

SFC bans Steven John Barrett for 10 months

13 Jan 2016

The Securities and Futures Commission (SFC) has banned Mr Steven John Barrett from re-entering the industry for 10 months from 13 January 2016 to 12 October 2016 (Note 1).

The disciplinary action follows a SFC investigation which found that, from April 2010 to September 2013, Barrett concealed from his two former employers – Black’s Link Capital Limited and Myriad Asset Management Limited – his personal securities transactions by conducting them through the personal securities account of his friend, Fabiano Hugues Joseph Mascolo, a licensed representative of another firm at the material time (Note 2).

Barrett’s conduct circumvented the employee dealing policies of his employers and made it difficult for them to identify and monitor his personal trading activities to ensure there were no conflicts of interests or other malpractices arising from his personal trading activities (Note 3).

The SFC considers Barrett’s conduct, which fell short of the standards required of him, calls into question his fitness and properness to be a licensed person.

In deciding the penalty, the SFC has taken into account that Barrett’s concealment of his personal trading activities from his employers was deliberate and dishonest.

End

Notes:

1. Barrett was licensed as a representative under the Securities and Futures Ordinance (SFO) to carry on Type 9 (asset management) regulated activity. Barrett was accredited to Black’s Link Capital Limited from 29 January 2010 to 27 May 2011 and Myriad Asset Management Limited from 25 November 2011 to 28 April 2014. Barrett is currently not a licensed representative or relevant individual under the SFO.
2. Please see SFC’s press release dated [23 December 2015](#) regarding disciplinary action against Fabiano Hugues Joseph Mascolo.
3. Paragraph 12.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC requires licensed corporations to implement procedures and policies on employee trading and to actively monitor the trading activities in their employees’ accounts and their related accounts.

[A copy of the Statement of Disciplinary Action is available on the SFC website.](#)

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STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (SFC) has banned Mr Steven John Barrett (Barrett)¹ from re-entering the industry for 10 months pursuant to section 194 of the Securities and Futures Ordinance (SFO).
2. The SFC found that, from April 2010 to September 2013, Barrett conducted personal securities transactions through the securities trading account of his friend, Fabiano Hugues Joseph Mascolo (Mascolo), without disclosing these personal securities transactions to his employers, Black's Link Capital Limited (Black's Link) and Myriad Asset Management Limited (Myriad).

Summary of Facts

3. During his employment with Black's Link and Myriad, Barrett conducted personal securities transactions through Mascolo's securities account maintained with an outside brokerage.
4. Black's Link's employee personal trading policy required its employees to report, on a quarterly basis, any securities transactions in which they have a direct or indirect beneficial ownership.
5. Myriad's personal securities dealing policy required employees to disclose their personal securities trades and to obtain Myriad's prior approval before conducting personal securities trades in their personal securities account or other accounts where they have a degree of control such as where they have the power to buy, sell or direct the sale or transfer of an asset, or to vote or direct the voting rights of an asset, or have an economic interest in an asset.
6. Barrett did not disclose his personal securities transactions and his beneficial interests in Mascolo's securities account to his employers, Black's Link and Myriad, and he did not seek Myriad's prior approval before conducting personal securities transactions as required.
7. Barrett acknowledged he received Myriad's compliance manual (including Myriad's personal securities dealing policy) and that he understood and agreed to comply with its contents.
8. Black's Link and Myriad's personal trading policies reflect the provisions of paragraph 12.2 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct).²

¹ Barrett was licensed as a representative under the Securities and Futures Ordinance to carry on Type 9 (asset management) regulated activity. He was accredited to Black's Link Capital Limited from 29 January 2010 to 27 May 2011 and Myriad Asset Management Limited from 25 November 2011 to 28 April 2014. Barrett is currently not a licensed representative or a relevant individual under the SFO.

² Paragraph 12.2 of the Code of Conduct requires licensed corporations to implement procedures and policies on employee trading and to actively monitor the trading activities in their employee's accounts and their related accounts.

Conclusion

9. Black's Link and Myriad's employee dealing policies are an integral part of their regulatory systems to ensure integrity in the manner in which their employees conduct personal trading. The monitoring of employee trading by licensed corporations is vital to protect the integrity of the market. Without this, licensed corporations would not be able to detect malpractices arising from employee trading such as front running, insider dealing and market manipulation.
10. Barrett's concealment of his beneficial interests and personal securities transactions in Mascolo's securities account calls into question his fitness and properness to be a licensed person. It also circumvented his employers' employee dealing policies which were designed to comply with their obligations under paragraph 12.2 of the Code of Conduct.
11. In coming to the decision to take the disciplinary action set out in paragraph 1 against Barrett, the SFC took into account all relevant circumstances including Barrett's conduct was deliberate and dishonest.