

[Home](#) ▶ [News & announcements](#) ▶ [News](#) ▶ [Enforcement news](#)

## SFC Suspends Kwok Wai Keung for Front Running

6 May 2003

The SFC has suspended the licence of Mr Kwok Wai Keung under the Securities and Futures Ordinance for 12 months.

An SFC inquiry found that Kwok had:

- carried out transactions to his own benefit ahead of the purchase orders of a client for Hua Lien shares by taking advantage of his knowledge of the quantities and the price of the client's orders;
- traded for himself in the client's account without his employer's knowledge and approval; and
- used that other client's account for his own trades without written authorisation from the client.

Kwok reaped profits and caused unnecessary losses to market participants. His acts amounted to front running (Note 1). The use of a client's account by Kwok without his employer's knowledge and approval, and without his client's written authorisation deceived his employer as to the ownership of the shares.

The SFC concludes that Kwok has been guilty of misconduct and his fitness and properness has been called into question.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Front running is an unacceptable and unlawful practice. In this case it involved a licensee putting his personal interests before those of his client by using confidential and material information about his client's trading intentions to trade share ahead of his client placing purchase orders. As a result he profited at his client's expense. By doing so, he breached the trust put in him by both his client and his employer and damaged the integrity of the market."

"Even though Kwok only made a small profit (about \$14,000) from his front running, his conduct was prejudicial to the interests of members of the investing public and deserves a deterrent penalty. We will severely punish front running by any licensee."

Kwok is a licensed representative of TIS Securities (HK) Limited.

Ends

Notes:

1. Kwok's conduct is commonly called "front running". This is because the broker takes advantage of their confidential knowledge of their client's dealing intentions by trading in advance ("running" in front of the client's orders). For example, a broker who knows their client is going to buy a lot of share in a stock may buy up that stock first at a lower price to sell on to their client.

Page last updated : 1 Aug 2012