

SFC Reprimands and Fines Ng Mau Chung for Poor Standards and Short Selling

16 Mar 2005

The SFC has reprimanded and imposed a disciplinary fine of \$14,000 on Mr Ng Mau Chung for poor standards and short selling (Note 1).

On 20 June 2003, Ng placed an order to sell 12 million MAE shares when he only had nine million shares on hand. Ng discovered his mistake and immediately rectified the matter by buying the number of shares short sold.

On the same day, Ng carelessly placed a wrong order for a client by selling instead of buying 12 million MAE shares. He placed orders for two other clients without checking the stock balance of their accounts.

Ng duly reported the error trades to Kaiser Securities Limited's responsible officer on the same day.

In deciding the level of fine, the SFC considered the Disciplinary Fining Guidelines (Note 2) and all the circumstances of the case including the fact that:

- Ng took remedial action upon discovery of the short sales;
- Ng reported the short sales to his responsible officer without delay;
- the short sales were unintentional and due to carelessness;
- no loss or damage was suffered by clients, the public, or market users;
- Ng has a previous disciplinary record (Note 3); and
- Ng co-operated with the SFC's investigations.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Account executives are required to act with due skill, care and diligence and in the best interests of their clients to avoid any loss or damage which may be suffered by clients as a result of their misconduct. It is essential that account executives take all necessary precautions to check the stock balances and accuracy of the orders before placing them."

Ends

Notes to Editor:

1. Ng was a licensed representative with Kaiser Securities Limited and Kaiser Futures Limited until 4 April 2004. The SFC retains jurisdiction over Ng as his conduct occurred after 1 April 2003 and is governed by the Securities and Futures Ordinance which commenced on that day. The SFC can reprimand, fine and ban a person from applying for a licence or other similar regulatory approval under these circumstances.
2. The Disciplinary Fining Guidelines were issued by the SFC in March 2003 under section 199(1)(a) of the SFO.
3. Ng was previously convicted and fined for aiding and abetting, counselling and procuring an individual to carry on unlicensed foreign exchange trading as an agent of a Macau based company from December 1995 to March 1996. Please [refer to the SFC press release issued on 30 January 1997](#).

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