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SFC Suspends Man Tak Hung, Chan Wing Tat and Kwong Yim Heung Angela for Breaches of the Code of Conduct

2 May 2006

The SFC has suspended Mr Man Tak Hung for 12 months from 29 April 2006 to 28 April 2007; Mr Chan Wing Tat for three weeks from 29 April 2006 to 19 May 2006; and Ms Kwong Yim Heung Angela for two weeks from 29 April 2006 to 12 May 2006 for breaches of the Code of Conduct (Note 1).

The disciplinary actions follow an investigation into the share dealing of Sino Technology Investments Company Limited during the period from August to November 2002. At the material time, Man, Chan and Kwong were securities dealer's representatives of Ong Asia Securities (HK) Limited (Note 2).

The SFC found that Man had:

- opened an account for a client in January 2002, knowing that the account would be operated by a third party whom he believed was a market manipulator. However, he failed to question the propriety of the arrangement;
- failed to obtain proper authorisation from the client for a third party to trade in her account;
- accepted trading instructions from a third party on his mobile phone in order to prevent the telephone conversations from being recorded and detected by his employer; and
- received a third party's instructions to trade Sino Technology shares in the client's account on 29 August 2002. These transactions formed part of a market manipulation scheme in contravention of sections 135(1)(a) and 139 of the Securities Ordinance (Note 3).

The SFC also found that in August 2002, Chan and Kwong had recommended six and 10 clients respectively to subscribe for the initial public offering of shares in Sino Technology. Neither Chan nor Kwong knew the background and the nature of the business of Sino Technology. Chan did not even inform his clients of the name and stock code of Sino Technology. On 28 August 2002, Chan and Kwong sold the allotted Sino Technology shares for their clients without first knowing the selling price.

As a result of their failures, Man, Chan and Kwong breached the Code of Conduct for Persons Registered with the Securities and Futures Commission (April 2001 edition). The SFC concludes that they have been guilty of misconduct and their fitness and properness has been called into question.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "A licensed person is not only accountable to his or her employer, but should also act with due skill, care and diligence to safeguard the interests of clients and the integrity of the market. Allowing a third party to trade in clients' accounts without proper authorisation, turning a blind eye to suspicious activities and making a recommendation to clients without regard to its suitability are acts that call into question a licensee's ability to perform his duties efficiently and fairly. Suspensions are warranted in these cases."

Ends

Notes to Editor:

1. Man, Chan and Kwong are licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) regulated activity. They are representatives accredited to Kim Eng Securities (Hong Kong) Limited.
2. Ong Asia ceased to be a licensed corporation with the SFC since 1 April 2005.
3. The client concerned, Ms Wan Wai Chi Katherine, was successfully prosecuted for aiding and abetting market manipulation in Sino Technology shares. Please see [SFC press release dated 24 February 2005 for details](#).

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