

## SFC Reprimands Chan Sum Kiu for Failure to Verify a Client's Identity

30 Oct 2003

The SFC has reprimanded Mr Chan Sum Kiu for failure to verify a client's identity. The action stemmed from an inquiry into the conduct of Chan under section 56 of the Securities Ordinance.

The SFC's inquiry revealed that in November 2001, Chan, at that time a dealer's representative of Prudence Securities Company Limited, opened a securities account for a client without taking sufficient and reasonable steps to verify the identity of the client. Further, Chan failed to take reasonable steps to inquire into that client's financial background, investment experience or to establish his investment strategy. Chan's conduct exposed Prudence and its clients to unnecessary financial risks as well as posing potential risks to market integrity.

Mr Alan Linning, Executive Director of Enforcement, said: "Licensees are expected to know their clients' identity. This is important to prevent market manipulation and money laundering activities. We will take appropriate action against licensees who fail to comply with this requirement."

Ends

Notes :

1. Prudence is a licensed corporation under the Securities and Futures Ordinance.
2. Chan is now a licensed representative accredited to CAF Securities Limited.