

## SFC Settles Disciplinary Action with Ip Hon Man

26 Aug 2005

The SFC has reprimanded Mr Ip Hon Man, a licensed representative of UOB Kay Hian (Hong Kong) Limited and UOB Kay Hian Futures (Hong Kong) Limited, for accepting orders from third parties without proper authorisations and account opening failings (Note 1).

Ip also agreed to pay \$100,000 to the SFC in settling the SFC's disciplinary action against him. The SFC accepted the payment in lieu of a proposed three-month suspension. The SFC considers the settlement to be in the public interest and will pay the sum to government revenue.

The action stems from a market manipulation investigation into the trading of the shares of New Chinese Medicine Holding Limited from August to September 2002 (Note 2). At the relevant time, Ip was an account executive of Luk Fook Securities Limited and handled the accounts of four Luk Fook clients who traded in New Chinese Medicine shares (Note 3). Ip allowed third parties, whose full names he did not know, to place orders through the four client accounts without obtaining written authorisations from the clients. He also recklessly represented that he had witnessed the signing of the account opening documents by two clients when in fact he had not.

The SFC therefore concludes that Ip has been guilty of misconduct and his fitness and properness has been called into question.

In settling its disciplinary action and accepting the payment from Ip, the SFC has taken into account that:

- Ip fully co-operated with the SFC in its investigation;
- Ip frankly admitted his guilt and was remorseful about his misconduct; and
- Ip accepted a resolution of the disciplinary action by settlement and saved the SFC's resources.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Licensees must know their clients. They must ensure that trading instructions originate from clients or someone properly authorised by the clients. If a licensee accepts orders from an unknown third party who has not been properly authorised and the client denies liability, the licensee's principal may have to bear any trading loss resulting from the third party's trades. In addition, licensees may also facilitate market manipulation by accepting suspicious orders from unknown third parties."

Ends

Notes to Editor:

1. Ip is licensed to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.
2. The market manipulation investigation concerning New Chinese Medicine Holdings Limited has been concluded with no prosecution.
3. Luk Fook Securities Limited ceased to be a licensed corporation in November 2003.

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