

Appeals Tribunal Upholds Decision to Suspend Registration of Mak Chung Kong

5 Jan 1998

A tribunal appointed under the Securities and Futures Appeals Panel has upheld a decision of the Securities and Futures Commission to suspend the registration of Mr Mak Chung Kong (Mak) as a securities dealer's representative for three years. The suspension became effective on the date of the tribunal's decision of 23 December 1997.

The appeal was against a decision made by the SFC on 24 July 1997 to suspend Mak's registration for three years on the basis that he was guilty of misconduct in that:

- (a) Mak engaged in trading malpractices during the period 1 October 1993 to 31 January 1994 through a nominee account thereby making a total profit of \$741,510. Such trading malpractices disadvantaged clients of Ms Chan Yuen Yee, trading as Tai Shing Stock Investment Company;
- (b) some of trading malpractices involved a method commonly known as "buying insurance" whereby clients of the other brokers might have been disadvantaged as they might not have obtained best execution for their orders or their orders might not have been executed at all;
- (c) Mak knowingly engaged in short selling activities, and by so doing, he failed to comply with the requirements of section 80 of the Securities Ordinance; and
- (d) such conduct was prejudicial to the interests of the investing public.

The tribunal dismissed the appeal lodged by Mak. In its decision, the tribunal considered that Mak was guilty of serious misconduct and believed that the suspension was fully justified. Mak was ordered to pay the SFC's costs of \$13,328 and the tribunal's costs of \$20,676.10.

A copy of the tribunal's decision is available from the SFC upon request.

For further details, please contact Bill Weeks or Chan Chi-keung at 2840-9287.