

SFC Reprimands and Fines Tang Ping Kong

21 May 2008

The SFC has issued a reprimand to Mr Tang Ping Kong, a responsible officer of Tang Ping Kong Limited (TPK Ltd) and fined him \$300,000 (Note 1).

The inquiry into the conduct of Tang stemmed from an SFC investigation which found that, Ho Lai, a licensed representative of TPK Ltd had engaged in “scaffolding” and short selling activities between May and December 2006 (Note 2). The SFC also found a number of internal control weaknesses at TPK Ltd, including:

- failure to implement adequate procedures to detect and prevent scaffolding and short selling activities;
- failure to put in place proper procedures to ensure its licensed representatives were in compliance with relevant legal and regulatory requirements; and
- inadequate supervision of staff.

Tang was the responsible officer of TPK Ltd and directly supervised Ho Lai who engaged in “scaffolding” and short selling activities which continued for eight months. Ho was subsequently convicted of market manipulation and sentenced to a term of imprisonment of six months (Note 3).

Ends

Notes:

1. Tang is a representative licensed to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (SFO), accredited to and an approved responsible officer of TPK Limited. TPK Ltd is a corporation licensed under the SFO to carry on business in Type 1 (dealing in securities) regulated activity.
2. “Scaffolding” is a form of market manipulation. The perpetrators attempt to artificially influence the price and turnover of a stock by inputting a large number of single-board-lot orders without the intention of executing them. These false orders are usually cancelled before they are matched. Scaffolding misleads investors and damages market integrity.
3. Please see SFC [press release](#) dated 7 December 2007 for details.

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