

[Home](#) ▶ [News & announcements](#) ▶ [News](#) ▶ [Enforcement news](#)

SFC Reprimands Yau Cheuk Hong Michael For Improperly Allowing a Third Party to Place Orders for His Clients

26 Feb 2003

The SFC has reprimanded Mr Yau Cheuk Hong Michael, a securities dealer's representative of DBS Vickers (Hong Kong) Limited (known as "Vickers Ballas Hong Kong Limited" at the material time).

The reprimand stemmed from an inquiry in which the SFC found that Yau had improperly allowed a third party (Note 1), who worked for other brokerages (Note 2), to place orders for two of his clients' accounts. Yau had failed to obtain: (a) a written consent from the brokerages permitting their staff member to place orders for outside accounts; and (b) written authorisation from the two clients allowing that third party to place orders on their behalf.

Yau's failings impugn his fitness and properness. The SFC therefore decided to reprimand him.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "The purpose of obtaining written consent from the other brokerage house is to allow that brokerage house to check if its clients' interests are jeopardized by staff members' orders placed via outside brokerages. Clients' written authorisations in favour of any third party reduce: (i) the risks of disputes when an account holder does not honour the trades placed by that third party; and (ii) the risk of the account holder being used as a nominee by that third party to conduct improper trading activities. It is important for registered persons to be aware of the rationale behind these rules and to strictly adhere to them."

Ends

Notes :

1. A disciplinary inquiry on the third party is ongoing.
2. The other brokerages referred to are Merrill Lynch (Asia Pacific) Limited and Merrill Lynch Far East Limited.

Page last updated : 1 Aug 2012