

SFC Suspends Ng Kei Choy, Stephen and Reprimands Sun Growth Securities Limited for Failure to Report Illegal Activities of Their Staff and Other Failings

7 May 2004

The SFC has reprimanded Sun Growth Securities Limited and suspended the licence of Mr Ng Kei Choy, Stephen, a responsible officer of Sun Growth, for one month from 6 May 2004 to 5 June 2004.

Mr Chan Yuk Fei, a dealer's representative of Sun Growth, was earlier convicted of intentionally creating a false market in respect of China Development Corporation Limited between 7 January 2002 and 7 March 2002. Ng was Chan's supervisor at the time of the offence (Note 1).

An SFC inquiry found that Ng said that he found it "weird" that Chan had made a number of single-board-lot-orders near market close on several occasions. Ng said that he had given three verbal warnings to Chan to stop his activities but Chan continued. He then gave Chan a written warning letter but did not report Chan's illegal activities to the SFC immediately as required by the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

The SFC found that Sun Growth had internal controls weaknesses and that Ng did not exercise sufficient supervision over staff. Both failed to take effective action against problematic staff, and merely gave verbal warnings in the first instance. Sun Growth did not keep a proper record of the verbal warnings, and the subsequent written warning lacked clarity.

The SFC concludes that Sun Growth and Ng failed to conduct their business with sufficient due skill, care and diligence, and failed to report Chan's illegal activities immediately. Sun Growth also failed to implement and maintain appropriate measures to ensure compliance with the laws and codes. Their fitness and properness has been called into question. In reaching its conclusion, the SFC took into account the fact that it has previously disciplined Ng on three occasions (Note 2).

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "In conducting business activities, a licensee has a duty to act honestly in the best interests of his clients and of the integrity of the market. The supervisor of the licensee has a duty to supervise staff diligently. Verbal and written warnings are inadequate to deal with suspected illegal trading by staff. Suspicious trading activities must be reported to the SFC immediately they are detected."

Ends

Notes:

1. Please refer to press releases issued on [20 May 2003](#) and [3 June 2003](#).
2. Please refer to press releases issued on [20 October 2000](#), [24 May 2001](#) and [18 April 2002](#).