

JOINT PRESS RELEASE - Action against Malahon Securities Limited

29 Oct 1998

The Securities and Futures Commission ("SFC") and The Stock Exchange of Hong Kong Limited (the "Exchange") jointly announce today that they have taken action against Malahon Securities Limited ("Malahon"), a Securities Dealer and a Member of the Exchange, and against its Dealing Directors, Mr Koh Chong Kuan ("Mr Koh") and Mr Cheung Chung Yuen, Jason ("Mr Jason Cheung").

The action arose from an inquiry covering the period February 1995 to February 1996 in which it was found that Mr Koh and Mr Jason Cheung:

- allowed Ms Leung Lai Ping ("Ms Leung") to handle client orders and to receive commission payments from Malahon while her application to the SFC for registration as a dealer's representative of Malahon was pending;
- following the failure of Ms Leung's application, allowed Ms Leung to receive client orders and relay these orders to a dealer's representative for execution and to receive commission payments from Malahon but through that dealer's representative; and
- allowed a new recruit not registered with the SFC to receive client orders and relay these orders to a dealer's representative and to receive commission payments from Malahon but through that dealer's representative.

Both the SFC and the Disciplinary Committee of the Exchange (the "Disciplinary Committee") view the above conduct as deliberate attempt by Mr Koh, Mr Jason Cheung and Malahon to avoid complying with the legal requirements for registration. In the case of Ms Leung, this attempt was particularly serious as despite knowing Ms Leung had failed to meet the SFC's registration requirements, they allowed her to continue acting as an unregistered dealer's representative of Malahon.

The SFC has decided to publicly reprimand Malahon and to suspend the registrations of Mr Koh and Mr Jason Cheung for 3 months effective from 22 October 1998. In addition, the Disciplinary Committee has decided to publicly censure Malahon, Mr Koh and Mr Cheung, and also fine Malahon HK\$20,000 and each of Mr Koh and Mr Cheung HK\$7,500.

In deciding on this course of action, the SFC and the Disciplinary Committee took into account that:

- Malahon had engaged an independent firm of accountants to perform a review of its internal control procedures and to report its findings to the Exchange. Malahon had agreed to implement any recommendations made in the accountants' report to the satisfaction of the Exchange; and
- Malahon would appoint a full-time compliance officer to undertake compliance functions.

A copy of the Notice of Public Censure published by the Exchange is attached for your reference.

October 29, 1998

NOTICE OF PUBLIC CENSURE

The Stock Exchange of Hong Kong Limited (the "Exchange") announces that on 19 October 1998, the Disciplinary Committee heard the cases of the Member, Malahon Securities Limited ("Malahon"), and its Dealing Directors, Mr Cheung Chung Yuen, Jason ("Mr Cheung") and Mr Koh Chong Kuan ("Mr Koh"). The Disciplinary Committee found two charges against each of Malahon, Mr Cheung and Mr Koh for breach of the Rules of the Exchange proved.

The substance of the charges proved against Malahon, Mr Cheung and Mr Koh was that during the period February 1995 to February 1996, Malahon had failed and Mr Cheung and Mr Koh had failed to

ensure Malahon to have proper compliance procedures with respect to the registration requirement of the Securities Ordinance and the Exchange, resulting that Mr Cheung and Mr Koh had: -

- i. allowed an unregistered person to handle client orders and to receive commission payments from Malahon while her application to the Securities and Futures Commission ("SFC") for registration as a dealer's representative of Malahon was pending;
- ii. following the failure of the unregistered person's application, allowed her to receive client orders and relay these orders to a dealer's representative for execution and to receive commission payments from Malahon through that dealer's representative; and
- iii. allowed a new recruit not registered with the SFC to receive client orders and relay these orders to a dealer's representative and to receive commission payments from Malahon through that dealer's representative.

The Disciplinary Committee viewed that the above conduct was a deliberate attempt by Malahon, Mr Cheung and Mr Koh to avoid complying with the legal requirements for registration. This attempt was particularly serious in respect of the unregistered person's activities referred to in items (i) and (ii) above as despite knowing that she had failed to meet the SFC's registration requirements, they allowed her to continue acting as an unregistered dealer's representative of Malahon.

Having considered that: -

- i. Malahon had engaged an independent firm of accountants to perform a review of its internal control procedures and to report its findings to the Exchange. Malahon had agreed to implement any recommendations made in the accountants' report to the satisfaction of the Exchange; and
- ii. Malahon would appoint a full-time compliance officer to undertake compliance functions,

the Disciplinary Committee resolved that a penalty of public censure plus a fine of HK\$20,000 be imposed on Malahon and a penalty of public censure plus a fine of HK\$7,500 be imposed on each of Mr Cheung and Mr Koh. The penalty of public censure is hereby imposed on each of Malahon, Mr Cheung and Mr Koh.

For and on behalf of
The Stock Exchange of Hong Kong Limited

Fanny Chung
Secretary - Disciplinary Committee

Hong Kong, 29 October 1998

監會及聯交所對萬利豐證券有限公司採取紀律行動

1998年10月29日

證券及期貨事務監察委員會（「證監會」）及香港聯合交易所有限公司（「聯交所」）今天聯合公布，已對證券交易商兼聯交所會員萬利豐證券有限公司（「萬利豐」），其交易董事許壯觀先生（「許氏」）及張宗遠先生（「張氏」）採取紀律行動。

證監會及聯交所採取上述紀律行動是由於許氏及張氏於1995年2月至1996年2月期間：

* 在證監會處理梁麗萍女士（「梁氏」）註冊為萬利豐的交易商代表的申請時，容許梁氏處理客戶的買賣盤及向萬利豐收取佣金；

* 在梁氏的申請被拒後，容許梁氏接受客戶的買賣盤及將此等客盤轉交一名交易商代表執行，並透過該交易商代表向萬利豐收取佣金；及

* 容許一名新聘請的職員在未有向證監會註冊的情況下接受客戶的買賣盤，並將此等客盤轉交一名交易商代表處理及透過該交易商代表向萬利豐收取佣金。

證監會及聯交所紀律委員會（「紀律委員會」）均認為上述行為是許氏、張氏及萬利豐故意作出的，以逃避遵守有關註冊的法律規定。就梁氏的個案而言，上述情況尤其嚴重，因為許氏、張氏及萬利豐雖然明知梁氏未能符合證監會的註冊要求，仍容許她繼續在未有註冊的情況下執行萬利豐的交易商代表的職務。

證監會決定公開譴責萬利豐，以及由1998年10月22日起吊銷許氏及張氏的註冊，為期3個月。同時，紀律委員會亦決定公開譴責萬利豐、許氏及張氏，並向萬利豐罰款港幣20,000元及向許氏及張氏各罰款港幣7,500元。

證監會及紀律委員會在決定採取紀律行動時，曾考慮下列各點：

* 萬利豐已委任一所獨立的會計師行檢討其內部監控程序，並將檢討結果向聯交所報告。萬利豐已同意實行該會計師報告所提出的建議，以達致聯交所滿意的水平；及

* 萬利豐會委任一名全職的監察人員，負責萬利豐的監管職能。

本新聞稿隨附由聯交所發出的公開譴責聲明，以供參照。

如有進一步查詢，請致電證監會韋克志先生或陳志強先生（2840 - 9287）或聯交所羅文慧先生（2840 - 3862）。

1998年10月29日

公開譴責聲明

香港聯合交易所有限公司（「聯交所」）宣布，紀律委員會於1998年10月19日聆訊會員萬利豐證券有限公司（「萬利豐」）、其證券商董事張宗遠先生（「張氏」）及許壯觀先生（「許氏」）的個案。紀律委員會裁定兩項有關萬利豐、張氏及許氏觸犯《交易所規則》的指控成立。

對萬利豐、張氏及許氏成立的指控是指在1995年2月至1996年2月期間，萬利豐未有以及張氏及許氏未有確保萬利豐就《證券條例》及聯交所訂定的註冊規定來設立妥善的監察程序，以致張氏及許氏曾：

(i) 在證監會處理一名人士註冊為萬利豐的證券商代表的申請時，容許該名非註冊人士處理客戶的買賣盤及向萬利豐收取佣金；

(ii) 在該名非註冊人士的申請被拒後，容許其接受客戶的買賣盤及將此等客盤轉交一名證券商代表執行，並透過該證券商代表向萬利豐收取佣金；及

(iii) 容許一名新聘請的職員在未有向證監會註冊的情況下接受客戶的買賣盤，並將此等客盤轉交一名證券商代表處理及透過該證券商代表向萬利豐收取佣金。

紀律委員會認為上述行為是萬利豐、張氏及許氏故意作出的，以逃避遵守有關註冊的法律規定。就上述第(i)及(ii)項所指該名非註冊人士的證券買賣活動而言，此等情況尤其嚴重，因為萬利豐、張氏及許氏雖然明知該名人士未能符合證監會的註冊要求，仍容許她繼續在未有註冊的情況下執行萬利豐的證券商代表的職務。

紀律委員會經考慮下列各點：

(i) 萬利豐已委任一所獨立的會計師行檢討其內部監控程序，並將檢討結果向聯交所報告。萬利豐已同意實行該會計師報告所提出的建議，以達致聯交所滿意的水平；及

(ii) 萬利豐會委任一名全職的監察人員，負責萬利豐的監管職能，

議決對萬利豐作出公開譴責及罰款港幣20,000元的處分，以及對張氏及許氏作出公開譴責及各罰款港幣7,500元的處分。本聲明即為對萬利豐、張氏及許氏的公開譴責。

香港聯合交易所有限公司

紀律委員會秘書

鍾妙芝謹啟

最後更新日期：2012年8月1日