

SFC Suspends Tsoi Bun

12 Oct 2006

The SFC has suspended the licence of Mr Tsoi Bun for 15 months from 12 October 2006 to 11 January 2008 (Note 1).

An SFC investigation found that Tsoi manipulated the calculated opening price (COP) of the HSI futures contracts during the pre-market opening periods on 3 May 2002 and 13 August 2002 (Notes 2 and 3). Tsoi's actions artificially increased the final COPs by 160 points on 3 May 2002 and 76 points on 13 August 2002. As a result, Tsoi made a profit of about \$510,000 through his net short positions.

In April 2006, the SFC decided to suspend Tsoi for 15 months, after taking into account Tsoi's previous disciplinary record (Note 4).

Tsoi appealed the SFC's decision to the Securities and Futures Appeals Tribunal (Note 5). On Tsoi's application, the SFAT granted leave for him to withdraw his appeal on 12 October 2006.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "The SFC will not tolerate this kind of behaviour from market participants. This decision should send a strong signal to licence holders that, if they manipulate the market, they will be caught and punished – there is no profit in this kind of activity."

Ends

Notes:

1. Tsoi is a representative licensed under the Securities and Futures Ordinance to carry on Type 2 (dealing in futures contracts) regulated activity and accredited to New Trend Futures Limited.
2. Tsoi was a representative respectively accredited to Topmore Commodities Limited on 2 May 2002 and New Trend Futures Limited on 13 August 2002.
3. In June 2000, the Hong Kong Futures Exchange introduced a pre-market opening period, which is a 30-minute period before the normal trading hours. The mechanism sets an orderly market open and enhances market efficiency. It is a price discovery mechanism designed to maximise the number of contracts that can be matched, based on all the orders entered during the pre-market opening periods. Pre-market opening periods are divided into three different sessions and each session has unique restrictions on order placing and cancellation. An indicative COP is calculated every time an order is placed, changed or cancelled. Orders are received, ranked and ultimately matched at the last indicative COP, determined immediately before the pre-market opening period ends.
4. On 31 January 2000, the HKFE found that Tsoi had violated rules which were related to the disturbance of the orderly price discovery mechanism of the market and fined Tsoi \$30,000.
5. SFAT Application No.9 of 2006.

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