

## SFC Accepts a Payment in Exchange for Suspending the Licence of Li Man Hin

26 Jul 2004

Mr Li Man Hin consented to pay \$195,000 to the SFC in exchange for the SFC withdrawing the six-month suspension of his licence as a representative under the Securities and Futures Ordinance (Note 1).

Li was convicted of hawking of futures contracts contrary to sections 60A(1)(b) and 60A(4) of the Commodities Trading Ordinance at the Western Magistracy (Note 2).

From around October to December 2002, account executives under Li's supervision made unsolicited telephone calls to prospective clients giving them information about Refco Hong Kong Limited with a view to inducing them to open accounts with Refco to trade futures contracts. Li accompanied the account executives to meet the clients. They provided the clients with information about Refco and its commission charges, and asked each of them to open an account with Refco to trade futures contracts on exchanges in the United States and Japan.

The SFC inquiry into Li's misconduct found that Li failed to comply with relevant law and regulations and to exercise due skill, care and diligence in acting as Refco's representative. He also failed to adequately supervise his subordinates and in effect facilitated an unaccredited account executive performing the functions of a dealer's representative for Refco, in breach of the licensing legislation.

The SFC concluded that the fitness and properness of Li had been called into question and decided to suspend him. In accepting Li's payment, the SFC has taken into consideration that Li fully admitted the liabilities of his misconduct and accepted that the six-month suspension was warranted by his conduct. On the basis of the payment of \$195,000 to the SFC, Li's licence will not be suspended. The SFC will pay the sum to the government revenue.

The SFC considers the settlement to be in the public interest.

An SFC spokesman said: "Under the SFO, any call made not by express invitation of the person called, with a view to inducing that person to enter into agreement to purchase or sell regulated investment products is a criminal offence. It is important for a licensed representative to understand and recognise what constitutes an unsolicited call and to exercise due care to ensure that his or her marketing activities comply with the law."

Ends

Notes:

1. Li is a licensed representative in Type 2 (dealing in futures contracts), Type 5 (advising in futures contracts), and Type 9 (asset management) regulated activities accredited to Refco Hong Kong Limited.
2. Please refer to the [SFC press release issued on 16 December 2003](#).