

SFC bans Edmond Chau Chin Hung for life

28 Jan 2010

The Securities and Futures Commission (SFC) has publicly reprimanded Mr Edmond Chau Chin Hung, fined him \$2 million and prohibited him for life from re-entering the industry for engaging in market misconduct (Note 1).

The disciplinary action follows the Market Misconduct Tribunal's (MMT) determination that Chau, a former responsible officer of Sun Hung Kai Investment Services Ltd (SHKIS), and three other parties had engaged in market misconduct by false trading and price rigging in the shares of QPL International Holdings Ltd (QPL). The MMT made certain orders against Chau, including recommending that the SFC take disciplinary action against him (Note 2).

During the period from 6 May to 10 June 2003, Chau engaged in scaffolding activities by placing numerous buy orders for QPL shares and subsequently cancelling, reducing these orders or allowing them to lapse in order that two SHKIS clients could sell their holdings of QPL shares more actively and quickly.

Not only was Chau in breach of SHKIS's internal policies, he also abused his senior position as responsible officer by procuring the assistance of or conniving with his subordinate to conduct these unlawful activities.

When he attended interviews with the SFC during the investigation, he denied having conducted any scaffolding activities or engaged in any market misconduct. However, during the MMT proceedings, he admitted that he had done so.

In deciding upon the sanctions against Chau, the SFC took into account that Chau:

- played a primary role in perpetrating the market misconduct for five weeks and his misconduct was only put to an end by the intervention of the SFC with its inquiry into the trading of QPL shares;
- abused his senior position at SHKIS by procuring the assistance of his subordinate to conduct unlawful activities;
- co-operated with the SFC by consenting to the disciplinary action; and
- has a clear disciplinary record with the SFC.

End

Notes:

1. Chau was licensed under the Securities and Futures Ordinance to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 3 (leveraged foreign exchange trading) regulated activities. He was a responsible officer of Bali Securities Co Ltd, SHKIS, Sun Hung Kai Commodities Ltd, and Sun Hung Kai International Commodities Ltd. He ceased to be a licensed person and the approval for him to act as a responsible officer was revoked on 27 February 2009.
2. The MMT's press release and report (<http://www.info.gov.hk/gia/general/200903/18/P200903180162.htm>) can be found on the MMT's website (www.mmt.gov.hk).

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