

SFC Reprimands Gransing Securities Company Limited and Go Mau Ngai for Failures Relating to Unregistered Dealing Activities

2 Jan 2004

The SFC has reprimanded Gransing Securities Company Limited and its licensed representative, Mr Go Mau Ngai.

The reprimands stem from a routine inspection of Gransing's operations in June 2002. The SFC discovered that two employees of Gransing who were unregistered had taken and processed clients' telephone orders contrary to the registration requirements of the Securities Ordinance.

The SFC found that Gransing failed to:

- adequately and diligently supervise its staff and monitor their activities so as to prevent unregistered dealing from taking place;
- put in place adequate internal controls to detect and to prevent unregistered dealing activities; and
- compile and provide a compliance manual and guidelines for its staff to ensure that they are familiar with regulatory and registration requirements.

At the material time, Go was an assistant manager of Gransing with direct responsibility for supervising the two employees in question. The SFC found that Go knew or ought to have known of their unregistered dealing. Go failed to supervise the two employees adequately, and facilitated the unregistered dealing activities by entering orders into the dealing terminal for one of the unregistered employees.

The SFC concludes that the fitness and properness of Gransing and Go as licensed persons has been called into question and decides to reprimand them.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Adequate staff supervision is essential to ensure the proper functioning of a licensed corporation and to minimise the risks to clients as well to maintain market integrity. Staff who conduct regulated activities are required to be licensed with the SFC to ensure that they are honest and competent so that clients are protected. Brokers must take sufficient steps to ensure only licensed staff open client accounts, take client orders and give investment advice."

Ends