

## SFC Takes Disciplinary Actions Against Polaris Securities (Hong Kong) Limited, Tsoi Kap and Choi Kwok Ip

19 Aug 2002

The Securities and Futures Commission announces today that it has reprimanded Polaris Securities (Hong Kong) Limited (Polaris), a dealer registered under the Securities Ordinance (SO), and has suspended the registration of Mr Tsoi Kap (Tsoi), its dealing director, under the SO for a period of 3 months. It has also publicly reprimanded Mr Choi Kwok Ip (Choi), a dealer's representative of Polaris.

The action stemmed from a number of complaints received by the SFC about the activities of staff of Polaris, including some of its senior staff, between late 2000 and early 2002. The complaints made and subsequent investigations revealed:

- a lack of proper internal controls and procedures at Polaris for account opening, settlement, securities dealing and credit control;
- a lack of a proper management system; and
- ineffective monitoring of the activities of Polaris's staff.

The SFC found that Tsoi, as a dealing director of Polaris responsible for its day-to-day operations, bore direct responsibility for the failings identified above in the internal controls and procedures at Polaris and for failing to properly supervise staff under his direct control. In addition, Tsoi had also facilitated the opening and operation of a nominee account for one of his clients during the period from early 2001 to March 2002. The SFC views Tsoi's conduct in this matter very seriously and considers that an immediate suspension of his registration is appropriate in the circumstances.

The SFC also found that from March 2000 to June 2001 Choi had allowed a third party to operate 21 client accounts without proper written authorization being obtained. Furthermore, the SFC established that he had knowingly dealt in securities for an employee of another registered person without having first sought the written consent of that other registered person, contrary to the Code of Conduct for Persons Registered with the SFC.

In deciding on the appropriate penalties in this case, the SFC has taken into account that:

- Polaris appointed a firm of accountants to review its operations and has implemented the recommendations made by the accountants;
- Polaris agreed to conduct a further follow up review by the accountants in order to ensure continued implementation of all the recommendations made by the accountants;
- Polaris has strengthened its supervisory capabilities and compliance functions by appointing additional directors and a new compliance officer; and
- Polaris, Tsoi and Choi co-operated fully with the SFC during its inquiry.

Alan Linning, Executive Director of Enforcement, said: "A broker firm must establish and maintain an effective management and organizational structure which ensures that its operations are conducted in a sound, efficient and effective manner with due regard to the interests of its clients and to the integrity of the market. Facilitating the use of a nominee account and allowing third parties to operate client accounts without written authorization is unacceptable behaviour for registered persons. The SFC will have no hesitation in taking disciplinary action against members of management or staff of firms and firms themselves should they fail to discharge their obligations in this regard."

## 證監會對寶來證券（香港）有限公司、蔡革及蔡國業採取紀律處分行動

2002年8月19日

證券及期貨事務監察委員會今天公布，本會已譴責根據《證券條例》註冊為交易商的寶來證券（香港）有限公司（寶來），以及暫時吊銷該公司的交易董事蔡革根據《證券條例》取得的註冊資格，為期3個月。此外，本會亦公開譴責寶來的交易商代表蔡國業。

上述紀律處分行動源自證監會接獲的若干投訴，而該等投訴是關乎寶來的職員（包括該公司部分高級職員）在2000年底至2002年初進行的活動。證監會接獲投訴後隨即展開調查，當中發現：

- 寶來未有就開立帳戶、交收、證券買賣及信貸管制等方面設立妥善的內部監控系統和程序；
- 寶來缺乏妥善的管理制度；及
- 寶來未能有效監察其職員的活動。

證監會發現身為寶來交易董事並負責該公司的日常運作的蔡革，須對上述證監會就寶來的內部監控系統和程序所識別出來的缺失，以及對於未有妥善監督直接受其監察的職員一事直接負上責任。此外，在2001年初至2002年3月期間，蔡革亦利便他人為其一名客戶開立和操作代名人帳戶。證監會嚴正看待蔡革在上述事件中的行為，並認為即時暫時吊銷其註冊是適當的做法。

證監會亦發現在2000年3月至2001年6月期間，蔡國業曾在並未取得適當的書面授權的情況下，允許第三者操作21個客戶帳戶。此外，證監會證實蔡國業曾經明知而為另一名註冊人的僱員買賣證券，但卻未有事先徵求該另一名註冊人的書面同意，因而違反《證監會註冊人操守準則》的規定。

證監會就此宗個案釐定適當的罰則時，已考慮到：

- 寶來已委任會計師行負責檢討其營運，並已落實該會計師行所作的建議；
- 寶來已同意由該會計師行作出進一步的跟進檢討，以確保其持續落實該會計師行所作的一切建議；
- 寶來已委任額外的董事和聘請一名監察主任，以加強其監督能力及合規職能；及
- 在證監會查訊期間，寶來、蔡革和蔡國業充分與本會合作。

證監會法規執行部執行董事李顯能表示：“經紀行必須設立並維持有效的管理和組織架構，從而確保公司穩健、有效率及有效益地運作，同時審慎考慮到其客戶的權益和市場的廉潔穩健操作。註冊人利便他人使用代名人帳戶，並且在未取得有關的書面授權的情況下允許第三者操作客戶帳戶，是使人無法接受的行為。若經紀行的管理層成員或職員及經紀行本身未能就上述範疇履行有關責任，證監會將會毫不猶豫地對其採取紀律處分行動。”

最後更新日期：2012年8月1日