

SFC Suspends Chan Yuk Fu for Improper Trading Activities and Breaches of Staff Trading Policy

27 Jan 2005

The SFC has suspended the licence of Mr Chan Yuk Fu, a licensed representative of China Point Stock Brokers Limited, for three months from 27 January 2005 to 26 April 2005 (both dates inclusive) for improper trading activities and breaching China Point's staff trading policy (Note 1).

The suspension follows an inquiry in which the SFC found that:

- Chan had input five consecutive single-board-lot ask orders for the shares of Tradeeasy Holdings Limited via his wife's account, each at a price lower than the previous order, within the last minute before market close on 17 October 2002 with an intention to push down the share price of Tradeeasy in order to attract buyers;
- Chan had traded his own shares via his wife's account maintained with China Point without properly recording it with the firm or obtaining the firm's approval;
- Chan was not clear about the requirements set out in China Point's staff trading policy; and
- Chan had not obtained subsequent endorsement from his supervisor for his transactions in his wife's account.

The SFC concludes that Chan has been guilty of misconduct and has breached the *Code of Conduct*. Chan's fitness and properness has been called into question.

Mr Alan Linning, SFC's Executive Director of Enforcement said: "A licensee should know that a series of single-board-lot ask orders at continuously lower prices within the last minute before market close may cause a sharp fall in the nominal price and the closing price of a stock. A licensee should act fairly in the best interests of the integrity of the market. It is also necessary for each licensee to be clear about the staff trading policy of his/her firm, and to comply with it so as to avoid conflict of interests or improper or illegal trades. Only when these requirements are fully met can the risk of concealing trades from the firm for monitoring purposes and the risk of blurring the audit trails of such transactions be reduced."

Ends

Notes to Editor: 1. Chan is a deemed licensed representative in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

Page last updated : 1 Aug 2012