

## SFC Reprimands and Fines Yu Man Sang Mason \$50,000

16 Jul 2007

The SFC has issued a reprimand to Mr Yu Man Sang Mason and fined him \$50,000 (Note 1).

The action followed an SFC investigation which found, amongst other things, that:

- at the material time, the margin requirement at Hantec International Limited for leveraged foreign exchange contracts in a locked position (i.e. where a client simultaneously holds an equal long and short position of the same currency) fell short of the SFC's requirement (Note 2);
- Yu was aware of the Hantec's deficient margin policy but failed to prevent account executives from relying on it to inflate the usable margin in client accounts;
- as a result, an account executive opened new positions for a client in the period from January to March 2005 when in fact there was insufficient margin in her account at the time, putting the client at risk of over-leveraging her trading;
- at the material time, Yu was one of the responsible officers of Hantec whose duties included approving the opening of new positions; and
- Hantec's policy on margin requirements was revised in around April 2005 so as to comply with the SFC's requirement.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "The purpose of these rules is to protect investors. While all investment carries risks, those risks should not include those that flow from your advisor's breaches."

Ends

Notes:

1. Yu is licensed under the Securities and Futures Ordinance to carry on Type 2 (dealing in futures contracts) and Type 3 (leveraged foreign exchange trading) regulated activities. He is a responsible officer of HT Futures Limited and Hantec International Limited.
2. Paragraph 23 of Schedule 6 to the Code of Conduct requires a licensed person to set the initial margin and maintenance margin level for its clients at not less than 5% and 3% respectively of the gross principal value of the contract offered by the licensed person. For cross currency trades and locked positions, only one set of margin is required.