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SFC Reprimands and Fines Chau Sau Lai Betty for Breaching the Code of Conduct

14 Sep 2005

The SFC has reprimanded Ms Chau Sau Lai Betty, a licensed representative of Hooray Securities Limited, and fined her \$6,000 for breaching the Code of Conduct. The reprimand and fine are the result of a settlement between the SFC and Chau (Notes 1 and 2).

An SFC investigation found that between July and September 2004, Chau had breached the Code of Conduct by engaging in the following acts:

- conducting discretionary trades without proper written authorisation from a client. The SFC noted that the client had previously agreed to give Chau a written authorisation;
- putting the financial interest of Hooray Securities at risk by carrying on trading for the client despite the client's failure in settling previous transactions more than three years ago;
- withholding a cheque issued by Hooray Securities to the client without the client's consent; and
- obtaining the client's daily statements without the client's consent and breaching Hooray Securities' internal policy.

The SFC considers the settlement to be in the interest of the investing public and in the public interest. In deciding the penalty, the SFC has taken into account the Disciplinary Fining Guidelines (Note 3) and the following:

- Chau has a clear record;
- Chau herself paid for the stocks which were bought in the name of the client upfront but was not reimbursed;
- there was no loss caused to Hooray Securities;
- the client benefited at the expense of Chau who had to reimburse Hooray Securities for unsettled transactions; and
- Chau co-operated with the SFC in settling the disciplinary action.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "All licensed representatives must adhere to the Code of Conduct strictly and without fail. Such compliance is for the benefit of the licensed representative and for the promotion of good standards in the industry. Chau's worst failing is her continuing to trade for the client when the client had not settled her position thereby putting Hooray Securities in financial risk. Chau learned her lesson the hard way as she had to cover her client's loss."

Ends

Notes to Editor:

1. Chau was a representative accredited to Hooray Securities at the material time and licensed to carry on Type 1 (dealing in securities) regulated activity.
2. The [Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission](#) came into effect in April 2003.
3. The [Disciplinary Fining Guidelines](#) were issued by the SFC in March 2003 under section 199(1)(a) of the SFO.

Page last updated : 1 Aug 2012