
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has banned Mr Wong Kwun Shing (**Wong**) from re-entering the industry for life pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that Wong:
 - (a) participated in a stock manipulation scheme involving a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (**Company A**)¹ and procured his colleague (**X**) in Convoy Asset Management Limited (**CAML**) (currently known as OnePlatform Asset Management Limited) to solicit investors to purchase the shares of Company A (**Shares**) from manipulators involved in the scheme on the market on / at designated dates, time and at an agreed price; and
 - (b) knowingly provided false or misleading answers in a material particular to conceal his involvement in the above scheme when he attended an interview with the SFC under section 183(1) of the SFO (**Interview**).

Summary of Facts

3. At the material time, Wong was employed by an affiliate of CAML as a wealth management consultant. He was licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO and was accredited to CAML from 10 December 2014 to 15 May 2015 and from 16 September 2015 to 20 May 2018².
4. The SFC's investigation stemmed from a complaint alleging that X conspired with others to manipulate the share price of Company A.
5. The SFC found that X was involved in a scheme operated by certain unknown manipulators to offload the Shares to retail investors who were willing to hold onto the same for one to three months in return for a cash rebate of 12% to 15% of the transaction value (**Scheme**). Specifically, X solicited and arranged for 10 clients and / or friends to buy the Shares from the manipulators between June and July 2016 and distributed the cash rebate to them. The investors agreed to the condition of holding the Shares until X gave permission to sell.
6. In order to entice his clients and friends to participate in the Scheme, X represented that the manipulators would push up the share price of Company A while they were holding the Shares³. However, before X's clients and friends were allowed to dispose of the Shares, the share price of Company A collapsed and they suffered substantial losses.

¹ Company A was subsequently privatised and the listing of its shares was withdrawn in 2021.

² Wong is currently not licensed by the SFC.

³ X described this as “坐貨”.

7. In the course of the SFC's investigation, X admitted his involvement in the Scheme and told the SFC that:
 - (a) Wong introduced the Scheme to him and paid him commission for soliciting investors to participate in the Scheme;
 - (b) Wong was responsible for arranging the transactions through which X's clients and friends acquired the Shares. Wong would agree the date, time, quantity and price of each transaction with the manipulators in advance. On / at the agreed date and time, the manipulators would place an ask order within one to two spreads of the prevailing nominal price. The buyer would then be informed to place a corresponding bid order; and
 - (c) Wong usually delivered the cash rebate to him in cash on the same day of the transaction or on the following day. He would then distribute the cash rebates to his clients / friends.
8. During the Interview, Wong denied having any knowledge of the Scheme and claimed that:
 - (a) he did not have any dealing with X in terms of work;
 - (b) he had neither heard of the Scheme nor any cash rebate for buying the Shares; and
 - (c) he did not know the meaning of “坐貨” and had never recommended any person to purchase the Shares.
9. Subsequently, the SFC obtained records of X's WhatsApp conversations with Wong (Records). The Records contradict Wong's denials and corroborate X's account. In particular, they show that Wong:
 - (a) procured X to participate in the Scheme by asking X whether he had any client who could hold the Shares (坐貨) and representing that:
 - (i) the manipulators had spent a lot of money to corner and push up the share price of Company A; and
 - (ii) they needed to offload the Shares to buyers who could hold the same so that they would have sufficient funds to push up the share price further;
 - (b) coordinated, arranged and facilitated the sale of the Shares from the manipulators to X's clients / friends by confirming the dates, time, sizes and prices of the transactions with the manipulators and giving detailed instructions to X; and
 - (c) collected cash rebates from the manipulators and paid X for onward distribution to his clients / friends.
10. It also appears from the Records that Wong had solicited his own clients to participate in the Scheme and received commission from the manipulators for his role in the Scheme.

Conclusion

11. The SFC finds that Wong took part in the Scheme knowing that the same involved market misconduct under the SFO. His conduct was gravely dishonest and in breach of the fundamental principle of a licensed person to act honestly, fairly, and in the best interests of clients and market integrity under General Principle 1 of the Code of Conduct for Persons Licensed by or Registered with the SFC.
12. Further, by providing false or misleading answers in a material particular to the SFC at the Interview, Wong was in breach of section 184(2) of the SFO, which provides that it is an offence for a person, in purportedly answering any question raised by an investigator of the SFC under section 183(1)(c) of the SFO, to knowingly say anything which is false or misleading in a material particular.
13. In light of the above, the SFC is of the view that Wong is guilty of misconduct. His conduct casts serious doubts on his character, reliability, and ability to carry on regulated activities competently, honestly and fairly, calling into question his fitness and propriety to be licensed.
14. In reaching the decision to take the disciplinary action set out in paragraph 1 above, the SFC has taken into account all relevant circumstances, including:
 - (a) Wong's conduct was deliberate, serious and blatantly dishonest and led to significant losses for X's clients / friends;
 - (b) his attempt to conceal his misconduct and mislead the SFC had impeded the SFC's investigation;
 - (c) it is necessary to send a strong deterrent message to the industry that the SFC will not tolerate such misconduct; and
 - (d) his otherwise clean disciplinary record.