

[Home](#) ▶ [News & announcements](#) ▶ [News](#) ▶ [Enforcement news](#)

SFC Reprimands Vivien Wong Webb for Short Selling and Other Failings A

3 Aug 2005

The SFC has reprimanded Ms Vivien Wong Webb, formerly a managing director of HSBC Private Bank (Suisse) SA, for short selling and other failings (Note 1).

An SFC inquiry found that, on 9 July 2003, Webb received an order from a client to sell all her shares in a particular stock. In breach of HSBC's policy, Webb did not check the client's shareholding from HSBC's online database. She checked from a spreadsheet manually prepared by her assistants. She thought that there were a certain number of shares of the stock in the client's account. However, the information shown in the spreadsheet was incorrect and there were only one-tenth of the number of shares in the account.

Webb instructed a colleague to ensure that the client's sell order was properly executed. Webb did so verbally by reference to the three initials representing the company name. However, the colleague thought that Webb was referring to a different listed company with the same initials in its name. After checking the client's available shareholding of that stock and finding that the holding substantially exceeded the number of shares Webb had indicated, the colleague asked HSBC's dealer to increase the sell order (which had been placed by Webb but not yet executed), again without mentioning the full name of the stock. The dealer thought he was asked to sell shares in the first stock.

As a result, about 20 times the number of shares compared to the number actually in the client's account was short sold before market close. HKEx executed a buy-in of the shares for HSBC on the following day and HSBC suffered a loss of over \$3 million (Note 2).

With the above failings, Webb has breached the *Code of Conduct*.

The SFC concludes that the fitness and properness of Webb has been called into question, and decides to reprimand her. In deciding the penalty, the SFC took into account that the short sale was not intentional, that Webb co-operated with the SFC investigation and that her bonus was reduced as a result of the short sale.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "An account executive must verify clients' shareholding from a reliable source before executing orders for clients. Had Webb complied with HSBC's policy and checked the online database, she would have known the exact shareholding of the shares in her client's account and the short selling incident could have been averted. The situation was aggravated by Webb's failure to inform her colleague of the full name of the stock her client wanted to sell. Webb, as a senior and experienced person in the securities and futures industry, bears primary responsibility."

Ends

Notes:

1. Webb was registered as a Relevant Individual with the Hong Kong Monetary Authority until 16 April 2004. She is currently a licensed representative of Goldman Sachs (Asia) L.L.C. and Goldman Sachs Futures (Asia) Limited in Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.
2. The short selling case has been concluded with no prosecution.

Page last updated : 1 Aug 2012