

## Former licensee convicted of manipulating derivative warrants and callable bull/bear contracts

22 Jul 2014

The Eastern Magistrates' Court today convicted Mr Wong Pok Wang of 13 counts of manipulating the indicative equilibrium price (IEP) for eight derivative warrants and callable bull/bear contracts (CBBCs) during the Pre-opening Sessions between 15 October 2010 and 14 February 2011 (Notes 1 & 2).

The case is adjourned to 5 August 2014 for sentencing pending community service order report.

The Securities and Futures Commission (SFC) alleged that Wong created price ranges for the final IEP for the eight derivative warrants and CBBCs by placing high priced at-auction limit buy orders of small sizes (usually a single board lot) and low priced at-auction limit sell orders (of significant sizes) during the Order Input Period. Within five seconds before the close of the Pre-order Matching Period, he placed at-auction buy orders (of relatively large sizes) for the derivative warrants or CBBCs, pushing the final IEPs to the upper end of the price range by 9% to 39% on nine occasions. Wong sold the derivative warrants and CBBCs on a net basis at prices that were artificially high and profited from the trades (Notes 3 to 5).

On two occasions, Wong created price ranges during the Order Input Period in a similar manner, but he did not place any large at-auction buy orders just before the close of the Pre-order Matching Period because there were no auction buy orders from other investors in the market to whom Wong could sell the derivative warrants or CBBCs. In other words, there was no need for Wong to raise the final IEP.

On another occasion, Wong placed a high priced at-auction limit buy order but did not place any other order during the Pre-opening Session. Subsequently, Wong inputted a matching sell order to fill the buy order when the market opened, and this resulted in a wash trade at an artificial high price (Note 6).

The SFC alleged that Wong's order placing activities made no economic sense and he obtained illicit gains of \$16,320 from his manipulative trades in the derivative warrants and CBBCs.

End

Notes:

1. Wong was licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. He was accredited to Mayfair Pacific Financial Group Limited between 7 January 2011 and 15 April 2011. Wong is currently not licensed by the Securities and Futures Commission.
2. An IEP is the price during the Pre-opening Sessions at which the maximum number of shares could be traded if order matching occurred at that time. An IEP is calculated and determined by the orders inputted by investors during the Pre-opening Sessions.
3. At the material times, the Pre-opening Sessions commenced at 9:30 am on each trading day and comprised four periods:
  - (i) Order Input Period (9:30 am to 9:45 am) during which only at-auction orders and at-auction limit orders are accepted, modified or cancelled;
  - (ii) Pre-order Matching Period (9:45 am to 9:50 am) during which only at-auctions orders are accepted and no existing order can be modified or cancelled;
  - (iii) Order Matching Period (9:50 am to 9:58 am) during which no input, modification or cancellation of orders are allowed and orders are matched at the IEP; and
  - (iv) Blocking Period (9:58 am to 10:00 am) during which no matching would take place.
4. An at-auction order is an order with no specified price and is entered into the trading system for execution at the final IEP. An at-auction limit order on the other hand is an order with a specified

price. An at-auction order enjoys higher order matching priority than an at-auction limit order and will be matched in time priority at the final IEP. An at-auction limit buy order with a specified price at or higher than the final IEP may be matched at the final IEP subject to availability of eligible matching order on the sell side. Similarly, an at-auction limit sell order with a specified price at or lower than the final IEP may be matched at the final IEP subject to availability of eligible matching order on buy side.

5. The derivative warrants and CBBCs were :

- (i) MB-CMB@EC1012 (Stock Code 22449)
- (ii) CS-CMB@EC1012B (Stock Code 24378)
- (iii) CT-L&F@EC1101 (Stock Code 21659)
- (iv) MB-SHK P@EC1102 (Stock Code 23687)
- (v) SG#HWL RC1105B (Stock Code 65733)
- (vi) SG-CK(H)@EC1102B (Stock Code 24420)
- (vii) JP#HSI RP1102Q (Stock Code 65995)
- (viii) BP-CK(H)@EC1103 (Stock Code 24990)

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

Page last updated : 22 Jul 2014

## 前持牌人操縱衍生權證及牛熊證罪名成立

2014年7月22日

黃博宏(男)因在2010年10月15日至2011年2月14日的開市前時段操縱八隻衍生權證及牛熊證的參考平衡價格,今天被東區裁判法院裁定13項罪名成立(註1及2)。

法院將案件押後至2014年8月5日判刑,以待取得黃的社會服務令報告。

證券及期貨事務監察委員會(證監會)指,黃在輸入買賣盤時段發出一般是單一手買盤的小型高價競價限價買盤及大型低價競價限價賣盤,藉此建立該八隻衍生權證及牛熊證的最終參考平衡價格的價格區間。在對盤前時段結束前的五秒內,他就該等衍生權證或牛熊證發出相對大型的競價買盤,曾九次將最終參考平衡價格推高9%至39%至價格區間的上端。黃以人為的高價淨沽出該等衍生權證及牛熊證,並從有關交易賺取利潤(註3至5)。

黃曾兩度以類似手法在輸入買賣盤時段建立價格區間,但他沒有在對盤前時段即將結束前發出任何大型的競價買盤,原因是當時市場上沒有黃可向其沽出衍生權證或牛熊證的其他投資者所發出的競價買盤。換言之,黃沒有需要抬高最終參考平衡價格。

另一次,黃於開市前時段發出高價的競價限價買盤,但沒有發出任何其他買賣盤。黃其後於開市時輸入一個配對賣盤以承接該買盤,導致出現人為高價的虛售交易(註6)。

證監會指黃的發盤行為在經濟上毫無意義,而他藉操縱該等衍生權證及牛熊證的交易獲得16,320元的不法收益。

完

備註:

1. 黃曾根據《證券及期貨條例》獲發牌進行第1類(證券交易)及第4類(就證券提供意見)受規管活動,並於2011年1月7日至2011年4月15日期間隸屬峰滙金融集團有限公司。黃目前並非證監會持牌人。
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。參考平衡價格按投資者在開市前時段輸入的買賣盤計算及釐定。
3. 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),此時段內只接受、更改或取消競價盤及競價限價盤;
  - (ii) 對盤前時段(上午9時45分至上午9時50分),此時段內只接受競價盤,但不得更改或取消現有的買賣盤;
  - (iii) 對盤時段(上午9時50分至上午9時58分),此時段內不得輸入、更改或取消買賣盤,買賣盤會以參考平衡價格對盤;及
  - (iv) 暫停時段(上午9時58分至上午10時正),此時段內不會進行對盤。
4. 競價盤是一個沒有指定價格及輸入交易系統內以最終參考平衡價格執行的指令。競價限價盤則是有指定價格的買賣盤。競價盤會較競價限價盤優先獲得對盤,並會按時序以最終參考平衡價格進行配對。競價限價買盤的指定價格若等同或高於最終參考平衡價格,便可按最終參考平衡價格進行對盤,但要視乎賣方是否有足夠可配對的賣盤而定。同樣地,競價限價賣盤的指定價格若等同或低於最終參考平衡價格,便可按最終參考平衡價格進行對盤,但要視乎買方是否有足夠可配對的買盤而定。
5. 該等衍生權證及牛熊證為:
  - (i) MB-CMB@EC1012 (股份代號22449)
  - (ii) CS-CMB@EC1012B (股份代號24378)
  - (iii) CT-L&F@EC1101 (股份代號21659)
  - (iv) MB-SHK P@EC1102 (股份代號23687)
  - (v) SG#HWL RC1105B (股份代號 65733)
  - (vi) SG-CK(H)@EC1102B (股份代號24420)
  - (vii) JP#HSI RP1102Q (股份代號65995)
  - (viii) BP-CK(H)@EC1103 (股份代號24990)
6. 虛售交易指不涉及實益擁有權改變的交易。

最後更新日期：2014年7月22日