
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has suspended Ms Wang Pei Yi, a former licensed representative of SinoPac Securities (Asia) Limited (**SinoPac**), for 10 months pursuant to section 194 of the Securities and Futures Ordinance.
2. The disciplinary action is taken because Wang:
 - (a) falsely declared in the account opening forms of three corporate clients (**Clients**) that she had met and identified the clients' representatives who executed the forms, witnessed their signing of them, and provided the clients with the relevant risk disclosure statements and invited them to read the statements when in fact she had done none of these things;
 - (b) submitted the account opening forms to SinoPac to mislead it into believing that she had met with the Clients' representatives for account opening and witnessed their signing of the forms; and
 - (c) failed to take all reasonable steps to establish the true and full identity of the Clients for the purposes of account opening.

Summary of facts

3. General Principle 1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**)¹ requires a licensed person to act honestly, fairly, and in the best interests of his clients and the integrity of the market in conducting his business activities.
4. General Principle 2 of the Code of Conduct requires a licensed person to act with due skill, care and diligence, in the best interests of his clients and the integrity of the market in conducting business activities.
5. Paragraph 5.1 of the Code of Conduct applicable at the time of Wang's conduct requires a licensed person to take all reasonable steps to establish the true and full identity of each of its clients. Where an account opening procedure other than a face-to-face approach is used, it should be one that satisfactorily ensures the identity of the client. Where the account opening documents are not executed in the presence of an employee of the licensed

¹ References to the Code of Conduct in this statement are to its March 2014 Fifteenth edition and March 2016 Seventeenth edition.

person, the signing of the client agreement and sighting of related identity documents should be certified by a suitable certifier² (**Suitable Certifier**).

6. Between 4 June 2015 and 12 April 2017, Wang received from a former colleague at SinoPac (T) the Clients' account opening forms which had already been completed and signed.
7. Upon receiving the Clients' account opening forms from T, Wang signed on the forms to declare that she had met and identified the Clients' representatives who executed the forms, witnessed their signing of the forms, provided the Clients with the risk disclosure statements and invited them to read the statements even though she did not do any of the things that she declared to have done.
8. While the Clients' accounts were opened in a non-face-to-face manner, Wang did not take the steps required under paragraph 5.1 of the Code of Conduct and SinoPac's account opening policies and procedures when she arranged for the accounts to be opened:
 - (a) No management approval was obtained for opening these accounts using a non-face-to-face approach.
 - (b) The signing of the account opening documents and the sighting of identity documents were not witnessed and verified by a Suitable Certifier.
 - (c) The supporting documents provided by the Clients for opening their accounts (including the Clients' identity documents) do not appear to be documents or copies of documents certified by a Suitable Certifier.
 - (d) She did not collect from each of the Clients a cheque of HK\$10,000 to be encashed by SinoPac.
9. As a result of Wang's false declaration in the Clients' account opening forms that she had met the Clients' representatives and witnessed their signing of the forms:
 - (a) SinoPac accepted the forms on the basis that the Clients' accounts were opened face-to-face and the applicable procedures, including the execution and witnessing of the account opening forms, were duly completed.
 - (b) SinoPac was not alerted to the fact that the Clients' account opening was conducted via a non-face-to-face route, and therefore did not ensure that the additional measures applicable to this form of account opening had been taken to safeguard the firm's and the Clients' interests.
10. Wang's conduct of making the false declaration in the Clients' account opening forms and misleading SinoPac to believe that she had (a) met and identified the Clients' representatives, (b) witnessed their execution of the forms, and (c) provided to the Clients the risk disclosure statement and invited

² Such as other licensed or registered person, an affiliate of a licensed or registered person, a Justice of the Peace, or a professional person such as a branch manager of a bank, certified public accountant, lawyer or notary public.

them to read the statements, was dishonest and abused the trust reposed in her by her employer.

11. Her actions also meant that she was not able to verify if the account opening forms which she signed were in fact signed by the Clients themselves, and if the information stated in those forms was correct. This could enable a third party to fill in false client information, including the Clients' email addresses for receiving login details/password for their online trading accounts, in the Clients' account opening forms without being detected. Wang's conduct therefore prejudiced the Clients' interests by exposing them to risks of their accounts being operated without their authorisation.
12. In light of the above, the SFC is concerned that Wang has failed to perform her duties as a licensed person honestly and in the best interests of her clients and her employer, in breach of General Principle 1 of the Code of Conduct.
13. Further, despite knowing that the Clients' accounts were opened using a non-face-to-face approach, Wang neglected all the applicable account opening and know your client requirements under paragraph 5.1 of the Code of Conduct and SinoPac's account opening policies and procedures. As such, she did not take all reasonable steps to establish the true and full identity of each of the Clients for the purposes of account opening.
14. Wang's neglect of the non-face-to-face account opening procedures amounts to a breach of paragraph 5.1 of the Code of Conduct and demonstrates her failure to act with due skill, care and diligence, and in the best interests of her clients under General Principle 2 of the Code of Conduct.

Conclusion

15. The SFC is of the view that Wang is guilty of misconduct and her fitness and propriety to carry on regulated activities have been called into question.
16. In deciding the disciplinary sanction set out in paragraph 1 above, the SFC has taken into account all relevant circumstances, including:
 - (a) Wang's dishonest act involved the accounts of three clients;
 - (b) her conduct exposed clients to risks of their accounts being operated without their authorisation;
 - (c) her conduct also jeopardised SinoPac's interests by frustrating its procedures which enabled it to ensure the identity of its clients;
 - (d) there is no evidence suggesting that she has profited from her conduct;
 - (e) a deterrent message needs to be sent to the industry that similar conduct will not be tolerated; and
 - (f) Wang has no previous disciplinary record with the SFC.