

## Enforcement Actions

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**20 April 2000**

### **SFC Publicly Reprimands Chung Nam Securities Limited, a Dealer under the Securities Ordinance**

The Securities and Futures Commission (SFC) announced today that it had publicly reprimanded Chung Nam Securities Limited (Chung Nam), a dealer under the Securities Ordinance (SO).

The reprimand stems from an inquiry in which the SFC found that during the period of February 1997 to April 1997, Chung Nam failed to put in place adequate internal control procedures and to properly supervise its staff, thereby resulting in:

- its staff taking advantage of the orders of clients of Chung Nam in that clients were not given the best execution price of their orders;
- its staff using manual cross trades to delay due settlement of client purchases, thus posing great financial risk to both Chung Nam and its clients; and
- its staff and clients engaging in short selling activities, thereby breaching section 80 of the SO.

As a result of the above findings, the SFC concluded that Chung Nam's fitness and properness had been impugned and decided to publicly reprimand it. In deciding on the public reprimand, the SFC took into consideration the director responsible for these matters had left Chung Nam and is no longer registered with the SFC and the deficiencies identified have now been remedied.

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