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## STATEMENT OF DISCIPLINARY ACTION

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### The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has suspended the licence of Ms Sandra Cheung Wing Yi (**Cheung**)<sup>1</sup> for 12 months, from 28 October 2020 to 27 October 2021, pursuant to section 194 of the Securities and Futures Ordinance.
2. The disciplinary action is taken because between November 2014 and July 2017, Cheung failed to obtain approval to maintain a securities trading account with an external brokerage firm (**Account**) and conducted personal trades in the Account, in breach of the internal control policies of Mason Securities Limited (**MSL**)<sup>2</sup>. Cheung also provided false and misleading declarations to MSL by declaring on multiple occasions that she did not have any personal trading accounts with other licensed corporations.

### Summary of Facts

3. Cheung was a licensed representative of MSL from 13 November 2014 to 16 September 2018.
4. According to MSL's Internal Operating Policy on Employee Dealings (**Employee Dealing Policy**), employees were required to:
  - (a) obtain prior written approval from management for maintaining and trading through securities trading accounts with other licensed corporations;
  - (b) provide MSL with duplicate monthly statements of such accounts to ensure that their trading was not in breach of the Employee Dealing Policy; and
  - (c) complete and sign the Employee's Annual Declaration Form on the first day of reporting duty and on each January to confirm their understanding of and consent to comply with the Employee Dealing Policy.
5. **The SFC's investigation found that Cheung opened the Account on 19 July 2013. The Account was closed on 8 August 2017.**
6. By a New Employees' Declaration Form dated November 2014, Cheung confirmed that she would perform her job duties in accordance with, amongst others, the Employee Dealing Policy. Cheung did not declare the Account in the New Employees' Declaration Form dated November 2014.
7. By an Employees' Annual Declaration Form for Year 2015 dated January 2015, Cheung signed and confirmed that she would continue to comply with the Employee Dealing Policy and report to the Compliance Department of any changes in her status in respect of the employee dealing policies as soon as practicable.

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<sup>1</sup> Cheung is licensed as a representative under the Securities and Futures Ordinance to carry on Type 1 (Dealing in Securities) regulated activity.

<sup>2</sup> MSL was formerly known as GuocoCapital Limited until 25 February 2016.

8. By an Annual Employee / Account Executive's Declaration Form dated 10 January 2017, Cheung declared that she did not have any personal trading accounts with, amongst others, other licensed corporations or registered institutions. Such declaration was false and misleading in light of the Account she held.
9. Cheung conducted 66 personal trades in the Account from November 2014 to July 2017 without obtaining MSL's written approval for such securities transactions. Cheung explained that she had forgotten to declare the Account to MSL initially, and could not be bothered to do so subsequently. MSL has not issued any written consent in relation to Cheung's maintenance of the Account at all material times.
10. Cheung admitted that she was required to, but did not, declare the Account and submit monthly statements to MSL because she neither wanted to request for consent or approval before transacting nor provide monthly statements to MSL as required.
11. Cheung eventually declared the Account in a New Employee / Account Executive's Declaration Form dated 20 July 2017, the day she was interviewed by the SFC.

## Conclusion

12. The Employee Dealing Policy reflects the regulatory requirements under paragraph 12.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC, which requires licensed corporations to implement procedures and policies on employee trading and to actively monitor the trading activities in their employees' accounts and their related accounts.
13. Cheung's failure to declare the Account and obtain MSL's prior approval for personal trading activities in the Account circumvented the Employee Dealing Policy and evaded MSL's monitoring over her personal trading activities. The circumvention and evasion were wilful and dishonest given her false and misleading declarations and her admission that she did not want to seek prior approval for her trading activities.
14. In light of the above, the SFC is of the view that Cheung is not a fit and proper person to be licensed and her conduct casts doubt on her character and reliability, and her ability to carry on regulated activities honestly.
15. Having considered all the circumstances, the SFC has decided that a suspension of 12 months is appropriate and commensurate with the SFC's view on the gravity of Cheung's conduct. In deciding the sanction, the SFC has taken into account all relevant circumstances, including that:
  - (a) there is no evidence that Cheung's personal trading activities in the Account prejudiced the interests of MSL, her former clients at MSL, or market integrity;
  - (b) she admitted her concealment of her trading activities and was remorseful;
  - (c) a deterrent message needs to be sent to the market that the SFC would not tolerate deliberate circumvention of internal control policies by licensed individuals;
  - (d) Cheung's cooperation in resolving the SFC's concerns; and

(e) Cheung has an otherwise clean disciplinary record with the SFC.