

SFC Suspends the Registration of Mr Wu Tai Chuen

17 Jan 2002

The SFC announced today that it has suspended the registration of Mr Wu Tai Chuen (Wu), a dealer's representative of Wing Fat Securities Limited (Wing Fat) under the Securities Ordinance, for four weeks.

The suspension stems from an inquiry into his dealing through a relative's account in the shares of Yizheng Chemical Fibre Co. Ltd. (Yizheng) on 22 and 23 February 2001 respectively. The SFC found that on several occasions on each of the two days, Wu firstly placed a few small buy orders in Yizheng shares at or near the prevailing market price. Thereafter, on 22 February 2001 Wu placed 21 buy orders and 28 sell orders, each order being for 1 million Yizheng shares at prices between 1 to 5 spread below or above the then prevailing market price. Once the earlier small orders were executed he then cancelled all the large orders. This pattern was repeated on the next day when he placed 5 buy orders and 12 sell orders each being for 1 million Yizheng shares which he also cancelled after the execution of his small orders.

SFC Director of Enforcement, Mr. Kim Roden, said: "Wu's conduct in placing numerous bid and ask orders for 1 million Yizheng shares each at prices 1 to 5 spreads below or above the prevailing nominal price and cancelling them shortly afterwards was unacceptable in that it created the false appearance that there was more demand to buy or sell shares in Yizheng than there really was. This type of conduct prejudices the integrity of the Hong Kong market and will not be tolerated. Any registered person caught indulging in this type of behaviour can expect to be subject to tough disciplinary sanctions. Generally, this will mean a suspension of their registrations for a period of time. In egregious cases the SFC will not hesitate to revoke a person's registration."