
Enforcement News

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14 April 2009

SFC revokes Pang Keng Chan as responsible officer

The Securities and Futures Commission (SFC) has revoked its approval of Mr Pang Keng Chan to act as a responsible officer of any licensed corporations and suspended his licence for two years from 14 April 2009 (Note 1).

An SFC investigation into trading in the shares of Mandarin Entertainment (Holdings) Ltd from June 2006 to October 2006 showed that KCG Securities Asia Ltd (KCG) did not appropriately handle a broker's report after the broker had reported to a superior about suspicious instructions from a client, who was authorised to operate 11 other clients' accounts at KCG.

The client, located outside Hong Kong, told the broker to farm out orders to other brokerages to match opposing orders placed through KCG at the same price at about the same time.

Trades like these are known as "matched orders". They are usually fake, pre-arranged trades between associates aimed at misleading other investors into believing that independent buyers and sellers are trading with each other to make a genuine price.

The SFC has previously warned brokers to be alert to orders that are obviously suspicious and to question clients to ensure they do not facilitate illegal activity (Note 2).

At the material time, Pang was the responsible officer of KCG and was aware of the matched orders. He should have questioned the matched orders and determined whether or not they were manipulative. However, he failed to take heed of the SFC's advice. He not only failed to take adequate steps to look into the matched orders, but also allowed KCG to keep on placing them on the market.

End

Notes:

1. Pang is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Pang is a responsible officer and accredited to KCG and KCG Fund Management Ltd.
2. Please refer to [April 2007 issue](#) of the SFC Enforcement Reporter.

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