

SFC Suspends Sy Pan Pan for Failings Relating to Account Opening A

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The SFC has suspended the licence of Ms Sy Pan Pan, a licensed representative of Core Pacific-Yamaichi Securities (H.K.) Limited and Core Pacific-Yamaichi International (H.K.) Limited, for three months from 28 July to 27 October 2004.

The suspension stems from an inquiry in which the SFC found that in May 2003:

- Sy signed on the account opening documents of a client to certify that she had witnessed the signing of the documents, checked the client's identity documents and assessed his financial status, when she had not;
- Sy recommended to her employer to grant a margin facility to that client when she did not know his financial circumstances; and
- Sy knew that a person who operated her client's account was employed by another licensee. Sy should have obtained a written consent from this person's employer when she opened the account, but she failed to do so.

Sy admitted that she had failed to comply with the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission and her employer's internal rules.

The SFC concludes that Sy has been guilty of misconduct and that her fitness and properness has been called into question.

Sy received a shorter suspension than the SFC had originally proposed. This is because she did not dispute her failings when the SFC's allegations were put to her. The SFC will take into account co-operation by a licensee when deciding what, if any, penalty to impose, and will normally reduce the penalty in accordance with the degree of co-operation.

An SFC spokesman said: "All licensed persons are obliged to verify the identity and financial background of a new client. This serves to ensure the client's identity is true, and to check his financial situation, investment experience and objectives, in order to help the licensee assess the risk and the creditworthiness of the client. Failing to do so puts the licensee at risk and causes difficulties in subsequent investigations of securities fraud or money laundering. Failure to comply with client identity requirements or lying in account opening forms will attract suspension and/or fines."

"When a licensed representative knows the client and/or an authorised person who operates the account of the client is an employee of another licensee, he should obtain consent from the other licensee when he opens the account. This enables the other licensee to be informed of its employee's dealings, to detect if there is any possible conflict of interests among the parties, and to watch out for possible trading malpractices by the employee," the SFC spokesman added.

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