
Enforcement News

To save a copy for future reference, right click [here](#) and select "Save Target As..."

26 May 2010

Court of Appeal upholds SFAT's ruling on SFC's disciplinary action against former Hantec responsible officers

The Court of Appeal has dismissed an appeal by two former responsible officers of Hantec International Limited (Hantec) against the Securities and Futures Appeals Tribunal's (SFAT) decision. The SFAT had upheld an earlier Securities and Futures Commission's (SFC) disciplinary action against the ex-Hantec responsible officers for their involvement in unlicensed leveraged foreign exchange trading operation (Note 1).

The Chief Judge, the Honorable Mr Justice Ma CJHC, the Honorable Madam Justice Le Pichon JA and the Honorable Madam Justice Kwan JA, unanimously dismissed the appeal by Ms Ng Chui Mui and Mr Law Kai Yee, and awarded costs to the SFC (Note 2).

The decision of the Court of Appeal means that the SFAT's decision against Ng and Law stands. SFAT had earlier revoked Ng's licence and prohibited her from reapplying for a licence for 10 years, and suspended Law for two years and three months (Note 3).

The disciplinary action stemmed from an SFC investigation into Cosmos Hantec Investment (NZ) Ltd (Cosmos Hantec), a New Zealand company which carried on the business of offshore leveraged foreign exchange trading without an SFC licence.

The SFC's investigation revealed that:

- Cosmos Hantec was closely associated with and related to an SFC licensee Hantec International Limited. Cosmos Hantec operated a leveraged foreign exchange trading business in New Zealand and offered trading services and facilities to Hong Kong clients via its Hong Kong office;
- Ng and Law, both directors of Cosmos Hantec, were also responsible officers of Hantec at the time; (Notes 4 and 5)
- Ng was closely involved in Cosmos Hantec's operations in Hong Kong and encouraged Hantec account executives to solicit business for Cosmos Hantec from Hong Kong clients. She assisted the distribution of commission monies received from Cosmos Hantec to the relevant Hantec account executives; and
- Law facilitated Cosmos Hantec's operations by requesting Hantec account executives to take part in the unlicensed activities of Cosmos Hantec and refer business to Cosmos Hantec through third party nominees.

In affirming the SFAT's decision, the Court of Appeal said that the conduct of Ng and Law had facilitated Cosmos Hantec's unlicensed activities in Hong Kong.

The Court of Appeal said that such conduct:

"... was serious and detrimental to the integrity of the market: it included blatant attempts to conceal the unlawful activities which [Ng and Law] condoned, the effect of which was to deprive [Ng's and Law's] clients of their statutory protection under Hong Kong law and to expose them to unnecessary

risks.”

End

Notes:

1. Please see SFC [press release dated 2 June 2009](#) for details of the SFC's original disciplinary action and the SFAT's decision. The SFAT's determination (SFAT No. 9 of 2007) is available on the SFAT's website at www.sfat.gov.hk.

2. The Court of Appeal's judgment (Civil Appeal No. 141 of 2009) will be available on the Judiciary's website at www.judiciary.gov.hk.

3. The SFAT had reduced the initial sanctions imposed by the SFC which had been to prohibit Ng from reapplying for a license for life and to suspend Law for three years. The Court of Appeal commented that Ng and Law should consider themselves fortunate for getting a reduction in penalty.

4. Ng was a director of Cosmos Hantec. She was formerly a responsible officer of Hantec International Ltd and Hantec Capital Ltd (now known as Cinda International FX Ltd and Cinda International Capital Ltd respectively) and licensed to carry on Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 6 (advising on corporate finance) regulated activities. Currently she is not licensed by the SFC and has no accreditation.

5. Law was formerly a responsible officer of Hantec International Ltd, Hantec International Finance Group Ltd and HT Futures Ltd (now known as Cinda International FX Ltd, Cinda International Securities Ltd and Cinda International Futures Ltd respectively) and licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 3 (leveraged foreign exchange trading) regulated activities. Currently he is not licensed by the SFC and has no accreditation.

Page last updated: 26 May 2010