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## Enforcement News

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20 March 2003

### SFC Reprimands Concord Capital Brokerage Limited, Wat Ying Hang and Tsang Tak Chuen for Failures Relating to Unregistered Dealing Activities

The SFC has reprimanded a securities dealer, Concord Capital Brokerage Limited, its dealing director, Mr Wat Ying Hang, and its dealer's representative, Mr Tsang Tak Chuen, under the Securities Ordinance.

The reprimands stem from a routine inspection of Concord's Tsuen Wan Branch in August 2001. It was discovered that a former employee of the branch who was unregistered had taken and processed client's telephone orders contrary to the registration requirements of the Securities Ordinance.

Tsang was at the time the branch manager with direct responsibility for supervising the staff and the operation of the branch. It was found that Tsang knew or ought to have known of the unregistered dealings. Tsang either facilitated such activities in the branch, or together with Wat and Concord, failed:

- a. to adequately and diligently supervise their staff and monitor their activities so as to prevent unregistered activities from taking place;
- b. to ensure that the registration requirements of the Securities Ordinance were complied with; and
- c. to put in place adequate internal controls to detect and to prevent unregistered dealing activities.

The SFC concludes that the fitness and properness of Tsang, Wat and Concord as registered persons has been called into question and decides to reprimand them.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Adequate staff supervision is essential to ensure the proper functioning of a securities dealership to minimise the risk to clients as well as maintaining market integrity. Staff are required to be registered with the SFC to ensure that they are honest, competent, and financially sound so clients are protected. Brokers should take sufficient steps to ensure only registered staff open client accounts, take client orders and give investment advice."

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