

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Stephen Yenn Man Han (**Yenn**) from re-entering the industry for life pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. On 19 April 2013, Yenn was convicted of one charge of false trading contrary to section 295 of the SFO.
3. As a result of the conviction, Yenn is guilty of misconduct and his fitness and properness to be a licensed person is called into question.

Summary of facts

4. The SFC found that, on 8 November 2010, Yenn placed 80 bid orders for a total of 19,999,000 shares of Kaisa Group Holdings Limited (**Kaisa**) (stock code: 1638) and then varied or cancelled over 90% of the orders.
5. The way in which Yenn placed the orders indicated that he was not a genuine buyer for Kaisa shares and was creating a false or misleading appearance of demand for the shares to facilitate his sale of 24,084,000 shares. Yenn made a profit of HK\$568,735 from the manipulative trading activities.
6. Yenn was prosecuted by the SFC and charged with the offence of creating a false or misleading appearance in the market in relation to his trading in the shares of Kaisa under sections 295(1)(b) and 295(6) of the SFO.
7. In April 2013, Yenn was convicted of one count of false trading at the Eastern Magistracy after trial. He was sentenced to 3 months imprisonment suspended for 3 years and fined HK\$560,000.
8. In May 2013, Yenn lodged an appeal against the conviction, but the appeal was withdrawn by him in August 2013.

Breaches and reasons

9. Section 193 of the SFO provides that “misconduct” includes, among other things, a contravention of any of the relevant provisions of the SFO and an act or omission relating to the carrying on of any regulated activity which, in the opinion of the SFC, is or is likely to be prejudicial to the interest of the investing public or to the public interest.
10. When considering whether a person is fit and proper, the SFC is entitled to look at his financial status, his education, qualifications and experience, his ability to carry on the regulated activity competently, honestly and fairly, his reputation, character, reliability and financial integrity, and the conduct of the person as the SFC considers appropriate in the circumstances of the case.

11. Character, reliability, and fairness are fundamental in determining fitness and properness of a licensed person. It is also imperative for a licensed person to observe and comply with all laws and regulation applicable to regulated activities.
12. Yenn is guilty of misconduct by virtue of his contravention of the false trading provisions of the SFO.
13. His false trading in Kaisa shares has also impugned his fitness and properness to be a licensed person. Market manipulation is dishonest. It also threatens the integrity of financial markets in Hong Kong and undermines the confidence of the investing public.

Conclusion

14. Having considered all the circumstances, the SFC is of the view that Yenn is guilty of misconduct and is not a fit and proper person to remain licensed.
15. In deciding the appropriate sanction, the SFC has taken into account all the relevant circumstances, including that Yenn was disciplined by the SFC in 2009 for manipulative misconduct, but he apparently did not learn from the disciplinary action.