

## SFC bans Christopher Ma Chun Leung for 10 years and Wong Man Chung for two years

9 Jun 2014

The Securities and Futures Commission (SFC) has banned Mr Christopher Ma Chun Leung and Mr Wong Man Chung from re-entering the industry for 10 years from 28 May 2014 to 27 May 2024 and two years from 30 May 2014 to 29 May 2016 respectively (Notes 1 & 2).

The disciplinary actions follow an SFC investigation which found that Ma, the supervisor of a program trading desk and Wong, a trader under Ma, had acted against the interests of clients and taken advantage of executions of orders of institutional clients in stocks traded on The Stock Exchange of Hong Kong Limited (SEHK). It was found that Ma and Wong had cancelled the trades executed on the SEHK for the clients and re-filled the client orders with trades at stock prices less advantageous to the clients. The cancellations and reallocations involved over 2,500 trades in 20 stocks which caused the institutional clients to pay a total of about \$8 million more for their shares in 2009 and 2010 (Note 3).

In addition, Ma provided false or misleading information to his employer and caused his employer to provide the same to the SFC during the SFC's investigation. Ma sought to review the SFC's decision at the Securities and Futures Appeals Tribunal (SFAT) but eventually withdrew his application before the SFAT hearing.

The SFC considers that the misconduct of Ma and Wong seriously calls into question their fitness and properness to be licensed.

End

Notes:

1. Ma was licensed as a representative under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), and Type 7 (providing automated trading services) regulated activities and was accredited to Morgan Stanley Asia Limited, Morgan Stanley Hong Kong Futures Limited, and Morgan Stanley Hong Kong Securities Limited from July 1999 to May 2011. Ma is currently not a licensed representative.
2. Wong was licensed as a representative under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), and Type 7 (providing automated trading services) regulated activities and was accredited to Morgan Stanley Asia Limited, Morgan Stanley Hong Kong Futures Limited, and Morgan Stanley Hong Kong Securities Limited (collectively Morgan Stanley) from June 1995 to November 2011. Wong is currently not a licensed representative.
3. **Morgan Stanley reported Ma's and Wong's conduct to the SFC and returned \$8 million in cash or commission credit to clients.**
4. A copy of the [Statement of Disciplinary Action](#) in relation to the matter is available on the SFC website.

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## STATEMENT OF DISCIPLINARY ACTION

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### The Disciplinary Actions

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Christopher Ma Chun Leung (**Ma**) and Mr Wong Man Chung (**Wong**) from re-entering the industry for 10 and two years respectively pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The disciplinary actions were taken because Ma and Wong had acted against the best interests of clients and dishonestly taken advantage of executions of client orders in conducting the business activities for Morgan Stanley<sup>1</sup>.
3. In addition, Ma provided false or misleading information to Morgan Stanley which in turn caused Morgan Stanley to provide the same to the SFC.
4. The misconduct of Ma and Wong breached General Principle 1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**).

### Summary of facts

5. Ma was an executive director and the head of program trading desk at Morgan Stanley. Wong was a trader of Ma's team. Their responsibilities included the execution of client orders in stocks traded on The Stock Exchange of Hong Kong Limited (**SEHK**).
6. Morgan Stanley reported to the SFC that Ma's employment was terminated in May 2011. It was found that the program trading desk had on various dates in August 2009, February, May, October, and November 2010:
  - (a) executed client orders on the SEHK;
  - (b) cancelled the executed trades for the clients and allocated the executed trades to the accounts of the program trading desk in Morgan Stanley's trading system; and
  - (c) re-filled the client orders with the executed trades allocated to the program trading desk accounts at stock prices less advantageous to the clients.

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<sup>1</sup> Morgan Stanley Asia Limited, Morgan Stanley Hong Kong Futures Limited, and Morgan Stanley Hong Kong Securities Limited

7. Over 2500 trades in 20 stocks were cancelled. The trades were reallocated to clients not only at less advantageous prices but also at prices which were above the highest trading price of the day for some of the buy orders. The relevant institutional clients did not know that they were caused to pay a total of about \$8 million more for their shares.
8. As the supervisor of the program trading desk, Ma was responsible for all the abuses. Wong as a team member was at least directly involved in causing one of the clients to pay close to \$800,000 more for the shares.
9. In the course of the SFC's inquiry into the order executions, Morgan Stanley submitted to the SFC that part of the relevant trades were executed off-market because the client orders could not be fully executed on the SEHK on the order date. These client orders were covered by purchases in the market made on subsequent trading days. This submission was untrue because these orders were actually executed on the date that the orders were placed but they were cancelled and re-allocated.
10. Ma altered the trading records which Morgan Stanley relied upon in making the submission. He deleted and changed the time stamp and purchase quantity of the executed trades with a view to covering up the cancellation and re-allocation of the executed trades with stock prices less advantageous to the clients.

## Conclusion

11. General Principle 1 of the Code of Conduct requires licensed persons to act honestly, fairly, and in the best interests of its clients and the integrity of the market, when conducting regulated activities.
12. The misconduct of Ma and Wong is serious and dishonest. Therefore, the SFC is of the opinion that they are guilty of misconduct and not fit and proper to be licensed.