BNM fines financial institution RM1.4m

> Penalised for not promptly informing central bank of dealer misconduct over fixing of US$/RM exchange rate

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PETALING JAYA: Bank Negara Malaysia (BNM) has fined an unnamed financial institution RM1.4 million for failing to follow procedures.

The financial institution, which was also censured and issued with an order to address shortcomings in its internal controls, was penalised for not promptly informing the central bank of its dealers' misconduct involving the fixing of the US dollar/ringgit exchange rate.

The financial institution has paid the penalty.

BNM's action follows its earlier announcement in December 2016 that it planned to take a financial institution to task for failing to comply with the Financial Services Act 2013 (FSA).

The central bank said in a statement yesterday that the financial institution has been strongly censured and issued with an order to address the shortcomings in internal controls to ensure timely notification of material findings, and review existing internal policies, procedures and practices, as well as to put in place robust surveillance mechanisms to prevent market abuse behaviours.

"These will be complemented by periodic compliance and audit reviews. The financial institution has given its full commitment to rectify these shortcomings and to prevent recurrence of such breaches," it said.

BNM reminded all financial institutions that money and foreign exchange market manipulation activities are prohibited under the FSA.

"Financial institutions which are aware of such findings are required to promptly notify BNM as required under the FSA. The bank will not hesitate to take serious enforcement actions on any party that breaches the law," it said.

BNM said it will continue to closely monitor market activities in ensuring participants are not involved in money and foreign exchange market manipulation.

"It is the responsibility of BNM in carrying out its mandate under the law to ensure that public and genuine investors' interests are protected at all times," it added.

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