
Enforcement News

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

30 July 2009

SFC revokes Yuen Shing Kuen as responsible officer

The Securities and Futures Commission (SFC) has revoked its approval of Mr Yuen Shing Kuen to act as a responsible officer of any licensed corporations and suspended his licence for two years from 30 July 2009 (Note 1).

The action follows Yuen's withdrawal of an application to the Securities and Futures Appeals Tribunal seeking to review the SFC's decision to discipline him.

An SFC investigation into trading in the shares of Mandarin Entertainment (Holdings) Ltd from June 2006 to October 2006 showed that Yuen, a responsible officer of KCG Securities Asia Ltd, did not appropriately handle a dealer's report about suspicious instructions to match orders received from a client who was authorised to operate the accounts of 11 other clients at KCG (Note 2).

The client instructed the dealer to farm out orders to other brokerages and match those orders with orders placed through KCG at the same price at about the same time. Such "matched orders" are usually fake, pre-arranged trades between associates aimed at misleading other investors into believing that independent buyers and sellers are trading with each other to make a genuine price (Note 3).

At the material time, Yuen was responsible for supervising dealing activities at KCG and was aware of the matched orders. However, Yuen not only failed to take adequate steps to inquire into the matched orders, but also allowed KCG to keep on placing them on the market.

"The SFC has stated on many occasions that licensees should be alert to suspicious instructions and should make inquiries to ensure they do not become parties to manipulated transactions. The SFC's strategy to reduce the incidence of market misconduct relies on brokers taking their share of responsibility for maintaining the integrity of the market," said the SFC's Executive Director of Enforcement, Mr Mark Steward (Notes 4 and 5).

End

Notes:

1. Yuen is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Yuen is a responsible officer and accredited to KCG and KCG Fund Management Ltd.
2. The clients were all located outside Hong Kong.
3. Please refer to SFC [press releases](#) dated 14 April 2009.
4. Please refer to April 2007 issue of the [SFC Enforcement Reporter](#).
5. General Principle 2 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission requires licensees to act with due skill, care and diligence, in the best interests of their clients and the integrity of the market.