

Court of Appeal affirms SFAT's decision to ban David Tsien Pak Cheong for insider dealing

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The Court of Appeal has dismissed an appeal by the Securities and Futures Commission (SFC) and reaffirmed the decision of the Securities and Futures Appeals Tribunal (SFAT) to ban Mr David Tsien Pak Cheong, a former equity salesman of JP Morgan Securities (Asia Pacific) Ltd (JP Morgan), from re-entering the industry for 10 years (Note 1 and 2).

The SFC had appealed the SFAT's decision to vary the period in which Tsien was banned from re-entering the securities industry from life to 10 years. Accordingly, Tsien is banned from re-entering the securities industry for a period of 10 years (Note 3).

The SFC's disciplinary action follows a finding by the Market Misconduct Tribunal (MMT) that Tsien, together with two other parties, engaged in market misconduct in respect of the shares of China Overseas Land and Investment Ltd (COLI) (Note 4).

End

Notes:

1. The Court of Appeal comprised the Hon Justice Tang, Acting Chief Judge of the High Court, Hon Stock, Vice President and Hon Hartmann Justice of Appeal.
2. Tsien was licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities and had been accredited to JP Morgan (or the companies taken over by it earlier) from 1988 to 2006. His licence was revoked in April 2006 and he does not currently hold an SFC licence.
3. The decision to ban Tsien for 10 years has taken effect on 22 September 2010 following the handing down by the SFAT of the reasons for its decision.
4. The MMT found that Tsien, between 7 January 2004 and 26 January 2004, disclosed inside information to two other parties in respect of negotiations between JP Morgan and COLI in relation to a top-up placement of the latter's shares. The two tippees then separately sold COLI shares to avoid the loss in the value of those shares, flowing from what they believed would be a fall in the market price of COLI shares following disclosure of the relevant information to the market. The MMT's report is available on the MMT's website (www.mmt.gov.hk).

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