

SFC bans Chan Hau Wing for two years

13 Jul 2016

The Securities and Futures Commission (SFC) has banned Mr Chan Hau Wing from re-entering the industry for two years from 13 July 2016 to 12 July 2018 for conducting unauthorized trades in a client's account (Account) and acted contrary to the internal policy of Yue Xiu Futures Company Limited (Yue Xiu Futures) (Note 1).

The SFC's investigation found that in the early hours of 8 February 2014, Chan was given a client order to buy 13 futures contracts in crude oil but he mistakenly placed a sell order. Instead of reporting the trading error to the management of Yue Xiu Futures in accordance to the company's internal policy, Chan sought to reduce the trading loss by trading in the client account without any trading authorization from the client.

Chan did not report the matter to Yue Xiu Futures until the afternoon of 10 February 2014 after the client made enquiries with Yue Xiu Futures about the trades conducted in the Account.

Chan's conduct, which fell short of the standard set out in the Code of Conduct, cast doubt on his fitness and properness to be a licensed person (Note 2).

In deciding the sanction, the SFC took into account all relevant circumstances, including that Chan had no previous disciplinary record with the SFC. The affected client had been compensated by Yue Xiu Futures.

End

Notes:

1. Chan is licensed under the Securities and Futures Ordinance to carry on Type 2 (dealing in futures contracts) regulated activity and was accredited to Yue Xiu Futures until March 2014. Chan is currently not licensed by the SFC nor registered with the Hong Kong Monetary Authority.
2. General Principle 2 (diligence) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct) provides that a licensed person should act with due skill, care and diligence in conducting business activities. Paragraph 7.1 of the Code of Conduct provides that licensed person should not effect a transaction for a client unless before the transaction is effected the client, or a person designated in writing by the client, has specifically authorized the transaction.

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

Page last updated : 13 Jul 2016

證監會禁止陳侯榮重投業界兩年

2016年7月13日

證券及期貨事務監察委員會（證監會）禁止陳侯榮（男）重投業界兩年，由2016年7月13日起至2018年7月12日止，原因是陳在一名客戶的帳戶（該帳戶）內進行了若干未經授權的交易，並作出了違反越秀期貨有限公司（越秀期貨）內部政策的行為（註1）。

證監會調查發現，陳於2014年2月8日凌晨時分接獲一名客戶的指令，要求買入13張原油期貨合約，但他卻錯誤地發出了賣盤。陳沒有遵照越秀期貨的內部政策向其管理層匯報交易錯誤，反而在未取得該客戶的任何交易授權下在客戶帳戶內進行交易，謀求減低交易損失。

陳一直沒有向越秀期貨匯報上述事件，直至該客戶向越秀期貨查詢該帳戶的交易情況後，陳才於2014年2月10日下午作出匯報。

陳的行為並不符合《操守準則》所訂的標準，令其作為持牌人的適當人選資格受到質疑（註2）。

證監會在決定上述處分時，已考慮到所有相關情況，包括陳以往在證監會並無遭受紀律處分的紀錄。該名受影響的客戶已獲越秀期貨賠償。

完

備註：

1. 陳根據《證券及期貨條例》獲發牌進行第2類（期貨合約交易）受規管活動，並隸屬越秀期貨至2014年3月止。陳目前並非證監會持牌人，亦沒有名列於香港金融管理局的紀錄冊。
2. 《證券及期貨事務監察委員會持牌人或註冊人操守準則》（《操守準則》）一般原則2規定，持牌人在經營其業務時，應以適當的技能、小心審慎和勤勉盡責的態度行事。《操守準則》第7.1段規定，持牌人應為客戶進交，除非在進交之前已獲得該客戶或其以書面指定的人士特定授權進交。

有關紀律處分行動聲明載於證監會網站

最後更新日期：2016年7月13日

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has banned Mr Chan Hau Wing (**Chan**) from re-entering the industry for two years from 13 July 2016 to 12 July 2018 pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. Chan is licensed under the SFO to carry on Type 2 (dealing in futures contracts) regulated activity and was accredited to Yue Xiu Futures Company Limited (**Yue Xiu Futures**) until March 2014. Chan is currently not licensed by the SFC nor registered with the Hong Kong Monetary Authority.
3. The SFC found Chan conducted unauthorized trades in a client's account (the **Account**) and acted contrary to the internal policy of Yue Xiu Futures Company Limited (**Yue Xiu Futures**) on 8 February 2014.
4. Chan's conduct fell short of the standard set out in General Principle 2 (diligence) and paragraph 7.1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, and cast doubt on his fitness and properness to be a licensed person.

Summary of facts

5. On 8 February 2014, at around 1:10 am, the client telephoned and instructed Chan to close out the crude oil contracts in the Account. At the time, there was a short position of 13 crude oil futures contracts in the Account. In other words, the instruction was to buy 13 crude oil futures contracts at the prevailing market price of US\$98.47 per contract.
6. Instead of placing a buy order, Chan mistakenly placed an order to sell 13 crude oil futures contracts at US\$98.47 per contract at 1:11 am (the **Error Trade**). Thereafter, Chan traded in the Account without the client's authorisation and conducted the following crude oil futures trades:
 - (a) sold 13 contracts at US\$99.21 per contract at around 2:29 am;
 - (b) sold 13 contracts at US\$99.23 per contract at around 2:49 am;
 - (c) bought 13 contracts at US\$99.94 per contract at around 4:12 am;
 - (d) bought 13 contracts at US\$99.94 per contract at around 4:13 am;
 - (e) bought 13 contracts at US\$99.94 per contract at around 4:17 am; and
 - (f) bought 13 contracts at US\$99.94 per contract at around 4:18 am.
7. Chan did not report to Yue Xiu Futures about the trades until the afternoon of 10 February 2014, when the responsible office asked him to explain about the matter after the client made enquiries with Yue Xiu Futures about the trades in the Account.

8. Yue Xiu Futures' internal policy (the **Internal Policy**) provides that when there is a trading error, the erroneously placed order should be handled immediately using a designated error account and the senior management should be notified at once.

Conclusion

9. General Principal 2 of the Code of Conduct stipulates a licensed representative is expected to exercise due skill, care and diligence, and act in the best interests of clients when carrying on regulated activities. Further, paragraph 7.1 of the Code of Conduct provides that a licensed person should not effect a transaction for a client unless before the transaction is effected the client, or a person designated in writing by the client, has specifically authorized the transaction.
10. Chan did not act in the best interests of the client when he conducted the unauthorised trades in the Account without the client's authorization. He also acted contrary to the Internal Policy when he did not immediately close out the Error Trade and report the trading error to Yue Xiu Futures' management.
11. In the circumstances, Chan has breached General Principal 2 and paragraph 7.1 of the Code of Conduct, and his misconduct cast doubt on his fitness and properness to be a licensed person.
12. In coming to the decision to take disciplinary action against Chan as set out in paragraph 1 above, the SFC took into account all relevant circumstances, including Chan's clean disciplinary record at the time of the misconduct.

紀律處分行動聲明

紀律處分行動

1. 證券及期貨事務監察委員會（**證監會**）根據《證券及期貨條例》第 194 條禁止陳侯榮（**陳**）重投業界，為期兩年，由 2016 年 7 月 13 日起至 2018 年 7 月 12 日止。
2. 陳根據《證券及期貨條例》獲發牌進行第 2 類（期貨合約交易）受規管活動，並隸屬越秀期貨有限公司（**越秀期貨**）至 2014 年 3 月止。陳目前並非證監會持牌人，亦沒有名列於香港金融管理局的紀錄冊。
3. 證監會發現，陳於 2014 年 2 月 8 日在一名客戶的帳戶（**該帳戶**）內進行了若干未經授權的交易，並作出了違反越秀期貨內部政策的行為。
4. 陳的行為並不符合《證券及期貨事務監察委員會持牌人或註冊人操守準則》一般原則 2（勤勉盡責）及第 7.1 段所訂的標準，令其作為持牌人的適當人選資格受到質疑。

事實摘要

5. 2014 年 2 月 8 日凌晨 1 時 10 分左右，一名客戶致電陳並指示他將該帳戶內的原油合約平倉。當時，該帳戶內共有 13 張原油期貨合約的空倉。換言之，該指示是要求按當時的市價每張合約 98.47 美元買入 13 張原油期貨合約。
6. 陳沒有發出買盤，反而於凌晨 1 時 11 分錯誤落盤，以每張合約 98.47 美元沽出了 13 張原油期貨合約（**該項錯誤交易**）。其後，陳未經該客戶授權而在該帳戶內進行了下列原油期貨交易：
 - (a) 約於凌晨 2 時 29 分以每張合約 99.21 美元沽出了 13 張合約；
 - (b) 約於凌晨 2 時 49 分以每張合約 99.23 美元沽出了 13 張合約；
 - (c) 約於凌晨 4 時 12 分以每張合約 99.94 美元買入了 13 張合約；
 - (d) 約於凌晨 4 時 13 分以每張合約 99.94 美元買入了 13 張合約；
 - (e) 約於凌晨 4 時 17 分以每張合約 99.94 美元買入了 13 張合約；及
 - (f) 約於凌晨 4 時 18 分以每張合約 99.94 美元買入了 13 張合約。
7. 陳一直沒有向越秀期貨匯報上述交易，直至該客戶向越秀期貨查詢該帳戶的交易情況後，陳才於 2014 年 2 月 10 日下午在負責人員要求他解釋事件時作出匯報。
8. 越秀期貨的內部政策（**該內部政策**）規定，當出現交易錯誤時，應即時利用指定的誤差帳戶來處理錯誤發出的買賣盤，並應立即知會高級管理層。

結論

9. 《操守準則》一般原則 2 訂明，持牌代表在進行受規管活動時，應以適當的技能，小心謹慎及勤勉盡責的態度行事，以維護客戶的最佳利益。《操守準則》第 7.1 段另規定，持牌人不應為客戶進行交易，除非在進行交易之前已獲得該客戶或其以書面指定的人士特定授權進行交易。
10. 當陳未經該客戶授權而在該帳戶內進行該等未經授權的交易時，並非以維護客戶最佳利益的態度行事。當他沒有即時為該項錯誤交易平倉及向越秀期貨的管理層匯報交易錯誤時，其行為亦違反了該內部政策。
11. 在上述情況下，陳違反了《操守準則》一般原則 2 及第 7.1 段，而其所犯的失當行為令其作為持牌人的適當人選資格受到質疑。
12. 在決定對陳採取上文第 1 段所述的紀律處分行動時，證監會已考慮到所有相關情況，包括陳在干犯失當行為時並無遭受紀律處分的紀錄。