

## SFC Suspends Mr Poon Kwok Hoi for Facilitating Potentially Illegal or Improper Client Trades

8 Aug 2002

The Securities and Futures Commission announces today that it has suspended the registrations of Mr Poon Kwok Hoi (Poon), a dealer's representative under section 56 of the Securities Ordinance and section 36 of the Commodities Trading Ordinance, for one month.

The suspension follows an investigation into dealing in a stock during the period 27 September to 23 October 2000.

The SFC found that during the above period, a client placed one or two board lots orders of the stock at prices which significantly deviated from the prevailing price near market close with Poon, a dealer's representative of Hui Kai Securities Limited, on five occasions. Such orders affected the closing price of the stock and were potentially improper or illegal. The SFC also found that Poon's supervisor had warned Poon to be cautious in handling client orders of this type. Despite the warning, Poon continued to accept such orders from the client, resulting in a much higher closing share price of the stock than it should have been on 23 October 2000.

The SFC further found that Poon had counselled his clients to circumvent the Rules of the Exchange (ROE) in force at the time that governed the allowable order prices. During the above period, Poon's clients placed orders to Poon at prices that were not allowed by the ROE. To circumvent the ROE, Poon advised his clients to put up a series of small quantity orders for the stock and cancelled them shortly afterwards with a view to moving the share prices up or down so that they could put up their orders at desired price levels.

On the basis of the above, the SFC concluded that Poon has been guilty of misconduct and his fitness and properness had been called into question, and that his registrations should be suspended for one month.

Alan Linning, SFC's Executive Director of Enforcement, said: "Placing small quantity orders at prices that deviate from the prevailing price near market close is a classic way to manipulate share closing prices. Poon should have suspected that the client might have intended to manipulate the share prices and made a proper inquiry with the client. If in doubt, Poon should have thought about refusing the orders. Placing a series of small orders and cancelling them shortly afterwards is another classic way of manipulating share prices. Poon's conduct was aggravated as he advised his clients to circumvent the ROE and get their desired share prices. Poon did not seem to care about his duty to act in the best interests of the integrity of the market. He deserves to be suspended."