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## SFC Reprimands Tsui To Kwong for Breaching the Code of Conduct and the Internal Policies of His Employer

20 Dec 2002

The SFC has reprimanded Mr Tsui To Kwong, a dealer's representative of Phillip Securities (HK) Ltd registered under the Securities Ordinance.

The SFC started an inquiry into Tsui's conduct after receiving a complaint from one of his clients. In or about October 2001, Tsui made a proposal to the client to deposit \$30,000 into the client's account with Phillip and to allow him to exercise discretion in buying and selling stock warrants in the account, which is contrary to Phillip's internal policies. Tsui did not ask the client to provide him with a written authorisation, thereby breaching the SFC's Code of Conduct, although Phillip's internal policies would not have allowed him to carry out discretionary trades even with the written authorisation. Between October 2001 and February 2002, Tsui had conducted more than 20 discretionary trades in the client's account.

Tsui has breached:

- paragraph 7.1(a)(ii) of the Code of Conduct by effecting transactions for the client on a discretionary basis without obtaining any written authorisation from the client; and
- Phillip's internal policies which prohibited its staff from exercising discretion for clients.

The SFC concludes that Tsui is guilty of misconduct and his fitness and properness has been called into question. The SFC has therefore decided to publicly reprimand him.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Registered persons must not operate a client's account on a discretionary basis without getting written authorisation from the client. Verbal authorisation is not acceptable and cannot provide sufficient protection to both the client and the registered person when disputes arise. The SFC will punish anyone who acts without written authority."

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Page last updated : 1 Aug 2012