
Enforcement Actions

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19 July 2006

SFC Bans Leung Chin Pang from Re-entering the Industry for Facilitating Cold Calling and Failing to Give Reasonable Investment Advice to Clients

The SFC has banned Mr Leung Chin Pang from the industry for six months from 19 July 2006 to 18 January 2007 for facilitating cold calling and failing to give reasonable investment advice to clients (Note 1).

An SFC's investigation into the cold calling activities of a licensed representative of Tanrich Futures Limited found that Leung had failed to make reasonable enquires about the representative's calling of prospective clients before assisting her to meet with the clients to induce them to open accounts to trade futures contracts (Note 2).

The SFC also found that Leung had advised a client to simultaneously hold equal long and short positions in the same futures contract without any reasonable explanation, and misrepresented that it would reduce risk and might help recover trading losses (Note 3).

The SFC concludes that Leung has been guilty of misconduct and his fitness and properness has been called into question and it has decided to ban him from re-entering the industry for six months. In determining the sanction, the SFC has taken into account that the client Leung advised suffered substantial trading losses and Leung is no longer licensed. If Leung were currently licensed, the SFC would have suspended his licence for at least six months.

Mr Eugène Goyne, an SFC Senior Director of Enforcement, said: "In giving trading recommendations to clients, a licensed representative is under a duty to ensure that the advice given is reasonable in the circumstances. Holding equal long and short positions of the same futures contract at the same time does not appear to serve any genuine economic purpose. Investors should exercise judgment and should not take it for granted that the trading strategy recommended to them is always suitable."

Ends

Notes:

1. Leung was licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities and was a representative accredited to Tanrich Securities Company Limited and Tanrich Futures. Leung left Tanrich Securities and Tanrich Futures in September 2005 and is not currently licensed.
2. Please see SFC press releases dated [10 November 2005](#) and [31 March 2006](#) for details.
3. Simultaneous holding of equal long and short positions is commonly known as “locking”. For further information regarding locking, please refer to the March 2005 issue of Dr Wise’s Column entitled [“Look Before You Lock”](#), available on the InvestEd website at www.InvestEd.hk.

Page last updated: 19 July 2006

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