
Enforcement News

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SFC Takes Actions Against Tsun Chi Yuen Securities Company Limited and its Dealing Directors Mr Tsun Pui Keong Albert and Mr Tsun Chi Shing Alfred

The Securities and Futures Commission (SFC) announced that it had publicly reprimanded Tsun Chi Yuen Securities Company Limited (TCYSCL) and its dealing director Mr Tsun Chi Shing, Alfred (Alfred Tsun) and suspended the registration of Mr Tsun Pui Keong, Albert (PK Tsun), another dealing director of TCYSCL for a period of 6 months effective from 28 February 1998.

The SFC's action stemmed from an investigation covering the months December 1993 and January and May 1995, in which the Commission found TCYSCL, PK Tsun and Alfred Tsun had:

- failed to properly supervise floor trader Chun Peng Fai (Chun) thus resulting in Chun facilitating trading malpractices by floor traders of other brokerages; and
- failed to institute proper internal control procedures to establish the true identity of clients.

Apart from the above findings, the investigation also found that both PK Tsun and Alfred Tsun had in December 1993 engaged in trades through nominee accounts with possible conflict of interest with clients of TCYSCL but without first disclosing their interests in the trades to clients and obtaining their consent, although such trades did not disadvantage these clients.

In addition, PK Tsun was found to have engaged in a number of day trade short selling transactions through a nominee account at TCYSCL during the investigation period.

As a result the SFC concluded that TCYSCL, PK Tsun and Alfred Tsun were guilty of misconduct. In deciding on the respective penalties, the SFC took into account that

- PK Tsun was the director of TCYSCL having principal responsibility for supervision of other TCYSCL's floor traders and the institution of internal controls;
- TCYSCL had rectified the deficiencies in internal controls and supervising arrangement and procedures which allowed such misconduct to occur; and
- the clients in question were not disadvantaged from such trades with PK Tsun and Alfred Tsun.

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