

# SFC Prosecutes Cheung Kit Wai and Ng Mau Chung for Aiding and Abetting Others in Breaching the Leveraged Foreign Exchange Trading Ordinance

30 Jan 1997

The Securities and Futures Commission ("SFC") on 28 January 1997 successfully prosecuted Mr Cheung Kit Wai ("Cheung") and Mr Ng Mau Chung ("Ng") for aiding and abetting breaches of the registration provisions of the Leveraged Foreign Exchange Trading Ordinance ("LFETO").

Cheung and Ng pleaded guilty before Ms Polly Lo at Western Magistracy to one summons each in relation to their having aided, abetted, counselled and procured an individual between 7 December 1995 and 11 March 1996 to carry on a business of leveraged foreign exchange trading as agent of a Macau based company, without being licensed. Cheung and Ng were fined a total of HK\$100,000 and ordered to pay costs of HK\$38,330 to the SFC.

The SFC conducted investigations into the matter and found that facilities were offered whereby persons in Hong Kong could trade in leveraged foreign exchange with the Macau company. Various persons introduced clients in Hong Kong to the Macau company to trade in leveraged foreign exchange in return for remuneration. Cheung was involved in arranging the calculation and payment of remuneration to these agents whereas Ng facilitated the entering into of agreements between persons in Hong Kong and the Macau company to trade in leveraged foreign exchange. The clients would then place orders to trade in leveraged foreign exchange through a toll free number which would be automatically forwarded to a telephone number of the company in Macau.

An SFC spokesperson said, "Under the LFETO, the definition of leveraged foreign exchange trading is broadly defined to encompass acts of inducing persons in Hong Kong to enter into an arrangement with another person to trade in leveraged foreign exchange. If such an inducement takes place in Hong Kong, it is immaterial that the actual trading is conducted elsewhere."

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