

1. SFC Suspends the Registrations of Chau Kwok Hung for Signing a False Statement 2. SFC Suspends the Registration of Liu Cheuk Sun for Making a False Statement and Breaching the Code of Conduct 3. SFC Reprimands Tsui Pui Yin for Breaching the Code of Conduct

5 Mar 2003

The SFC has suspended the registrations of Mr Chau Kwok Hung (Chau) for one month and Mr Liu Cheuk Sun (Liu) for four months and has reprimanded Ms. Tsui Pui Yin (Tsui).

The action stemmed from inquiries into conduct under section 56 of the Securities Ordinance and, in the case of Chau, also under section 36 of the Commodities Trading Ordinance.

Chau

The inquiries revealed that in November 2001, Chau had signed a false statement for a dealer's representative (DR) employed by another brokerage firm to assist the DR to conceal from his employer his securities dealings using external brokerage firms.

The SFC concluded that Chau was guilty of misconduct and his fitness and properness had been called into question. The SFC therefore decided to suspend his registrations for one month (Note 1).

Liu

The inquiries revealed that in 2001, Liu had:

- Provided a signed false statement for the DR mentioned above to assist him to conceal from his employer his securities dealings using outside brokerage firms.
- Failed to obtain written consent from the DR's employer before dealing in securities for the DR in breach of paragraph 12.2(c) of the Code of Conduct for Persons Registered with the SFC. This requires a registered person not to deal in securities for another registered person's employee unless he has written to that registered person and received his written consent.
- Facilitated the DR's unauthorised securities trading by failing to obtain written consent from a client as to whether the DR had authority to use the client's account to deal in securities. This is in breach of paragraph 7 of the Code of Conduct that requires a registered person to obtain either a specific instruction from a client before executing a transaction for that client or a written authorisation from that client.

The SFC concluded that Liu's conduct was prejudicial to his clients' interests and that his fitness and properness had been seriously impugned. The SFC therefore decided to suspend his registration for four months (Note 2).

Tsui

The inquiries revealed that in November 1999 Tsui, at the time a dealing director of Gold City Securities Limited (Gold City), had opened an account for the DR without first obtaining the relevant consent of the DR's brokerage firm. Tsui also failed to obtain consent from the DR's brokerage firm for three of the DR's relations' accounts maintained with Gold City.

When Tsui left Gold City for a new brokerage firm in September 2000, she failed to inform the dealing director of Gold City, who took over Tsui's clients, about the lack of consent from the DR's brokerage firm in relation to these accounts. Tsui's conduct could have facilitated potential trading malpractices by the DR and caused financial risks to Gold City, the three relations, and Tsui herself had the clients disputed the validity of the DR's trades on their behalf.

As a result of the above findings the SFC concluded that the fitness and properness of Tsui had been called into question. The SFC therefore decided to reprimand her (Note 3).

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "It is important for a registered person to behave honestly. We take a dim view of dishonesty in every form. Registered persons are also reminded that they must not deal in securities for another registered person's employee unless they have received written consent from that registered person. In cases where a prospective client was a registered person, the account executive must advise the management as soon as possible so that written consent could be obtained from the employer of this client before allowing him to trade. Furthermore, registered persons should not effect a transaction placed by a third party for a client unless prior approval or authorisation has been obtained from the client. The SFC will treat any such breaches seriously."

Ends

Notes:

1. Chau is a securities dealer's representative and a commodities dealer's representative accredited to Sun Hung Kai Investment Services Limited.
2. Liu is a securities dealer's representative accredited to Kam Fai Securities Company Limited.
3. Tsui is a securities dealer's representative accredited to Ricofull Securities Limited.
4. The SFC has revoked the DR's registrations.

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