

First SFC Prosecution for Failing to Obtain SFC Prior Approval to Become a Substantial Shareholder of Licensed Corporations

14 Jun 2007

The SFC has successfully prosecuted Mr Tung Chung Yin Williams for failing to obtain SFC prior approval when he became a substantial shareholder of Thornton Global Wealth Management Limited, in contravention of section 131 of the Securities and Futures Ordinance. Tung's breach arose because on 1 September 2005, he became a major shareholder and director of T. Morgan Capital Limited which at the same time became a substantial shareholder of Thornton (Note 1).

The SFC has also successfully prosecuted Tung and Ms Chim Chai Shan Jovin, another director of T. Morgan, for aiding and abetting T. Morgan, to become and continue to be a substantial shareholder of Thornton and W. Falcon Portfolio Management (Asia) Limited (Note 2) without seeking prior approval from the SFC, in contravention of section 131 and 390 of the SFO.

Tung and Chim today pleaded guilty to a total of three summonses before Mr Garry Tallentire, a Magistrate at Eastern Magistracy. Tung and Chim were fined \$17,450 and \$10,250 respectively, and were ordered to pay total investigation costs of \$36,276 to the SFC.

This is the first time the SFC has prosecuted persons for breaching section 131 of the SFO. The SFC reminds that one must obtain prior approval from the SFC before they become and continue to be substantial shareholders of licensed corporations.

Ends

Notes:

1. Thornton Global Wealth Management Limited is licensed under the Securities and Futures Ordinance to carry on Type 4 (advising on securities) regulated activity.
2. W. Falcon Portfolio Management (Asia) Limited is licensed under the Securities and Futures Ordinance to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities.