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## SFC Suspends the Registration of Chiu Chung Che Francis

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A dealer's representative has been disciplined for circumventing the Rules of the Exchange (ROE) and violating his employers' internal policy.

The Securities and Futures Commission announces today that it has under section 56 of the Securities Ordinance suspended the registration of Mr Chiu Chung Che, Francis, a dealer's representative of Kam Luen Securities Limited, for one week with immediate effect.

On 7 February 2001, one of Chiu's clients placed orders to sell shares at prices that were not allowed by the ROE. To circumvent the ROE, Chiu put up a series of ask orders for the stock and cancelled them shortly afterwards to move up the share price so that he could put up an ask order at his client's desired price. By doing so, Chiu could have ended up selling more shares than his client had, putting his client at risk of short selling. Some of these sales might have been executed at prices lower than the price the client specified. Chiu acted without his client's knowledge and approval.

In January and February 2001, Chiu also used his own cheques on several occasions to settle the trades in the accounts of two of his clients. Chiu's actions were contrary to Kam Luen's settlement policy.

Alan Linning, Executive Director of Enforcement, said: "A broker should only place orders at prices within his client's instructions. Chiu's client gave Chiu no discretion on the execution price. As his client's orders would have broken the ROE, Chiu should have told his client about this and advised on ways within the ROE of achieving his desired price or a price close to it. But Chiu didn't. He deserves to be suspended for one week."

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