

[Home](#) ▶ [News & announcements](#) ▶ [News](#) ▶ [Enforcement news](#)

SFC Prosecutes Cheng Chun Kin Bill for Short Selling

11 May 2006

The SFC has successfully prosecuted Mr Cheng Chun Kin Bill for short selling two warrants namely, KC-PETCH@EP0512 and SG-MOB@EP0601. Cheng was a licensed representative of Ricofull Securities Limited at the material time.

An SFC investigation found that between 14 and 21 July 2005, Cheng sold KC-PETCH@EP0512 and SG-MOB@EP0601 through his personal account at Ricofull while knowing that he did not have any units of warrant on hand, in contravention of section 170 of the Securities and Futures Ordinance. Section 170(1) prohibits the sale of securities when the person does not have a presently exercisable and unconditional right to sell them.

Cheng pleaded guilty today before Mr Li Wai Chi, a Magistrate at Eastern Magistracy, to seven summonses in relation to his short selling of securities. He was fined \$21,000 and ordered to pay investigation costs of \$11,127 to the SFC.

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Page last updated : 1 Aug 2012