

Retail investor convicted of false trading

28 Nov 2013

The Eastern Magistrates' Court today convicted Mr Pak Wing Yiu, a retail investor, after he pleaded guilty to 10 counts of false trading in the shares of Huabao International Holdings Limited (Huabao). The court adjourned sentencing to 12 December 2013.

An SFC investigation found that between 16 November 2010 and 10 January 2011, Pak placed both bid and ask orders simultaneously during the pre-opening session (POS). On nine occasions, Pak raised the final indicative equilibrium price (IEP) by artificially placing limit bid orders at high prices and large auction bid orders just before the close of the Pre-order Matching Period during the POS. His orders raised the final IEPs by 0.7% to 10.6% and he sold Huabao shares on a net basis at prices that were artificially high. On another occasion, Pak pulled down the final IEP by 5.3% by artificially placing limit ask orders at a lower price and large auction ask orders just before the close of the Pre-order Matching Period. He bought Huabao shares on a net basis at an artificially low price (Notes 1 & 2).

The SFC alleged that Pak's order placing activities made no economic sense and would lead to wash sales as a result of him maintaining both bid and ask orders simultaneously. Pak's orders created an artificial price of Huabao shares on each of the 10 days and he obtained illicit gains of \$155,940 from the trades (Note 3).

End

Notes:

1. During the material time, the POS commenced at 9:30 am on each trading day and comprised four periods:

- (i) Order Input Period (9:30 am to 9:45 am)
- (ii) Pre-order Matching Period (9:45 am to 9:50 am)
- (iii) Order Matching Period (9:50 am to 9:58 am)
- (iv) Blocking Period (9:58 am to 10:00 am)

2. The IEP is the price during the POS at which the maximum number of shares could be traded if order matching occurred at that time.

3. Wash sales are transactions that do not involve any change in beneficial ownership.

Page last updated : 28 Nov 2013

散戶投資者虛假交易罪成

2013年11月28日

散戶投資者白永耀（男）承認十項就華寶國際控股有限公司（華寶）股份進行虛假交易的控罪，今天被東區裁判法院裁定罪名成立。法院將案件押後至2013年12月12日判刑。

證監會的調查發現，白在2010年11月16日至2011年1月10日期間，曾於開市前時段同時發出買盤及賣盤。白曾先後九次於開市前時段內發出人為的高價限價買盤並在對盤前時段臨結束前發出大手競價買盤，以推高最終參考平衡價格。這些買盤將最終參考平衡價格推高0.7%至10.6%；白按淨額計算以人為的高價售出華寶股份。另一次，白發出人為的低價限價賣盤並在對盤前時段臨結束前發出大手競價賣盤，將最終參考平衡價格壓低5.3%；白按淨額計算以人為的低價買入華寶股份（註1及2）。

證監會指，白的發盤行為並不符合經濟效益，而他在同一時間發出買盤及賣盤會導致虛售交易。白的買賣盤在上述十天每日為華寶股份營造人為的價格，他從交易中獲得155,940元的不合法收益（註3）。

完

備註：

1. 在關鍵時間，開市前時段在每個交易日上午9時30分開始，分為四節：

- (i) 輸入買賣盤時段（上午9時30分至上午9時45分）
- (ii) 對盤前時段（上午9時45分至上午9時50分）
- (iii) 對盤時段（上午9時50分至上午9時58分）
- (iv) 暫停時段（上午9時58分至上午10時正）

2. 參考平衡價格是指在開市前時段內，若當時進行對盤可以成交最多股數的價格。

3. 虛售交易指不涉及實益擁有權改變的交易。

最後更新日期：2013年11月28日