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SFC Reprimands and Suspends Tong Chuck Yee Thomas for Breaching the Code of Conduct and Providing Misleading Information to the SFC

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The SFC has reprimanded Mr Tong Chuck Yee Thomas and suspended him for 10 months from 8 April 2006 to 7 February 2007 for breaches of the Code of Conduct and providing misleading information to the SFC (Note 1).

The suspension follows an SFC investigation into suspected market manipulation of the shares of a listed company between September 2003 and December 2003. The SFC found that Tong had told his ex-employers, BNP Paribas Peregrine Securities Limited and BNP Paribas Peregrine Futures Limited, and the SFC that he had met his client when he opened accounts for him with BNP Securities and BNP Futures. Tong also said it was the account holder himself who had instructed him to use another client's account to execute his trades when there was insufficient trading limit in his account.

In fact, Tong only met his client for the first time after he had received notification of our investigation. The accounts were opened by the account holder's brother. Without establishing the true identity of his client, Tong opened the accounts at the request of the account holder's brother and placed orders for him. The account holder himself had never given any trading instruction to Tong. Furthermore, Tong acted on the requests of the account holder's brother to execute his orders through an account belonging to another client of Tong. The information which was given to BNP and the SFC previously by Tong was false and misleading.

In addition, the account holder's brother was a licensed person at the time. Tong should have obtained a written authorisation from the account holder and the written consent of the employer of the account holder's brother before he opened the trading account, in accordance with paragraphs 7.1 and 12.2(c) respectively of the Code of Conduct. Tong's failure to comply with the Code of Conduct exposed BNP to the risk of disputed trades and prevented the other registered person from monitoring the trading activities of its employees.

In light of the above findings, the SFC concludes that the fitness and properness of Tong has been called into question. The SFC has decided to suspend his licence.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Opening an account for a person without establishing his true and full identity is clearly unacceptable. Such information is necessary in order to improve the transparency of trading in our industry. In order to protect the interests of his employer and market integrity, Tong should have satisfied the 'know-your-client' duties and established the true identity of the account holder before account opening. Likewise, Tong should only accept instructions from the account holder. Accepting instructions from an unauthorised party will put the financial interest of the account holder at risk."

"Honesty forms an integral part of our industry. We will never accept dishonesty on the part of licensed persons under any circumstances. Licensed persons have a legal obligation to tell us the truth during the course of our investigation. Licensed persons can expect severe penalties if they provide us with false or misleading information," Mr Linning added.

Ends

Notes to Editor:

1. Tong was previously accredited to BNP Paribas Peregrine Securities Limited and BNP Paribas Peregrine Futures Limited. He is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities. He is not accredited to any licensed corporation.

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