

Enforcement Actions

20 November 2002

SFC Reprimands Shenyin Wanguo Securities (HK) Limited for Poor Handling of a Complaint and Internal Controls

The SFC has reprimanded Shenyin Wanguo Securities (HK) Limited, a dealer registered under the Securities Ordinance.

The reprimand follows an inquiry into the conduct of Shenyin Wanguo which revealed that it had:

failed to notify a person, who lodged a complaint against one of its dealer's representatives, about the resolution of their complaint;

- failed to properly implement its internal policies about maintenance of complaint records and written authorizations; and
- failed to maintain an effective procedure to review tape recordings of broker-client telephone conversations.

The SFC concluded that Shenyin Wanguo was guilty of misconduct and its fitness and properness had been called into question. The SFC therefore decided to publicly reprimand it.

The SFC, however, acknowledges that the complaint was lodged in 2000 and Shenyin Wanguo had been co-operative during the SFC investigation.

Mr Eugene Goynes, Director of Enforcement, said: "Registered persons should handle complaints from clients in a timely and appropriate manner and take steps to investigate and respond promptly. If a registered person cannot remedy a complaint promptly, he must tell the client about other remedies he has, including complaining to the SFC. We would also like to remind brokerages of the importance of taping broker-client telephone conversations and regularly reviewing those tapes to help detect improper conduct. We reserve the right to take disciplinary action against brokerages that do not take client complaints seriously or do not have proper telephone taping systems."

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