

27 September 2001

## **1. SFC Publicly Reprimands Mr Kam Hing Lun, a Dealer's Representative under the Securities Ordinance**

## **2. SFC Takes Action Against Unregistered Dealing**

1. The Securities and Futures Commission (SFC) announced today that it had publicly reprimanded Mr Kam Hing Lun (Kam), a dealer's representative of Corporate Brokers Limited (Corporate Brokers), under the Securities Ordinance.

The reprimand stems from an inquiry in which the SFC found that Kam had between 11 December 2000 and 21 December 2000 attempted to take advantage of the lack of any restriction on the prices that could be quoted on the odd lot market. He did that by inputting on 14 occasions over the period multiple board lot ask orders of Yugang International Limited shares at prices nearly 10 times higher than the prices that were available to him had the orders been placed, as they should have, under the board lot trading system.

The Commission concluded that Kam's action had the potential to cause less careful buying brokers to enter into transactions at prices many times higher than the nominal prices of the shares. Kam also admitted failing to inform his employer, as he knew he was required to do, of his family relationship when a family member opened an account at Corporate Brokers.

In deciding to publicly reprimand Kam, the SFC took into account that Kam -

- had been relatively inexperienced at the time;
- did not profit from his activities; and
- had been very co-operative with the SFC's inquiry.

An SFC's spokesman said that Kam's repeated input of sell orders at exorbitant prices onto the odd/special lot market was an abuse of the flexibility of this market and had the potential to catch any less careful or unwary buying broker into entering transactions at about 10 times the price available on the trading system for board lots. Such conduct was clearly unacceptable and in the circumstances of this case a public reprimand was appropriate.

2. The SFC announced that it had successfully prosecuted Mr Yu Chi Sing (Yu) for acting as a dealer's representative of South China Securities Limited whilst not registered with the SFC. Yu was convicted by Mr Simon Wong at Western Magistracy. Yu was fined \$1,000 and ordered to pay costs of \$1,500 to the SFC.