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SFC Bans Ko Siu Lun from Re-entering the Industry for Supervisory Failures

27 Apr 2006

The SFC has prohibited Mr Ko Siu Lun, a former licensed representative of Hong Kong Wealth Management Limited (HKWM), from applying to be a licensed representative or seeking to act as a relevant individual for a registered institution for two months from 27 April to 26 June 2006 for supervisory failures (Note 1). The penalty is the result of a settlement between Ko and the SFC.

The disciplinary action follows the conviction of an employee of HKWM for unlicensed investment advising (Note 2). The unlicensed employee advised a client of HKWM to subscribe for mutual funds in July 2003, and Ko was her supervisor at the time. Ko mistakenly believed that the employee was properly licensed with the SFC, and did not prevent her from selling mutual funds to the client. Had Ko checked with the administration department of HKWM or the SFC website, he would have found that the employee was not a licensed person. Ko's failures to check the licensing status of the employee and monitor her activities showed that he had failed to act with due skill, care and diligence.

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

In determining the sanction, the SFC has taken into account the fact that Ko:

- had a clean disciplinary record;
- frankly admitted his fault and was remorseful about his misconduct; and
- Ko co-operated with the SFC and accepted a resolution of the disciplinary action by settlement, which saved the SFC's resources.

The SFC considers the settlement to be in the interest of the investing public and in the public interest.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Licensees have a duty to properly supervise their subordinates and ensure that their subordinates' activities comply with all the relevant laws and regulatory requirements. In the present case, Ko's conduct was negligent rather than intentional. Had Ko known that his subordinate was unlicensed and notwithstanding that, allowed her to sell mutual funds to the client, the penalty would have been much more severe."

Ends

Notes:

1. Ko left HKWM in August 2005 and has not been licensed with the SFC since then.
2. Please refer to [SFC press release dated 22 September 2005](#) for details.

Page last updated : 1 Aug 2012