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SFC Reprimands and Fines Bright Smart and Yip Mow Lum Peter for Publishing False and Misleading Advertisements Despite Repeated Warnings

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The SFC has reprimanded and fined Bright Smart Securities International (HK) Limited and Mr Yip Mow Lum Peter \$50,000 each for publishing false and misleading advertisements, despite repeated warnings from the Hong Kong Securities Clearing Company Limited (HKSCC) and the SFC.

Yip is the managing director of Bright Smart (Note 1). The SFC found that Bright Smart had from 17 March to 8 April 2003 published 13 statements in two newspapers containing false and misleading statements. These advertisements stated incorrectly that clients of Bright Smart could make direct payment to the CCASS under HKSCC for settlement. Yip drafted all these advertisements.

Staff of both the SFC and HKSCC informed Bright Smart and Yip that the information was incorrect immediately after the first advertisement was noticed. CCASS does not receive direct payment from individual investors for settlement of their trades. CCASS only acts as a facilitator for handling trades settlement between brokers and investors. Monies are not directly paid to CCASS, and both the brokers and investor have to monitor the settlement by themselves.

Despite these warnings, Yip continued to cause Bright Smart to publish the misleading statements.

The SFC concludes that the fitness and properness of Bright Smart and Yip has been called into question and decides to reprimand and fine them.

Mr Alan Linning, SFC's Executive Director of Enforcement said: "Brokerages should not disseminate any false and misleading information in their advertisements. Any person who is concerned in the management of a brokerage, though not licensed, cannot escape liability if circumstances reveal he is not a fit and proper person to be in that position. It is also an aggravating factor when a brokerage willfully ignores prior warnings from the regulators. After considering the Disciplinary Fining Guidelines, a public reprimand and a fine are the most appropriate penalty in the circumstances."

Ends

Notes to Editor:

1. Bright Smart is a corporation licensed to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Yip is not a licensed representative of Bright Smart Securities International (HK) Limited, but he is the managing director. Under the Securities and Futures Ordinance, a managing director of a securities company is also subject to possible disciplinary action even he is not licensed. Yip is only licensed as a responsible officer to carry on business in Type 2, (dealing in futures contracts), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities of Bright Smart Futures & Commodities Company Limited.

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