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SFC Publicly Reprimands Kingsway SW Securities Limited and its Dealing Director, Mrs Mary Lam Wong Yuk Sin

10 Mar 2000

The Securities and Futures Commission (SFC) announced today that it had publicly reprimanded Kingsway SW Securities Limited (KSL) and its dealing director, Mrs Mary Lam Wong Yuk Sin (Mrs Lam).

The action is the result of an inquiry under section 56 of the Securities Ordinance following an inspection of KSL's operations conducted by the SFC covering the period from January 1997 to November 1997 which revealed:

- a. of the sample size of 12, four cases were identified of client agreements not being properly executed;
- b. of the 4 days selected, on one day, no trade blotter was prepared in respect of orders placed through a second terminal, and thus not able to maintain proper audit trails;
- c. full details of certain clients' identities and clients' investment objectives were not formally documented;
- d. proper staff dealing policy had not been established at all relevant time;
- e. inadequate documentation in relation to financial control risk management; and
- f. inadequate internal control procedures in relation to establishment of "Chinese Walls", in that corporate finance and dealing staff worked in physically contiguous office spaces.

Mrs Lam, the sole dealing director of KSL for the relevant period, has accepted responsibility for KSL's failures/inadequacies.

In deciding upon this course of action, the SFC had taken into consideration the following factors:

- KSL generally has taken steps to strengthen various aspects of KSL's internal control and management supervision to form a more efficient securities dealing business.
- At all times KSL co-operated with the SFC in its investigations and inquiry.
- No losses to any clients have been identified during the inspection.

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