
Enforcement News

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SFC seeks trading ban against Tiger Asia over alleged insider trading

The Securities and Futures Commission (SFC) is seeking court orders to prohibit New York-based asset management company, Tiger Asia Management LLC (Tiger Asia), from dealing in all listed securities and derivatives in Hong Kong in the light of further insider trading allegations concerning the shares of another bank -- Bank of China Limited (BOC).

This is the first time the SFC has sought orders from a court to exclude any entity from trading in the Hong Kong market.

The SFC has also amended the current proceedings against Tiger Asia and three of its senior officers, Mr Bill Sung Kook Hwang, Mr Raymond Park and Mr William Tomita (collectively referred to as "the Tiger Asia parties") to include the new allegations and is seeking to freeze an additional amount of up to \$8.6 million of Tiger Asia's assets, equivalent to the notional profit Tiger Asia has allegedly made in one of the new claims.

This is on top of the \$29.9 million that the SFC has applied to freeze when it first commenced proceedings in August 2009 against the Tiger Asia parties in relation to dealings by Tiger Asia in the shares of China Construction Bank Corporation (CCB) on 6 January 2009 (Notes 1 and 2).

The SFC alleges that in the case concerning BOC shares:

1. Tiger Asia was given advance notice and was invited to participate in two placements of BOC shares by UBS AG and Royal Bank of Scotland on 31 December 2008 and 13 January 2009 respectively;
2. Tiger Asia was provided with details of both placements after being told and agreeing the information was confidential and price sensitive;
3. Tiger Asia also agreed not to deal in BOC shares after receiving the information;
4. Tiger Asia short sold 104 million BOC shares before the placement by UBS AG on 31 December 2008 making a notional profit of \$8.6 million; and
5. Tiger Asia sold 256 million BOC shares before the placement by Royal Bank of Scotland on 13 January 2009 (of which 251 million shares were short sales) making a notional loss of around \$10 million.

The SFC contends that these transactions constitute illegal insider trading in shares of BOC.

These allegations will be heard by the court in the same proceedings involving similar allegations against the Tiger Asia parties involving dealings in shares of CCB, at a date yet to be fixed.

In addition, the SFC is also seeking orders to unwind the transactions if the court finds they contravened the Securities and Futures Ordinance and to restore affected counterparties to their pre-transaction positions. The amount of assets that the SFC is seeking to freeze is to ensure there are sufficient funds to satisfy any restoration orders that may be made by the court.

End

Notes:

1. Please see SFC [press release](#) dated 20 August 2009.
2. The proceedings were commenced under section 213 of the Securities and Futures Ordinance. Tiger Asia was founded in 2001 and is a New York-based asset management company that specialises in equity investments in China, Japan and Korea. All of its employees are located in New York. Tiger Asia has no physical presence in Hong Kong. Park joined Tiger Asia in April 2006 and, at all times since, his job title has been Managing Director, Head of Trading, and his responsibilities include managing the trading desk, supervising orders and managing broker relationships. Tomita joined Tiger Asia in April 2008 and is charged with supporting the trading activities led by Park. Both Park and Tomita report to portfolio manager, Hwang, whom the SFC alleges made the trading decisions for the CCB and BOC trades. BOC has been listed on the Stock Exchange of Hong Kong Limited since 1 June 2006.

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