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## SFC suspends Mak Chi Leung for short selling breaches

17 Mar 2010

The Securities and Futures Commission (SFC) has suspended Mr Mak Chi Leung, a responsible officer of KAB Asia Securities Ltd (Note 1), for six weeks from 17 March 2010 to 27 April 2010 for short selling breaches (Note 2).

An SFC investigation found that Mak placed orders for a client resulting in 100 short selling transactions between June and August 2008. Mak also conducted 23 short selling transactions in his own account during the same period.

The SFC found Mak guilty of misconduct. Mak accepted responsibility for his conduct, which earned him a reduction in penalty from two months to six weeks.

End

Notes:

1. Mak is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.
2. The selling of stocks through the Stock Exchange of Hong Kong Ltd is naked short selling unless at the time of the sale, the seller (or his client, if he is an agent) has a presently exercisable and unconditional right to sell the stocks, or believes and has reasonable grounds to believe that he (or his client, as the case may be) has such a right. Unless exempted, naked short selling is prohibited. All the short selling transactions in question were naked short sales.

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