

Broker convicted of illegal short selling

25 Oct 2012

The Eastern Magistrates Court today convicted a broker after he pleaded guilty to four counts of illegal short selling in the shares of Pacific Plywood Holdings Limited (Pacific Plywood).

Mr Ng Kwok Wing, a licensed representative of Phillip Securities (Hong Kong) Limited and Phillip Commodities (HK) Limited, was fined a total of \$14,000 and ordered to pay the Securities and Futures Commission's investigation costs of \$17,803 (Note 1).

The court heard that, on 20 May 2011, Ng sold two million shares of Pacific Plywood through his personal account without taking reasonable steps to ascertain that he had sufficient holding before selling the shares. As a result, a buy-in trade was executed by the Stock Exchange of Hong Kong Limited to cover the shortfall.

On 25 May 2011, Ng further sold 7,836 shares of Pacific Plywood before confirming the quantity of the buy-in trade (Note 2).

End

Notes:

1. Ng is licensed under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities and is accredited to Phillip Securities (Hong Kong) Limited and Phillip Commodities (HK) Limited.
2. Ng's act contravened section 170(1) of the SFO which prohibits the sale of securities when the person does not have a presently exercisable and unconditional right to sell them.

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