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## SFC Reprimands Li Kwok Hung for Accepting Orders Without Third Party Written Authorisation

29 Sep 2003

The SFC has reprimanded Mr Li Kwok Hung, a dealing director of First Shanghai Securities Limited.

The reprimand followed an inquiry in which the SFC found that Li had knowingly breached First Shanghai's policy by not having a written authorisation from an account holder when a third party placed orders in the client's account. Li also deceived First Shanghai about the identity of the person that placed orders in that account and had thereby put First Shanghai at risk of litigation if the orders were disputed.

By breaching First Shanghai's policy, Li undermined his position as a dealing director with supervisory responsibility.

The SFC concludes that Li has been guilty of misconduct and that his fitness and properness has been called into question.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Internal controls on third party written authorisations are aimed at maintaining a proper audit trail of client orders and help identify suspects behind nominee accounts in market manipulation cases. Li knew about the requirement for written authorisation but nonetheless proceeded to accept orders from a third party. He displayed dishonesty and showed disregard for his employer's internal control policy put in place to protect the integrity of the market. His acts amounted to a breach of trust placed in him by his employer. The public reprimand is necessary to sanction his wrongful acts."

Li is a licensed person accredited to First Shanghai Securities Limited under the Securities and Futures Ordinance.

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