to be responsible in enforcing these regulations.

The purpose of this project paper is to study the major provisions provided by the various Acts in preventing insider trading and to highlight on loopholes in the Acts (if any). This project paper also will concentrate on the powers of the ROC in enforcing the regulations and to identify problems faced by the ROC in preventing insider trading.