
Enforcement News

To save a copy for future reference, right click [here](#) and select "Save Target As..."

27 October 2005

Securities and Futures Appeals Tribunal Upholds the SFC's Decision to Suspend So Chi Ming

The SFC has suspended Mr So Chi Ming for one month, from 27 October 2005 to 26 November 2005, pursuant to the determination of the Securities and Futures Tribunal (SFAT) (Note 1).

The disciplinary action follows an SFC investigation into the listing of Codebank Limited on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited in 2001. The SFC discovered that \$3 million of the listing proceeds from the placement of Codebank's shares was deposited into So's bank account.

So claimed that the \$3 million was compensation he had obtained from a third party in the PRC for his clients because of client complaints made to him about the fall of the share price of Codebank on its first day of trading. The third party had no apparent relationship with Codebank and his whereabouts were unknown to the SFC.

So also represented that he had paid the \$3 million to his own clients by way of cheques and cash. The SFC found that So's explanation was inaccurate because he later admitted that some of those who had received payments from him were not his clients. The SFC asked So to provide records and information about the purported compensation but So was unable to fully account for it.

The SFC concluded that So had been guilty of misconduct and his fitness and properness had been called into question as a result of his failure to account for client assets and to keep proper account of the compensation. The SFC decided to suspend So for one month.

So lodged an application with the SFAT to review the SFC's decision on the contention that he did not handle the \$3 million in the capacity of a registered person and therefore he was not subject to the SFC's purview. The SFAT rejected this argument and dismissed the application today with reasons to follow. In dismissing the application, the SFAT said that the application "manifestly [has] no merit whatsoever".

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "A licensed person must account for client assets and his conduct. The SFC may take into account any matters it considers relevant in considering the fitness and properness of a licensed person. The SFC will take into account not only the business conduct of a licensed person but also any conduct that is closely related with regulated activities or even conduct outside regulated activities which may manifest standards incompatible with those of a licensed person."

Ends

Notes to Editor:

1. So is accredited to Kingston Securities Limited and Kingston Futures Limited and is licensed to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities. So was previously disciplined by the SFC. Please see [SFC press release dated 19 July 2001 for details.](#)

Page last updated: 20 June 2007