

10 August 2010

Former investment consultant suspended for introducing non-SFC authorised fund to clients

The Securities and Futures Commission (SFC) has suspended the licence of Ms Kou Sao Peng for three months from 4 August 2010 to 3 November 2010 (Note 1).

The disciplinary action follows an SFC investigation which found that Kou, while acting as a consultant of TTG (HK) Limited (TTG), an investment adviser, introduced a non-SFC authorised fund to several clients in 2008.

The introduction of the fund preceded the completion of due diligence process by TTG. As such, the fund was not yet approved by TTG for recommendation to clients. In order to sell the fund to her clients, Kou asked her clients to sign a form acknowledging themselves as “execution only” clients who specifically requested to purchase the fund (Note 2). Kou should not have done so given the fund was actually introduced by her to the clients.

Moreover, Kou did not consider TTG’s due diligence on the fund before introducing it to the clients and ignored an instruction from her supervisor to monitor the fund for a longer period before introducing it to any clients.

In suspending Kou, the SFC took into account that it did not consider that Kou had acted dishonestly. Had there been a finding of dishonesty, the SFC would have imposed a more severe sanction.

End

Notes:

1. Kou was licensed to carry on Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance and was accredited to TTG at the material time. Kou was a responsible officer of TTG. She is currently not accredited to any licensed corporation.

2. An “execution only” transaction usually means a transaction executed by a firm upon the specific instructions of a client without solicitation or recommendation by the firm, where the firm does not, and is not expected to give investment advice relating to the merits and suitability of the transaction.

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