

SFC Reprimands Cheung Ngai Yi Charlotte for Breaching the Code of Conduct and the Internal Policy of Her Ex-Employer

29 Sep 2005

The SFC has reprimanded Ms Cheung Ngai Yi Charlotte, formerly a licensed representative of OSK Asia Securities Limited and OSK Asia Futures Limited (Note 1). The reprimand follows a decision made by the Securities and Futures Appeals Panel (SFAP) (Note 2).

The SFC commenced an inquiry into Cheung's conduct after receiving a complaint from her former employer in March 2002. The SFC found that Cheung had breached the Code of Conduct and OSK's internal policy by:

- allowing a client to operate his parents' accounts without written authorisations;
- signing the account opening documents of the client's parents as a witness while she had not been present; and
- allowing the accounts of the client's parents to trade beyond the approved credit limits.

The SFC concluded that Cheung had been guilty of misconduct and her fitness and properness had been called into question. In March 2003, the SFC decided to suspend her licence. Cheung appealed to the SFAP against the SFC's decision.

After hearing the evidence of Cheung's supervisor at OSK, the SFAP accepted that Cheung was acting with full knowledge and approval from her superiors at OSK. On 23 September 2005, the SFAP decided that a public reprimand, instead of a suspension, would be the appropriate penalty in these circumstances.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Licensed persons should not allow their clients to operate others' accounts without written authorisations or to trade beyond the approved credit limit. If they do so, they would expose their employers to unnecessary financial risks. In this case, however, the SFAP accepted that Cheung's conduct was in fact endorsed by her former employer. We will continue to take appropriate action against any licensee who commits similar misconduct."

Ends

Notes to Editor:

1. Cheung is currently accredited to China Merchants Securities (HK) Company Limited and is licensed to carry on Type 1 (dealing in securities) regulated activity. OSK Asia Securities Limited and OSK Asia Futures Limited changed their management and major shareholding in 2002 and are currently known as REXCAPITAL Securities Limited and REXCAPITAL Futures Limited respectively.

2. The Securities and Futures Appeals Panel (SFAP) was established under the Securities and Futures Commission Ordinance (now repealed). This is the last case decided by the SFAP. The Securities and Futures Appeals Tribunal (SFAT) formed under the Securities and Futures Ordinance is now responsible for reviewing SFC decisions made since April 2003. Proceedings before and decisions of the SFAT are open to the public.

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