

SFC Suspends Anthony Yung for Failings in Supervising Branch Operations

28 Jan 2004

The SFC has suspended the licence of Mr Anthony Yung, a former Dealing Director of KGI Asia Limited, for one month from 28 January to 27 February 2004.

The suspension follows an inquiry in which the SFC found that KGI had allowed a staff to engage in securities dealing whilst unregistered.

The SFC found that KGI had failed to employ any staff to supervise the operation of two of its branch offices for several months in 2000, which posed management risks. When KGI did employ a manager to supervise one of the branch offices, the manager was inexperienced and lacked adequate training for the job for which he was employed. There was confusion as to the supervisory role of the manager because Yung failed to provide clear delineation of responsibilities. As a result, an unregistered staff member engaged in securities dealing (Note 1). Though Yung made regular visits to the branch office, the unregistered activities were undetected due to poor diligence. The activities were made possible by Yung's failures to adequately and diligently supervise the management of the office.

The SFC further found that there was insufficient control of trading limits at that branch office due to an unclear division of duty in this area. Trading often exceeded the limits in two clients' accounts and KGI was exposed to unnecessary financial risks. Had Yung exercised due care and diligence in his supervision, the opportunity for trading in excess of credit limits would have been lessened.

The SFC concludes that Yung has been guilty of misconduct and that his fitness and properness has been seriously called into question. It therefore decides that a suspension is appropriate in the circumstances.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Lax supervision by Responsible Officers in a brokerage puts the clients and the brokerage at risk. It facilitates employees' misconduct that prejudices the interests of both the clients and the firm. We will not tolerate Responsible Officers who do not fulfil their duties in the supervision of their staff with due care and diligence. If this case were to be dealt with under the Securities and Futures Ordinance, we would have considered imposing a fine and other new sanctions."

Yung is currently a Responsible Officer of SAGE Asset Management (HK) Ltd.

Ends

Notes to Editor:

1. The unregistered dealing inquiry has been concluded with no prosecution.