

# SFC reprimands and fines Chee Tak Securities Limited \$2 million and sanctions its responsible officer for regulatory breaches

18 Sep 2023

The Securities and Futures Commission (SFC) has reprimanded and fined Chee Tak Securities Limited (CTSL) \$2 million for internal control deficiencies and a host of regulatory breaches (Note 1).

The SFC has also suspended the licence of its responsible officer Kevin Chiu Koon Yu for 10 months from 15 September 2023 to 14 July 2024 (Note 2).

The disciplinary actions followed the SFC's investigation which found that, between 1 July 2018 and 5 March 2020, CTSL failed to:

- have in place an order recording policy and observe the order recording requirements;
- implement effective internal controls to monitor cross trades between staff members and clients and to ensure fair treatment of clients;
- establish and maintain an adequate and effective monitoring system to detect and assess suspicious transactions in client accounts;
- set up systems and controls to identify and assess third-party deposits into client accounts;
- require or obtain written third-party authorisation for the operation of client accounts; and
- institute internal controls to monitor employee dealings.

The failures of CTSL constituted breaches of the Code of Conduct, the Internal Control Guidelines and the Circular to licensed corporations and associated entities – Third-party deposits and payments issued by the SFC on 31 May 2019 (Notes 3 to 5).

The SFC considers that CTSL's failures were attributable to the failures of Chiu in discharging his duties as its responsible officer and a member of its senior management and called into question his fitness and properness.

In deciding the disciplinary sanction, the SFC has taken into account all relevant circumstances, including CTSL's financial situation, CTSL's cessation of business, CTSL and Chiu's cooperation in resolving the SFC's concerns, and their otherwise clean disciplinary record with the SFC (Note 6).

End

Notes:

1. CTSL is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) regulated activity.
2. Chiu is accredited to CTSL and approved to act as its responsible officer for Type 1 (dealing in securities) regulated activity since 24 July 2004.
3. Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.
4. Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission.
5. Please refer to the Statement of Disciplinary Action for the relevant regulatory requirements.

Share

6. CTSL' s last day of trading was 31 July 2023.

[A copy of the Statement of Disciplinary Action is available on the SFC website](#)

Page last updated 18 Sep 2023

## Quick access

[RSS](#)

[Performance pledges](#)

[Investor corner](#)

[Openings](#)

[Corporate policies and notices](#)

[Invitations to tender](#)

## Useful links

[Investor and Financial Education Council](#)

[The Investor Compensation Company Limited](#)

[Other regulators and related agencies](#)

[Maintenance schedule](#)

Copyright 2020 Securities and Futures Commission. All rights reserved.

