

SECURITIES AND FUTURES COMMISSION ORDINANCE (Chapter 24)

(Statement of reasons pursuant to section 42(3)(a))

Mr. CHOW Yuk-wah ('CHOW'), trading as Teil Stock Investment Company ('the Specified Entity'), is registered as a securities dealer under the Securities Ordinance (Chapter 333) and is subject to section 38 of the Securities and Futures Commission Ordinance ('the Ordinance').

- (a) The exercise of the powers conferred on the Securities and Futures Commission ('the Commission') by sections 39 and 40 of the Ordinance is desirable in the interest of the investing public.
- (b) CHOW is not a fit and proper person to carry on the business of dealing in securities in respect of which he is registered under the Securities Ordinance to the extent to which he is carrying on or proposes to carry on that business.
- (c) CHOW, whilst trading as the Specified Entity, has contravened a provision of the Securities Ordinance.

The Commission has reason to believe that:—

- (a) CHOW has since about mid-1998 dishonestly appropriated and sold securities deposited with him by clients of the Specified Entity without their knowledge or authorization and without accounting to them for the proceeds of sale. Accordingly, it appears to the Commission that the exercise of the powers conferred on it by sections 39 and 40 of the Ordinance is desirable in the interests of the investing public.
- (b) Securities belonging to at least eleven clients of the Specified Entity totalling around \$1.9 million were unlawfully appropriated by CHOW at some stage between mid-1998 and 20 February 2002. As at 20 February 2002, securities worth at least \$1.1 million belonging to clients of the Specified Entity are missing and are believed to have been stolen by CHOW. Accordingly, it appears to the Commission that CHOW is no longer fit and proper to carry on the business of dealing in securities.
- (c) During the period in question, CHOW disposed of securities belonging to clients of the Specified Entity without authorization in breach of section 81 of the Securities Ordinance.

In the circumstances, in order to preserve the integrity of clients' assets, it is desirable in the interest of the investing public that CHOW and the Specified Entity be subject to the restrictions imposed by and contained in the Notice.

21 February 2002

Andrew SHENG *Chairman, for and on behalf of
Securities and Futures Commission*