

“remisiers unhappy over no compensation in DBS/VB deal”

zaobao, 21 February 2001

Remisiers in VB had expressed their unhappiness about not being compensated in the deal by DBS to takeover VB and they claimed that VB management had requested other brokers not to offer transfer fee to them.

Our source revealed that VB remisiers committee met the management yesterday, they were told that the management was unwilling to make any compensation. Furthermore, VB had also requested other brokers not to offer any transfer fee if they took in remisiers from VB.

Mr Yap Swee Hoo, President of the Society of Remisiers (SRS) said, “We understand that some senior managers have attempted to influence other brokers not to take in remisiers from VB. Such practice has contradicted the principle and spirit of the market liberalisation. They should let the market force to decide.”

Yap said, “the SRS is monitoring the situation and we hope that VB will resolve the matter amicably with their remisiers without the intervention from the SRS. If it is necessary, the SRS will step in.”

In Yap’s view, remisiers of VB were not fairly treated. Remisiers had been compensated in most cases of acquisitions of broking houses. For example, when OCBC bought UBS Warburg, the UBS remisiers had been promised of compensations.

A remisiers of VB said, “Each remisier had been valued at \$500,000 when our company decided on the price to sell. The company had considered our incomes in the sale price and yet was unwilling to pay us a single cent.”

An officer in charge of a broking house confirmed that when some remisiers of VB approached other brokers to find out the terms of making a transfer, they were told that VB had told other brokers not to take them. If they wished to take remisiers from VB, these remisiers should not been given transfer fee.

The officer said some brokers were therefore hesitant to open their doors to VB remisiers as VB had indicated that action might be taken against brokers who offered transfer fee. However, VB did not specify what action to take.

A VB manager from the retail business confirmed that VB had reached the above terms with other brokers. He said, from the view of the company, it was unreasonable for remisiers to ask for compensation.

Besides the matter of compensation, to VB remisiers, the future of joining DBS Securities did not look promising. Some VB remisiers felt that DBSS was more restrictive in its rules and therefore wished to make a transfer to other brokers.

Yap Swee Hoo said, if the terms of a broker were not reasonable, remisiers should be allowed to decide whether to stay or to leave. The top management should realise that for the success of a broking house, contribution from remisiers should not be neglected.