
Enforcement News

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SFC suspends Stephen Yenn Man Han for manipulative order placing activities

The Securities and Futures Commission (SFC) has suspended Mr Stephen Yenn Man Han for 12 months from 25 August 2009 to 24 August 2010 for manipulative order placing activities (Note 1).

An SFC investigation found that in a number of pre-opening sessions in March, April and May 2008 as well as the closing auction session on 30 May 2008, Yenn placed sizable at-auction or at-auction limit ask orders for a number of stocks (Note 2). Simultaneously, he placed single-board-lot at-auction limit bid orders at unreasonably high prices for each of these stocks.

Such order placing attracted no apparent economic benefit and was inconsistent with the "buy low, sell high" principle. The SFC formed the view that Yenn's intention was to ramp up the "ceilings" of the potential Indicative Equilibrium Price (IEP) of the relevant stocks.

If sufficient at-auction bid orders had been entered, the IEP of the relevant stocks could have risen to capture more ask orders, and could have reached the "ceilings" set by Yenn's high bids. Yenn could then have been benefited from having his sizable at-auction ask orders executed at higher prices.

Although the IEPs did not eventually reach the "ceilings" set by Yenn's single-board-lot bids on the relevant dates, his intention to manipulate the price was evident. Furthermore, Yenn's single-board-lot bids matched his own ask orders on at least two occasions during the relevant period and resulted in wash sales (Note 3).

If Yenn had been successful with this strategy, the SFC would have commenced a criminal prosecution against him for market manipulation.

In deciding the penalty, the SFC took into account that Yenn had expressed contrition for his misconduct.

End

Notes:

1. Yenn is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures) regulated activities. He was accredited to Corporate Brokers Ltd and mainly traded on his own behalf.
2. Yenn's manipulative trading activities involved shares of Nine Dragons Paper (Holdings) Ltd during the closing auction session on 30 May 2008; and Brilliance China Automotive Holdings Ltd, Shenzhen International Holdings Ltd, Regal Hotels International Holdings Ltd, TCL Multimedia Technology Holdings Ltd and Bank of China Ltd during the pre-opening sessions on 19 May 2008, 6 May 2008, 2 May 2008, 30 April 2008 and 4 March 2008 respectively.
3. The wash sales involved the shares of Brilliance China Automotive on 19 May 2008 and Regal Hotels International on 2 May 2008.

