

Former licensee convicted of illegal short selling

31 Oct 2013

The Eastern Magistrates' Court today convicted Mr Chan Chi Yuen after he pleaded guilty to twenty-six counts of illegal short selling in the shares of Hutchison Whampoa Limited (Hutchison), China COSCO Holdings Company Limited (China COSCO) and China Coal Energy Company Limited (China Coal) (Note 1).

Chan was fined \$57,200 and ordered to pay the Securities and Futures Commission's investigation costs.

The court heard that:

- between 23 August 2011 and 16 May 2012, Chan sold shares of Hutchison, China COSCO and China Coal through his personal margin account at Phillip Securities (Hong Kong) Limited (Phillip Securities); and
- between 28 November 2011 and 11 April 2012, Chan sold shares of the three companies through his wife's margin account at Phillip Securities which was beneficially owned by him.

At the material time, Chan worked for companies of Phillip Securities Group as a licensed representative. He made a profit of \$37,665 by buying the shares later at a lower price to cover the short sales, contrary to section 170 of the Securities and Futures Ordinance (SFO).

Section 170(1) of the SFO prohibits the sale of securities when the person does not have a presently exercisable and unconditional right to sell them.

End

Note:

Chan 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 accredited to Phillip Securities (Hong Kong) Limited and Phillip Commodities (HK) Limited from 11 March 2008 to 18 May 2012. He is currently not licensed by the Securities and Futures Commission and has no accreditation.

Page last updated : 31 Oct 2013