

SFC Reprimands Wong Kwong Sing for Trading Malpractices and Inadequate Audit Trail of Orders

15 Dec 2005

The SFC has reprimanded Mr Wong Kwong Sing, a licensed representative of Onshine Securities Limited, for trading malpractices and failure to maintain an adequate audit trail of orders (Note 1). The reprimand is the result of a settlement between Wong and the SFC.

An SFC investigation revealed that Wong, a terminal operator of Onshine at the material time, had input numerous bid and ask orders, each for one million shares of PICC Property and Casualty Company Limited, which were cancelled almost immediately during the normal trading session on PICC's debut on 6 November 2003. Wong said that this was to "test his luck" as he had neither the means nor the intention to buy or sell those shares. He was under stress due to personal reasons at that time and believed that he would be lucky if he could cancel the orders before they were executed. He admitted that the trades might have misled investors. He also failed to submit "order journals" printed from his terminal to Onshine and hence failed to maintain an orderly audit trail. As a result, Wong breached the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Note 2).

The SFC concludes that Wong has been guilty of misconduct and his fitness and properness has been called into question.

In deciding the penalty, the SFC has taken into account all the circumstances of the case, including the fact that:

- there was no intention on the part of Wong to manipulate the market and his explanation for his conduct was borne out by the facts of this case;
- the orders in question, albeit numerous, did not have any direct impact upon the market price of the PICC shares;
- Wong was suspended from operating a terminal by Onshine pending the outcome of disciplinary proceedings against him by the SFC;
- Wong did not get a year-end bonus or an increase in his salary due to his malpractice;
- Wong who had a clean disciplinary record was remorseful; and
- Wong co-operated fully with the SFC's investigation and in settling the SFC's disciplinary proceedings.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "In conducting regulated activities, a licensed person should act with due skill, care and diligence, in the best interests of his clients and the integrity of the market. Wong's orders posed potential settlement risks to Onshine and might have misled other investors as to the demand for the stock in question. But for the unusual circumstances of Wong's case, we would have suspended or fined Wong for his recklessness".

Ends

Notes to Editor:

1. Wong is deemed licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.
2. Please see [SFC press release dated 25 October 2005](#) for more details.

Page last updated : 1 Aug 2012