

**Bills Committee on
Securities and Futures Bill and Banking (Amendment) Bill 2000**

**Securities and Futures Bill
Part XIII - investigation costs of market misconduct cases**

At the Bills Committee meeting on 21 September 2001, Members considered the proposed market misconduct regime and asked the Administration to provide information on relevant examples of prosecutions against market misconduct offences under the existing securities and futures legislation and the investigation costs awarded to the Securities and Futures Commission (SFC) in these cases.

2. At the **Annex** is a list of representative cases in the past three years showing the fines imposed and costs of investigation awarded to the SFC under section 33(15)(a) of the Securities and Futures Commission Ordinance in the relevant summary prosecutions undertaken by the SFC. The costs awarded to the SFC typically cover the salary for the SFC staff in-charge of the investigation, secretarial support and administrative costs.

Securities and Futures Commission
Financial Services Bureau
26 November 2001

**Relevant examples of summary prosecutions under
existing securities and futures legislation
(from 1 April 1998 to 31 March 2001)**

Market Manipulation⁽¹⁾

Defendant	Date of conviction	Fine imposed (\$)	Costs of Investigation Awarded to the SFC (\$)
<i>(1 April 1998 to 31 March 1999)</i>			
None			
<i>(1 April 1999 to 31 March 2000)</i>			
Lau Kin Chung	3-Aug-99	80,000	50,000
Yung Wai Shun, Sidney	24-Aug-99	45,000	45,000
Ngai Man Sang, Vincent	14-Dec-99	40,000	257,987 ⁽²⁾
<i>(1 April 2000 to 31 March 2001)</i>			
Lo Yiu Man	31-Oct-00	45,000	31,343
Wang Fang	5-Dec-00	30,000	51,490
Chan Kiu Chi	16-Jan-01	20,000	28,600
Lu Wing Lin	22-Mar-01	30,000	23,972
Hung Fan Lau	22-Mar-01	30,000	23,972
<i>(1 April 2001 to now)</i>			
None but 5 cases in progress			

Notes

- (1) All past examples are prosecutions brought under section 135 of the Securities Ordinance. There has not been any summary prosecution under the equivalent provisions under the Commodities Trading Ordinance in the past. The costs awarded under those cases are mostly comparable or larger than the fines imposed because the maximum fine under section 135 of the Securities Ordinance is set at \$50,000. In the Lau Kin Chung prosecution, fines in excess of \$50,000 were imposed because he was charged with more than one offence.
- (2) According to the SFC, the market manipulation case of Ngai Man Sang, Vincent, would be most indicative of the investigation costs for market misconduct cases to be brought before the Market Misconduct Tribunal under Part XIII of the Bill in future.