

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Manesh Vijaykumar Samtani (Samtani) from re-entering the industry for life pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The disciplinary action is taken because Samtani:
 - (a) provided false screenshots and other false information to the clients of his then employers, KGI Asia Limited and KGI Futures (Hong Kong) Limited (collectively "**KGI**"), to mislead them as to the transactions in their accounts and the true net asset value of their accounts; and
 - (b) conducted unauthorised transactions in the clients' accounts;
3. Samtani's conduct is dishonest and is in breach of General Principle 1 (honesty and fairness) and paragraph 7.1 (authorization and operation of a discretionary account) of the Code of Conduct¹.

Summary of Facts

4. Samtani was a licensed representative of KGI from March 2008 to November 2012 and responsible for handling the trading accounts of clients of KGI.
5. In November 2012, KGI reported to the SFC that Samtani may have conducted unauthorised transactions in client accounts following an enquiry from one of its clients about his account balance on the same day.
6. From December 2012 to January 2013, the SFC received complaints from seven clients whose accounts were handled by Samtani at KGI (the "**Clients**") in which they alleged Samtani provided false information about their accounts to them. Six of the clients also alleged Samtani conducted transactions in their accounts without their authority.
7. The Clients opened securities and futures trading accounts with KGI on various dates from 2009 to 2012. At Samtani's request, the Clients provided Samtani with the usernames and passwords to their online trading accounts to enable him to conduct discretionary trades in their accounts. Samtani knew KGI did not permit account executives to conduct discretionary trades for clients but did not inform the Clients.

¹ Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

8. Samtani also knew that the Clients found KGI's account statements difficult to understand and relied on him for updates and explanations of the transactions and performance of their respective accounts. Despite this, Samtani admitted that:
 - (a) he had sent emails to the Clients containing false and misleading information about the transactions and the net asset value of their accounts in order to conceal his trading losses and to make their accounts appear profitable; and
 - (b) he sent to two of the Clients, on three separate occasions, false screenshots taken from KGI's trading software in which he had changed the net asset value of their accounts. The correct net asset values of the accounts were significantly lower.
9. Samtani acknowledged that the Clients gave him specific instructions on how they wanted their respective accounts handled but he:
 - (a) did not follow the instructions of four of the clients not to hold Hang Seng Index futures contracts overnight, and not to use margin for trading and to place stop losses on all trades;
 - (b) sold the Sterling pounds in one client account without her knowledge and contrary to her express instructions and used the monies to conduct further trading without authorisation;
 - (c) closed some gold futures contracts in one client account contrary to the client's express instructions to hold them until gold prices recovered; and
 - (d) conducted discretionary trades in one client futures account without authorisation.

Conclusion

10. General Principle 1 of the Code of Conduct requires licensed persons to act honestly, fairly, and in the best interests of its clients and the integrity of the market, when conducting licensed activities.
11. Having considered all the circumstances the SFC is of the view that Samtani has acted dishonestly and has blatantly disregarded his regulatory duties by sending false information to clients and operating their accounts without proper authorisation. The SFC has decided to take the disciplinary action against Samtani as described in paragraph 1 above.
12. In deciding the appropriate sanction, the SFC has taken into account that:
 - (a) Samtani's conduct was dishonest;
 - (b) he had abused the trust and confidence the Clients and his employer placed in him; and
 - (c) his actions seriously jeopardized the Client's interests and resulted in financial losses of more than \$8 million to his Clients.