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SFC suspends Gransing Securities's chairperson Oei Hong Eng for eight months

16 May 2019

The Securities and Futures Commission (SFC) has suspended the licence of Ms Oei Hong Eng, the chairperson and a responsible officer of Gransing Securities Co., Limited (Gransing Securities), for eight months from 16 May 2019 to 15 January 2020 for attempting to create a false or misleading appearance of active trading in securities (Note 1).

The disciplinary action follows an SFC investigation which found that Oei solicited the help of a friend who conducted trades through another brokerage to match her trades in the shares of G-Vision International (Holdings) Ltd. (G-Vision) between 31 May 2011 and 5 August 2011 and of Tianjin Tianlian Public Utilities Company Ltd. (TTPU) between 27 April 2011 and 1 June 2011.

Oei admitted that her actions – including using her and her family members' accounts at Gransing Securities to carry out these trades – were designed to create turnover in the shares of G-Vision and TTPU with a view of inducing other investors to trade in those shares.

The SFC is of the view that Oei's dishonest and intentional act called into question her fitness and properness to be a regulated person.

In deciding the penalty, the SFC took into account all relevant circumstances, including Oei's remorse and frank admission, and her otherwise clean disciplinary record.

End

Note:

1. Oei is licensed under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Oei has been approved by the SFC to act as a responsible officer of Gransing Securities since 18 May 1998.

[A copy of the Statement of Disciplinary Action is available on the SFC website](#)

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STATEMENT OF DISCIPLINARY ACTION

The disciplinary action

1. The Securities and Futures Commission (**SFC**) has suspended Ms Oei Hong Eng (**Oei**)¹ for eight (8) months, from 16 May 2019 to 15 January 2020, pursuant to section 194 of the SFO.
2. The disciplinary action is taken because Oei acted dishonestly by attempting to create a false or misleading appearance of active trading in securities.

Summary of facts

3. Oei is the Chairperson and a responsible officer of Gransing Securities. Oei's husband, her two daughters and her son-in-law held securities accounts at Gransing Securities.
4. Oei and Friend X² traded in pairs in the shares of G-Vision International (Holdings) Ltd. (**G-Vision**) and Tianjin Tianlian Public Utilities Company Ltd. (**TTPU**)³ via Gransing Securities and Brokerage Firm X during or around the period from 31 May 2011 to 5 August 2011 (**Period A**) and 27 April 2011 to 1 June 2011 (**Period B**) respectively.
5. Oei was the person giving the orders in G-Vision and TTPU shares via Gransing Securities during Period A and Period B respectively. Friend X was the person giving the orders in G-Vision and TTPU shares via Brokerage Firm X on 30 trading days during Period A and on 19 trading days during Period B respectively.
6. Friend X placed bid orders via Brokerage Firm X for G-Vision and TTPU shares during Period A and Period B respectively that matched the ask orders placed by Oei using her or her family members' accounts at Gransing Securities. **Shortly after purchasing the G-Vision and TTPU shares from Oei, Friend X placed ask orders for the shares at a slightly higher price than her purchase price in an attempt to sell those shares to other traders in the market. If Friend X was unable to sell those shares to other traders in the market, her ask orders would be matched by bid orders placed by Oei via Gransing Securities before the market closed.**
7. As an illustration of the trading pattern in relation to G-Vision shares, on 31 May 2011, unless Oei's orders were taken up by other traders in the market⁴, Oei's

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² **Friend X is a former account executive of Brokerage Firm X licensed under the SFO to carry on Type 1 (dealing in securities) regulated activity. Friend X held a trading account at Brokerage Firm X at the relevant time.**

³ Now known as Tianjin Jinran Public Utilities Company Limited.

⁴ Orders that were cancelled or taken up by other traders in the market are not set out in the table.

ask / bid orders would be matched by corresponding bid / ask orders from Friend X:

Time	Friend X's order	Oei's order
14:34:09	Buy 200,000 G-Vision shares at HK\$0.58	
14:35:32 14:37:51 14:39:15 14:41:01		Sell a total of 200,000 G-Vision shares at HK\$0.58 in Oei's son-in-law's account: Sell 70,000 shares Sell 50,000 shares Sell 30,000 shares Sell 50,000 shares
14:52:14	Sell 200,000 G-Vision shares at HK\$0.60	
14:52:33 14:57:11 15:00:10 15:03:24		Buy a total of 200,000 G-Vision shares at HK\$0.60 in Oei's daughter's account: Buy 80,000 shares Buy 40,000 shares Buy 30,000 shares Buy 50,000 shares

8. The table above shows that after purchasing the G-Vision shares from Oei (through Oei's son-in-law's account), Friend X placed ask orders for the shares at a slightly higher price (i.e. HK\$0.60) than her purchase price (i.e. HK\$0.58). Friend X's ask orders were taken up by Oei's bid orders (using Oei's daughter's account) shortly afterwards.
9. The trades between Oei and Friend X in TTPU shares during Period B followed a similar pattern to that in G-Vision shares during Period A.
10. Oei admitted that her actions were designed to create turnover in the shares of G-Vision and TTPU with a view of inducing other investors to trade in those shares, so that she could buy more G-Vision shares and dispose of TTPU shares more easily.
11. The profits or losses arising from Oei's trading arrangement with Friend X were borne by Oei instead of Friend X.
12. Oei also confirmed that she made the decision to trade in the shares of G-Vision and TTPU in her and her family members' accounts during Period A and Period B. None of Oei's family members were aware of Oei's trading arrangement with Friend X.

Breaches and reasons for action

13. Section 129 of the SFO provides that, in considering whether a person is fit and proper, the SFC shall have regard to, in addition to any other matter that the SFC may consider relevant, the person's ability to carry on the regulated activity competently, honestly and fairly, and the reputation, character, reliability and financial integrity of the person.

14. General Principle 1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**) requires a licensed or registered person to act honestly, fairly, and in the best interests of its clients and the integrity of the market, in conducting its business activities.
15. Having considered all the circumstances, the SFC is of the view that Oei had acted dishonestly by attempting to create a false or misleading appearance of active trading in securities, in breach of General Principle 1 (Honesty and fairness) of the Code of Conduct.
16. Oei solicited the help of Friend X, and attempted to create a false or misleading appearance of active trading in the shares of G-Vision and TTPU using her and her family members' accounts solely to serve her family's personal interests. Her conduct was intentional and dishonest and casts serious doubts on her reputation, character and reliability.

Conclusion

17. The SFC has decided that a suspension of eight (8) months is appropriate and commensurate with the SFC's view on the gravity of Oei's conduct. In coming to the decision to take disciplinary action against Oei, the SFC has taken into account all relevant circumstances, including that:
 - (a) Oei's attempts to create a false or misleading appearance of active trading in the shares of G-Vision and TTPU were dishonest.
 - (b) Oei's attempts did not arise from one single incident but were instead spread out over 30 trading days regarding the shares of G-Vision and 19 trading days regarding the shares of TTPU.
 - (c) **There is no evidence that the trading induced any market volume.**
 - (d) **There is no evidence that the trading had any impact on the share price of G-Vision and TTPU.**
 - (e) Oei admitted that she asked Friend X to help create turnover in G-Vision and TTPU shares.
 - (f) Oei was remorseful and admitted liability for her misconduct.
 - (g) **Oei had more than 40 years of experience in the industry** at the time of misconduct.
 - (h) Oei has no disciplinary record with the SFC.