
Enforcement Actions

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22 March 2005

SFC Reprimands and Fines Wong Yu Chiu for Improper Conduct Relating to Handling of Clients' Accounts

The SFC has reprimanded Mr Wong Yu Chiu, a responsible officer of Interchina Securities Limited, and fined him \$50,000 for improper conduct relating to the handling of a client account (Note 1).

The reprimand and fine stem from an inquiry which revealed Wong's failure to observe the Code of Conduct. The inquiry found that Wong had:

- failed to explain the account opening documents and risk disclosure statement to his client when his client's account with Makindo Securities (Hong Kong) Limited (the predecessor of Interchina) was transferred to Interchina and signed as witness to his client's signature in the account opening documents without actually witnessing his client signing the same;
- failed to act with due care in handling an order of the client which resulted in short selling of shares in the client's account;
- failed to maintain a complete audit trail to record clients' trading; and
- used his personal cheques to settle the client's transactions notwithstanding that he instructed his subordinates not to do so.

The SFC concludes that the fitness and properness of Wong has been called into question and decides to reprimand and fine Wong.

In reaching this decision, the SFC took into account that:

- Wong had a previous disciplinary record (Note 2);
- no direct harm had resulted from Wong's misconduct; and
- he had been co-operative in the inquiry.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "When conducting business activities, licensees are required to act with due skill, care and diligence in the best interests of their clients. In particular, licensees should ensure that clients are provided with adequate information regarding their rights and risk exposure when they open accounts with brokers. Licensees should also maintain proper audit trails for clients' orders so as to prevent any possible dispute about placing orders."

Ends

Notes to Editor:

1. Wong is a licensed representative accredited to Interchina Securities Limited and approved as a responsible officer of Interchina to carry on business of Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.

2. Please see [SFC press release dated 29 June 2001](#) for details of the disciplinary action taken against Wong.

Page last updated: 22 March 2005