

Enforcement News

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7 May 2007

SFC Reprimands and Fines Teoh Tean Chai Anthony

The SFC has issued a reprimand to Mr Teoh Tean Chai Anthony, head of research of South China Research Limited, and fined him \$105,000 (Note 1).

An SFC investigation found that Teoh placed himself in a position of conflict contrary to the Code of Conduct. Teoh also failed to ensure his direct subordinate properly complied with South China's internal blackout period, resulting in the subordinate also contravening the Code of Conduct. The SFC found, in particular, that

l Teoh subscribed for securities that a South China research report had recommended. He sold the securities on their debut trading day. The securities were offered in an IPO sponsored by South China Capital Limited and co-led by South China Securities Limited in underwriting the allotment;

l Teoh allocated the preparation of a research report to his subordinate who had a pre-existing interest in the securities.

The SFC found that Teoh's position required him to be alert to the risks of conflicts like these and that his failure to have appropriate regard to these risks was a serious omission.

In deciding the sanction, the SFC has taken into account all the circumstances including that Teoh had no disciplinary history, that no clients appeared to have been prejudiced, and that he did not attempt to conceal the transactions.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "Investors and clients are entitled to expect that advisers will undertake their duties without any taint of self-interest. An adviser must not let his own interests or the interests of a subordinate overtake those of his firm's clients".

Ends

Notes to Editor:

1. Teoh is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.

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