

Court overturns broker's market manipulation conviction

3 Feb 2012

The Court of First Instance today allowed the appeal of former responsible officer of Guotai Junan Securities (Hong Kong) Limited, Mr Pan Ming and overturned his conviction for one offence of false trading under the Securities and Futures Ordinance.

On 1 March 2011, Pan was convicted of one count of market manipulation following an investigation by the Securities and Futures Commission (SFC) and was sentenced to a five months of imprisonment (Note 1).

Pan appealed against his conviction to the Court of First Instance. The Court will publish its reasons in due course (Note 2).

Pan was charged with his client, an equity trader of a fund manager. Pan's client was charged with market manipulation and fraud offences but has subsequently absconded from Hong Kong. A warrant for his arrest has been issued. The charges and the warrant for his arrest remain on foot.

The SFC alleged that the client instructed Pan to fix a higher closing price for the shares of IRICO Group Electronics Co. Ltd. (IRICO), a company listed on the Stock Exchange of Hong Kong. The SFC further alleged that Pan agreed to carry out the instruction and directed his colleague to place five buy orders in the last two minutes of trading, two of them being single board lots.

These orders were for a price higher than the prevailing market price. As a result, the IRICO share price closed 14% higher. The SFC alleged that this was to facilitate a subsequent off-market transaction after market close involving 15 million IRICO shares at a price higher than the closing price.

End

Notes:

1. Please see SFC's press release dated [1 March 2011](#).
2. The prosecution of Pan was undertaken by the SFC and the conduct of the appeal was taken over by the Prosecutions Division of the Department of Justice.

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