

## Joint Press Release - Action Against Cheer Pearl Investment Limited

16 Sep 1998

The Securities and Futures Commission ("SFC") and The Stock Exchange of Hong Kong Limited (the "Exchange") jointly announce today that they have taken action against Cheer Pearl Investment Limited ("Cheer Pearl"), a Securities Dealer and a Member of the Exchange and against its Dealing Director, Mr Chan Sze Loon, Alfred ("Mr Chan").

The action arose from an inquiry covering the period January 1993 to August 1995, in which it was found that:

- floor trading staff of Cheer Pearl had actively facilitated trading malpractices of a number of floor traders at other brokers using nominee accounts at Cheer Pearl; and
- staff of Cheer Pearl had engaged in trading malpractices using in-house manual cross trades between a nominee account and client accounts at Cheer Pearl.

These matters were prejudicial to the interests of the investing public.

These activities occurred at Cheer Pearl because Mr Chan and Cheer Pearl failed to put in place adequate, proper and effective internal control procedures to ensure Cheer Pearl's business was properly conducted in particular:

- failed to properly supervise staff of Cheer Pearl; and
- failed to develop and implement adequate and proper internal control procedures at Cheer Pearl that would establish the true identity of each of its clients and monitor and detect improper trading activities.

The SFC has decided to publicly reprimand Cheer Pearl and suspend the registration of Mr Chan for a period of 15 months effective from 31 August 1998. In addition, the Disciplinary Committee of the Exchange (the "Disciplinary Committee") has decided to publicly censure Cheer Pearl and Mr Chan, and also fine Cheer Pearl HK\$20,000 and Mr Chan HK\$15,000.

In deciding on this course of action, the SFC and the Disciplinary Committee took into account that:

- the floor traders who facilitated trading malpractices by floor traders of other brokers were no longer with Cheer Pearl;
- Cheer Pearl had engaged an independent firm of accountants to perform a review of its internal control procedures and to report its findings to the Exchange. Cheer Pearl had agreed to implement any recommendations made in the accountants' report to the satisfaction of the Exchange; and
- Cheer Pearl would appoint a compliance officer to undertake corporate compliance functions.

A copy of the Notice of Public Censure published by the Exchange is attached for your reference.

For further information, please contact Mr Bill Weeks of the SFC at 2840-9287 or Mr Henry Law of the Exchange at 2840-3862.

\* \* \*

# 證監會及聯交所對繳寶投資有限公司採取紀律行動

1998年9月16日

證券及期貨事務監察委員會（「證監會」）及香港聯合交易所有限公司（「聯交所」）今天聯合公布，已對證券交易商兼聯交所會員繳寶投資有限公司（「繳寶」）及其交易董事陳思龍先生（「陳氏」）採取紀律行動。

證監會及聯交所採取上述紀律行動是由於調查發現在1993年1月至1995年8月期間：

- 繳寶的出市員積極協助其他經紀的出市員利用他們在繳寶開設的代理人戶口從事不當交易；及
- 繳寶職員曾從事不當交易，方法是利用一個在繳寶開設的代理人戶口及多個繳寶客戶戶口之間用人手進行內部交叉盤買賣。

此等事件有損大眾投資者的利益。

上述不當活動在繳寶發生是由於陳氏及繳寶未有設立足夠、適當及有效的內部控制程序，以確保繳寶的業務運作妥當，尤其是：

- 繳寶未有妥善地監督其職員；及
- 繳寶未有發展及實施足夠及適當的內部控制程序，以確定每名客戶的真實身份，以及監管及查察不當的交易活動。

證監會已決定公開譴責繳寶及由1998年8月31日起吊銷陳氏的註冊15個月。同時，聯交所紀律委員會（「紀律委員會」）亦已決定公開譴責繳寶及陳氏，並向繳寶罰款港幣20,000元及向陳氏罰款港幣15,000元。

證監會及紀律委員會在決定採取紀律行動時，曾考慮下列因素：

- 曾協助其他經紀的出市員從事不當交易的前繳寶出市員已經離開繳寶；
- 繳寶已聘請一間獨立的會計師行檢討其內部控制程序，並將檢討結果向聯交所報告。繳寶已同意實施該會計師報告內的建議，以達致聯交所滿意的水平；及
- 繳寶會委任一名監察人員，負責該公司的監察功能。

本新聞稿隨附由聯交所發出的公開譴責聲明，以供參照。

如有進一步查詢，請致電證監會韋克志先生(2840-9287) 或聯交所羅文慧先生(2840-3862)。

\* \* \*

最後更新日期：2012年8月1日