

Enforcement Actions

16 August 2002

SFC Suspends Young Ping Chiu Antonio Henrique's Registration for his Failure to Verify a Client's Identity and for Exposing Clients and his Employer to Unnecessary Risks

The Securities and Futures Commission announced today that it had suspended the registration of Young Ping Chiu Antonio Henrique (Young) as a dealer's representative for six weeks.

Alan Linning, Executive Director of Enforcement, said: "The SFC expects all registered persons to comply at all times with internal control policies as well as relevant rules and regulations such as the Client Identity Rule Policy. Registered persons also have the responsibility to record clients' authorizations in writing so as to avoid any unnecessary risks, and to take due care in conducting discretionary trades, if any, in clients' accounts."

The suspension followed two investigations into the suspected manipulation of Gay Giano International Group Limited (Gay Giano) shares and the suspected breach of the Takeovers Code in respect of dealings in Tack Hsin Holdings Limited (Tack Hsin) shares. In the Gay Giano investigation, Young was found to have signed as a witness in account opening document of Magnum International Securities Limited (Magnum) without being present when the document was signed and to have failed to take sufficient reasonable steps to verify the identity of the ultimate beneficiary of that account.

In the Tack Hsin investigation, Young was found to have knowingly allowed the husband of another client of Magnum to use his wife's account for the purpose of evading Magnum's requirement of an initial deposit of HK\$30,000 before trading commences. Young was also verbally authorized by the client's husband to conduct discretionary trades in that client's account, but Young failed to put this authorization in writing or to tell Magnum about it. Furthermore, Young failed to exercise due care in exercising the discretion granted to him under the trading authorization by conducting large trades in a low turnover stock exposing the client and Magnum to unnecessary risks.

Page last updated: 16 August 2002