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SFC bans Raaj Shah for 12 months

10 Mar 2016

The Securities and Futures Commission (SFC) has banned Mr Raaj J Shah from re-entering the industry for 12 months from 10 March 2016 to 9 March 2017 (Note 1).

The SFC investigation found that during the period from January 2009 to May 2014 Shah, a responsible officer of Matchpoint Investment Management Asia Limited (MIMAL), failed to disclose all his personal accounts and obtain prior approval for securities transactions, in breach of the staff personal trading policy of MIMAL.

Shah circumvented MIMAL's employee trading policies which meant that MIMAL was not able to monitor his personal trading activities (Note 2). The SFC considers Shah's conduct, which fell short of the standards required of him, calls into question his fitness and properness to be a licensed person.

End

Notes:

1. Shah was licensed under the Securities and Futures Ordinance (SFO) to carry on business in Type 9 (asset management) regulated activity. Shah was accredited to Matchpoint Investment Management Asia Limited from 4 September 2009 to 6 July 2015. Shah is currently not a licensed person under the SFO.
2. Under paragraph 12.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC, licensed corporations are required to implement procedures and policies on employee trading and to actively monitor the trading activities in their employees' accounts and their related accounts.

[A copy of the Statement of Disciplinary Action in relation to the matter is available on the SFC website](#)

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STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has banned Mr Raaj J Shah (**Shah**) from re-entering the industry for 12 months pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that from January 2009 to May 2014, Shah failed to disclose all his personal accounts and obtain prior approval for securities transactions, in breach of the staff personal trading policy of Matchpoint Investment Management Asia Limited (**MIMAL**).

Summary of facts

3. Shah was licensed under the SFO to carry on business in Type 9 (asset management) regulated activity. Shah, accredited to MIMAL from 4 September 2009 to 6 July 2015, is currently not a licensed person. **MIMAL, a licensed corporation established by Shah in 2009, is wholly owned by Matchpoint Investment Management Limited (MIML), a company incorporated in the Cayman Islands which was also established by Shah (and other person) in 2009. Shah is the majority and significant shareholder of MIML.**
4. During the period from June 2013 to May 2014, MIML was appointed to provide investment advice and management services to **Matchpoint Asia Fund Limited (Fund)**. **Since April 2013, the Fund no longer had any outside investors**, Shah had returned all the money back to them due to a strategic change of the Fund.
5. MIMAL's staff personal trading policy requires all employees and directors to disclose their personal accounts with outside brokers upon joining the firm. It also requires its employees and directors to obtain pre-clearance for securities transactions.
6. Shah was one of the persons who put together MIMAL's Employee's Handbook and Compliance Manual (**Compliance Manual**), so he was familiar with its contents. These policies reflect the provisions of paragraph 12.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC which requires licensed corporations to implement procedures and policies on employee trading and to actively monitor the trading activities in their employees' accounts and their related accounts.
7. The SFC investigation revealed that **Shah had only disclosed to MIMAL his personal account with HSBC Private Bank (Suisse) SA** and sought authorization for his personal trades in that account, by completing a Personal Trade Authorization Request Form, in accordance with the Compliance Manual. This shows that he was fully aware of MIMAL's policies on personal account dealing and his disclosure obligations.
8. In June 2014, after Shah was notified of the SFC investigation, he informed MIMAL that he had two additional personal trading accounts, an account with

Interactive Brokers LLC (IB Account) and another with Goldman Sachs (Goldman Sachs Account).

9. Whilst his **Goldman Sachs Account was inactive**, Shah had conducted a substantial number of transactions in his IB Account without MIMAL's prior approval. During the period from January 2009 to March 2013 i.e. when the Fund had outside investors, Shah traded in 20 stocks on 171 trading days with a total transaction amount of US\$13,168,220.58. **When comparing Shah's trading in his IB Account and the trading for the Fund, both traded in the same stocks on the same day on at least 6 occasions from August 2011 to March 2012.**
10. Shah deliberately concealed his personal trading activities in his IB Account by evading questions and denying having any other personal accounts when he was asked about this by another responsible officer of MIMAL. **In November 2013, Shah was confronted by the same responsible officer with an email from an investor in an Australian listed company suggesting that Shah owned a significant amount of shares in that company. Shah denied that he owned the shares personally, when in fact he held over 7 million of those shares in his IB Account at the material time.**

Conclusion

11. Shah's concealment of his IB Account and Goldman Sachs Account and the personal securities transactions in the IB Account was deliberate and dishonest and calls into question his fitness and properness to be a licensed person.
12. In coming to the decision to take disciplinary action against Shah, the SFC has taken into account all the circumstances of this case, including:
 - maintaining secret accounts is a dishonest act which could jeopardize the interests of his clients and market integrity; and
 - he has no previous disciplinary record.