

## SFC Suspends Chan Man Kit and Cheng Chun Fai

3 Nov 2006

The SFC has suspended Mr Chan Man Kit for two months and three weeks from 3 November 2006 to 23 January 2007, and Mr Cheng Chun Fai for three months and two weeks from 3 November 2006 to 16 February 2007 (Note 1).

The disciplinary action follows an SFC investigation, which found that in early 2004:

- (i) Chan and Cheng, licensed representatives of Hantec International Limited at the material time, cold called people to induce them to trade leveraged foreign exchange and misrepresented how the clients came to open their accounts in Hantec's internal documents;
- (ii) Chan did not orally disclose the risks of leveraged foreign exchange trading to his clients as required; and
- (iii) Cheng failed to supervise Chan to prevent cold calling and to ensure oral risk disclosure.

Chan and Cheng consented to the SFC decisions and this was taken into account when deciding the penalties.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "Leveraged foreign exchange trading is risky. Licensees who cold call to induce people to trade and don't explain the risks to clients run the risk of suspension."

Ends

Notes:

1. Chan is licensed under the Securities and Futures Ordinance (SFO) to carry on Type 3 (leveraged foreign exchange trading) regulated activity, accredited to Hantec International Limited.

Cheng is licensed under the SFO to carry on Type 2 (dealing in futures contracts) and Type 3 regulated activities, accredited to Hantec International Limited and HT Futures Limited.

On 28 July 2005, Chan and Cheng were convicted of making unsolicited calls. Please see [SFC press release dated 28 July 2005](#).