
Enforcement News

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31 July 2008

SFC reprimands and fines Sze Chong Hoi

The SFC has issued a reprimand to Mr Sze Chong Hoi and fined him \$50,000 (Note 1).

The action follows an SFC investigation which found that:

- at the material time, the margin requirement at Hantec International Limited for leveraged foreign exchange contracts in a locked position (i.e. where a client simultaneously holds an equal long and short position of the same currency) fell short of the SFC's requirement (Note 2); and
- Sze who was the responsible officer of Hantec in charge of sales and marketing failed to reasonably ensure that Hantec's margin policies complied with the provisions of the Code of Conduct for Persons Licensed by or Registered with the SFC. As a result, Hantec's clients were allowed to trade in leveraged foreign exchange contracts without adequate initial margin and therefore assumed higher levels of risk than was reasonably prudent.

End

Notes:

1. Sze was a responsible officer of Hantec International Limited at the time of the misconduct and left Hantec on 26 January 2006. He is a responsible officer of Taifook Securities Company Limited and licensed under the Securities and Futures Ordinance to carry on Type 3 (leveraged foreign exchange trading) regulated activity.
2. Paragraph 23 of Schedule 6 to the Code of Conduct requires a licensed person to set the initial margin and maintenance margin level for its clients at not less than 5% and 3% respectively of the gross principal value of the contract offered by the licensed person. For locked positions, only one set of margin is required.

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