
Enforcement News

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Former Sun Hung Kai's account executive convicted of market manipulation

The Eastern Magistracy today convicted Mr Ng Kwok Leung, a former account executive of Sun Hung Kai Investment Services Ltd, on one charge of market manipulation following an investigation by the Securities and Futures Commission (SFC) (Note 1).

Ng was remanded in jail custody pending sentencing on 9 June 2010.

The SFC alleged that on 3 April 2008 Ng was given an instruction by a client to fix a higher closing price of shares of IRICO Group Electronics Co Ltd (IRICO), a company listed on the Stock Exchange of Hong Kong.

Ng agreed to carry out the instruction and did so by placing 15 buy orders in the last three minutes of trading. Six of the bids were in very small quantities (single board lots). Each order was for a price higher than the prevailing market price and had the consequence of ensuring the IRICO share price closed 10% higher. The SFC alleged this was for the benefit of Ng's client.

The SFC has also charged Ng's client with market manipulation and fraud offences involving these transactions and others. Ng's client left Hong Kong after the summons was issued and a warrant for his arrest has been issued (Note 2).

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "Brokers should not carry out instructions that require them to manipulate the market. In this case, the instruction was a blatant one. Instead of carrying it out, it should have been ignored. This case shows that brokers could face imprisonment if they facilitate a client's manipulative purpose."

End

Notes:

1. Ng was a former licensed representative of Sun Hung Kai Investment Services Ltd.
2. Please see SFC press release dated [4 February 2010](#). The trial of an account executive of another brokerage involved in an alleged related manipulation involving the same client and IRICO shares is scheduled for 23 August 2010 at the Eastern Magistracy.

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