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## Enforcement News

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### SFC disciplines trio for unlicensed leveraged forex trading

The Securities and Futures Commission (SFC) has taken disciplinary actions against three individuals of Hantec Group for their involvement in an unlicensed leveraged foreign exchange trading operation following a determination of the Securities and Futures Appeals Tribunal (SFAT) (Note 1).

The SFC has:

- revoked the licence of Ms Ng Chiu Mui and prohibited her from re-entering the industry for 10 years (Note 2);
- suspended the licence of Mr Law Kai Yee for two years and three months (Note 3); and
- prohibited Ms Tang Yuen Ting from re-entering the industry for nine months and fined her \$1,455,496 (Note 4).

The disciplinary actions stemmed from an SFC investigation into the unlicensed leveraged foreign exchange business of Cosmos Hantec Investment (NZ) Ltd (Cosmos Hantec), a New Zealand company not licensed by the SFC.

The SFC found that:

- Cosmos Hantec was closely associated with and related to Hantec International Ltd (Hantec), an SFC licensee;
- Law and Tang were responsible officers of Hantec and Ng is the wife of the chairman of the Hantec Group and a director of Cosmos Hantec;
- Cosmos Hantec operated a leveraged foreign exchange trading business in New Zealand offering trading facilities to Hong Kong clients out of an office in Hong Kong;
- After being detected by the SFC, Cosmos Hantec moved operations to Macau to avoid further SFC regulatory interference and to carry on its illegal and unlicensed business;
- Ng participated in the management of these illegal operations, encouraging Hantec account executives to solicit business for Cosmos Hantec from Hong Kong clients and assisted Cosmos Hantec in distributing its commission payments to account executives in Hong Kong;
- Law had encouraged the account executives of Hantec to solicit business for Cosmos Hantec from Hong Kong clients, requesting Hantec account executives to refer clients to Cosmos Hantec through third party nominees in order to cover up their illegal activities; and
- Tang procured two Hong Kong clients to open leveraged foreign exchange trading accounts with Cosmos Hantec, and received commission payments from Cosmos Hantec. She also failed to act candidly in an interview with the SFC when she was asked about her role in the matter.

The SFAT affirmed the SFC's decisions to discipline Ng, Law and Tang (Note 5). The SFAT also agreed that leveraged foreign exchange trading, by its very nature, is high risk and should be subject to strict regulation in Hong Kong. The acts of these three people had in effect deprived Hong Kong clients of their statutory protection under Hong Kong law. The SFAT also confirmed that the SFC is entitled to, through a

fining order, deprive Tang of the commissions she received from Cosmos Hantec (Note 6).

Mr Mark Steward, the SFC's Executive Director of Enforcement, said: "We welcome the SFAT's decision. The decision reaffirms our view that it is illegal to solicit or induce Hong Kong clients to participate in leveraged foreign exchange trading activities outside Hong Kong."

"This case demonstrates the SFC's determination to pursue and close down illegal activities based in off-shore locations that threaten the interests of the investing public in Hong Kong. The decision also confirms the SFC's power to strip licensees of any unjust profits earned from illegal activities," Mr Steward added (Note 7).

End

Notes:

1. The determination is available on the website of the SFAT at [www.sfat.gov.hk](http://www.sfat.gov.hk).
2. Ng was a director of Cosmos Hantec. She was also 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 has no accreditation.
3. Law was 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 has no accreditation.
4. Tang was a licensed representative of Hantec International Ltd and HT Futures Ltd (now known as Cinda International FX Ltd and Cinda International Futures Ltd respectively) and licensed to carry on Type 2 (dealing in futures contracts) and Type 3 (leveraged foreign exchange trading) regulated activities. She is not currently licensed.
5. The SFAT has varied the length of Ng's prohibition order from life to 10 years and Law's suspension from three years to two years and three months.
6. The fine imposed on Tang represented the total commission payments received by her from Cosmos Hantec.
7. Please see SFC press releases dated [3 October 2007](#) and [31 March 2008](#) for details about the SFC's previous actions against two other Cosmos Hantec-related people.

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