

SFC Suspends the Licence of Luk Sze Man Anne for Turning a Blind Eye to Possibly Illegal and Improper Trades

5 May 2003

The SFC has suspended the licence of Ms Luk Sze Man Anne under the Securities and Futures Ordinance for three months.

The suspension follows an SFC investigation into the dealing in a stock on the Stock Exchange of Hong Kong between December 2000 and March 2001 (Note 1). The SFC investigation revealed that in March 2001, Luk had allowed two clients' trading accounts to be operated by a third client when she did not know whether the first two clients had consented to the arrangement. Moreover, Luk knew or should have known that the trades placed by the third client for the two accounts as well as his own account were possibly illegal or improper.

A friend of Luk's introduced these three clients to her to trade in the stock in question in March 2001. Before that, Luk's friend had kept telling Luk that the stock would increase in price. Luk's friend also requested Luk to allow her to use Luk's trading account to trade that particular stock. The friend declined Luk's suggestion that she opened her own trading account to conduct the trades, claiming that it would not be convenient.

Subsequent communications between Luk and her friend, as well as telltale signs that two of the three clients were nominees, should have put Luk on alert. Luk should have inquired about her friend's intention in relation to the stock and the legality or propriety of the trades placed by one of the three clients.

Luk's conduct has called into question her fitness and properness as a licensed person. The SFC therefore decides to suspend her licence for three months. It should be noted the penalty would have been stiffer but for Luk's co-operation during the SFC's investigation.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "A licensed person who effects transactions placed by a third party for a client without effective written authorisation shows scant regard for the client's interest. Very often, trades which are placed in such manner raise suspicions of impropriety and market misconduct. If the licensed person nevertheless proceeds to execute such trades despite the suspicious circumstances, he or she further demonstrates a disregard for the interests of market integrity. Such a licensed person deserves a severe sanction. Furthermore, such irresponsible conduct may expose the licensed person to financial losses, as the client often denies liability for the trades in such circumstances."

Luk is a licensed representative accredited to Shenyin Wanguo Securities (HK) Limited.

Ends

Notes:

1. The SFC cannot disclose further information as investigations by the relevant authorities are continuing.

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