
Enforcement News

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SFC bans and fines Law Chun Pon

The Securities and Futures Commission (SFC) has banned Mr Law Chun Pon from re-entering the industry for 32 months from 26 November 2008 to 25 July 2011 and fined him \$260,000 (Notes 1 and 2).

The case arose from complaints by Law's clients alleging improper trading of foreign exchange contracts by Law in the clients' accounts.

The SFC found that Law, while acting as an account executive of Delta Asia Credit Ltd,:

- contravened the law by cold calling the students of his investment course and inducing them to trade leveraged foreign exchange contracts (Note 3);
- improperly provided discretionary account services to his clients against his employer's policies; and
- failed to act in the interests of his clients by churning their accounts and holding simultaneously equal long and short positions in the same foreign exchange contracts without any reasonable justifications when trading for his clients (Note 4).

In deciding to ban Law for 32 months, the SFC has taken into account all the circumstances including the fact that he caused his clients to suffer significant trading losses in a relatively short period of time.

The SFC also fined him \$260,000 which is the profit he made from his conduct. The SFC maintains that wrongdoers should not be allowed to keep profits they made from unlawful activities.

The SFC acknowledges the valuable assistance of the Hong Kong Monetary Authority who conducted the investigation into Law's conduct.

End

Notes:

1. Law was a representative licensed to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance at the time of the failing. He is currently not a licensed person.
2. Law was an individual whose name was entered in the register maintained by the Hong Kong Monetary Authority under section 20 of the Banking Ordinance as a person engaged by Delta Asia Credit Ltd in respect of Type 1 (dealing in securities) regulated activity. He is currently not a registered person.
3. Please see SFC [press release](#) dated 27 April 2006 for details.
4. “Churning” refers to trading with a view to generating commissions. Simultaneously holding equal long and short positions is commonly known as “locking”. For further information regarding locking, please refer to the March 2005 edition of Dr Wise column entitled [“Look Before You Lock”](#), available on the InvestEd website at www.InvestEd.hk.

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