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SFC Reprimands Wee Teow Heng, Albert and Chiu Sin Ming, Jason

16 Feb 2004

The SFC has reprimanded Mr Wee Teow Heng, Albert and Mr Chiu Sin Ming, Jason, both licensed representatives and responsible officers of Quest Stockbrokers (HK) Limited, under the Securities and Futures Ordinance (Note 1).

The reprimands are part of a series of disciplinary actions taken by the SFC following its investigation into the activities of two former staff members of Merrill Lynch (Asia Pacific) Limited (MLAP) who conducted unauthorised and improper trading activities in derivatives warrants listed on the Stock Exchange of Hong Kong Limited and issued by Merrill Lynch International & Co C.V. during the period from August 1998 to April 1999 (Note 2).

The investigation revealed that Quest was one of the brokers used by the two former staff members of MLAP and that part of their activities at Quest involved the use of off-market trades. Wee and Chiu both knew that, in respect of the off-market trades involved in the trading, no proper trading records were kept. The trading was heavy and continued for a period of nine months.

The SFC found that neither Wee nor Chiu took any action in respect of the lack of trading records. In these circumstances the SFC found that the failure of Wee and Chiu to take action to ensure proper trading records were kept was due to their negligence in carrying out their duties as dealing directors. Further, from the nature of the arrangements, the volume of trading and the pattern of trading, Wee was or should have been aware that the trading being conducted was possibly manipulative, improper and/or illegal. He turned a blind eye to these activities.

Chiu also failed to verify with MLAP that the two former employees were authorised to place orders for MLAP. The conduct of Chiu compromised the integrity of Quest and exposed Quest and its clients to unnecessary risk.

As a result of the above, the SFC concludes that their fitness and properness as licensed representatives and responsible officers has been called into question and decides to publicly reprimand them.

Ends

Notes:

1. The disciplinary actions against Wee and Chiu commenced in September 2001, but had been held in abeyance pending the determination of an appeal to the Securities and Futures Appeal Panel by another employee of Quest involved in the manipulative trading activities. That appeal concluded in September 2003 and the disciplinary actions against Wee and Chiu then proceeded. The appeal proceedings were in private as required under the then law.

2. On 10 April 2000, Merrill Lynch (Asia Pacific) Ltd (MLAP) and Merrill Lynch Far East Limited were severely and publicly reprimanded for their failure to supervise the trading of some derivative warrants listed on the Stock Exchange of Hong Kong Limited (SEHK) and issued by Merrill Lynch International & Co C.V. Their failure enabled two former staff members of MLAP to conduct unauthorised and improper trading activities. Please see the joint press release issued by the SFC and SEHK, which is available on the SFC website.

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