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## SFC issues restriction notice to a broker to freeze client accounts linked to suspected market manipulation

21 Jan 2020

The Securities and Futures Commission (SFC) has issued a restriction notice to China Fund Securities Limited (CFSL), prohibiting it from dealing with or processing \$170 million worth of assets held in six client accounts, which are related to suspected market manipulation in the shares of Hon Corporation Limited between November 2019 and early December 2019 (Note 1).

The restriction notice prohibits CFSL, without the SFC's prior written consent, from disposing of or dealing with, assisting, counselling or procuring another person to dispose of or deal with any assets in any way in the client accounts including: (i) entering into transactions for any securities; and/or (ii) processing any withdrawals or transferring of securities and/or cash arising from the disposal of securities; and/or (iii) disposing of or dealing with any securities or cash on the instructions of any authorized person of the Client Accounts or by any person acting on their behalf; and/or (iv) assisting another person to dispose of or deal with any relevant property in a specified manner. CFSL is also required to notify the SFC if it receives any of these instructions.

The SFC considers that the issue of the restriction notice is desirable in the interest of the investing public and in the public interest.

The SFC's investigation is continuing.

End

Notes:

1. The SFC issued the restriction notice pursuant to sections 204 and 205 of the Securities and Futures Ordinance (SFO).
2. CFSL is a corporation licensed under the SFO to carry on business in Type 1 and 9 regulated activities.

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