

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has suspended the licence of Mr Wang Shian-tang¹ (**Wang**) for a period of 26 months from 20 November 2024 to 19 January 2027 pursuant to section 194 of the SFO.
2. The SFC found that:
 - (a) on 8 December 2020, Wang entered into a profit-sharing agreement (**Private Agreement**) with a client (**Client A**) in respect of discretionary trading services Wang provided to him in his capacity as an account executive of Yuanta, without Yuanta's knowledge or consent, in breach of General Principle 1 (**GP1**) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**) and Yuanta's internal policy (**Private Agreement Issue**); and
 - (b) during his employment with Yuanta between October 2019 and April 2022 (**Relevant Period**), in breach of Yuanta's employee trading policies (**Trading Policies**), Wang maintained a personal investment account (**Personal Account**) and conducted a number of warrant trades using the same (**Personal Trades**), without disclosing the existence of the Personal Account and the Personal Trades to Yuanta (**Personal Dealing Issue**).

Summary of Facts

- A. *Private Agreement Issue*
3. GP1 of the Code of Conduct provides that a licensed person should act honestly, fairly, and in the best interests of clients and the integrity of the market in conducting its business activities.
4. Yuanta's Staff Handbook effective from 1 June 2014 prohibits employees from soliciting or accepting any advantages while conducting work in relation to Yuanta's business.
5. Client A opened a margin securities account with Yuanta (**Client A's Account**) on 13 December 2019. Wang served as the account executive of Client A's Account from the date of its opening to 23 February 2022.
6. The SFC's investigation found that, on 8 December 2020, Wang and Client A entered into the Private Agreement, which provides, among other things, that:
 - (a) Wang was authorised to operate and conduct trades on behalf of Client A's Account on a discretionary basis; and

¹ Wang is licensed under the Securities and Futures Ordinance (**SFO**) to carry on business in Type 4 (advising on securities) regulated activity. He has been licensed to carry on regulated activities since June 2008. Wang was accredited to Yuanta Securities (Hong Kong) Company Limited (**Yuanta**) from 2 October 2019 to 29 April 2022 and Meta Elephant Capital Limited from 26 September 2022 to 6 September 2024.

- (b) Wang was entitled to receive a performance fee amounting to 10% of the profits generated through investments conducted on behalf of Client A's Account (**Performance Fee**) on an annual basis.
7. Wang did not at any point disclose the existence of the Private Agreement to Yuanta, nor did he check with Yuanta about the permissibility of accepting the Performance Fee before entering into the Private Agreement.
- B. Personal Dealing Issue*
8. Yuanta's Trading Policies effective during the Relevant Period provide, among other things, that:
- (a) unless exempted, all employees are only permitted to purchase or sell securities through accounts opened with Yuanta;
 - (b) all new employees are required to sign a statement upon joining Yuanta for the purposes of disclosing all personal accounts held with Yuanta or other brokers (**Initial Declaration**). Any securities accounts held with another broker must be terminated within three months from the employee's date of employment;
 - (c) all employees are required to make an annual declaration confirming their understanding of and compliance with the Trading Policies. Employees are also required to sign a statement to declare their personal trading accounts (**Annual Declaration**);
 - (d) in general, an employee may only open or maintain a trading account held with a broker other than Yuanta if that account enables the holder to trade products Yuanta does not offer or there exist other sufficient reasons. In order to open or maintain a trading account held with another broker, an employee must complete an application and submit it to Yuanta for approval; and
 - (e) all employees are required to complete an application and obtain approval from Yuanta before conducting securities transactions through their personal securities accounts and securities accounts with other brokers.
9. The SFC's investigation found that, during the Relevant Period, in breach of the provisions of the Trading Policies summarised at paragraph 8 above, Wang:
- (a) maintained the Personal Account with a broker other than Yuanta and conducted warrant trades through the same without requesting or obtaining its permission. Wang conducted a total of 10 warrant trades in the Personal Account with a total transaction value of over HK\$350,000;
 - (b) failed to disclose his Personal Account in the Initial Declaration he signed on 2 October 2019 and continued to maintain the same thereafter; and

- (c) failed to declare the Personal Account in Annual Declarations he made on three separate occasions².
10. Wang also made representations to the SFC in connection with the Personal Dealing Issue which transpired to be false or disingenuous. For instance, when asked by the SFC to disclose all of the securities accounts which belonged to him, Wang did not inform the SFC of the existence of his Personal Account.

Conclusion

11. Wang is a licensed representative with significant experience in the industry. As such, he knew or ought to have known that it is unacceptable to make secret profits by entering into a private arrangement with his clients.
12. Additionally, Yuanta's lack of knowledge about the Private Agreement deprived it of its ability to properly supervise Wang's dealings with Client A.
13. Further, Wang's failure to make the relevant disclosures and obtain the required pre-approval from Yuanta in respect of his Personal Account and Personal Trades circumvented the Trading Policies and prevented Yuanta from monitoring his personal trading activities. The false or disingenuous representations Wang made to the SFC raise further concerns about his character, reliability and honesty.
14. In the circumstances, the SFC is of the view that Wang is guilty of misconduct and is not a fit and proper person to remain licensed.
15. In reaching the decision to take the disciplinary action set out at paragraph 1 above, the SFC has taken into account all relevant circumstances, including the following:
- (a) by engaging in an unauthorised profit-sharing agreement with his client and maintaining a secret personal trading account, Wang displayed dishonest behaviour that undermined the interests of his then employer and its clients, as well as the integrity of the market;
 - (b) a deterrent message needs to be sent to the market that Wang's conduct is unacceptable; and
 - (c) Wang has an otherwise clean disciplinary record.

² These comprise the Annual Declarations Wang signed on 8 January 2020, 4 March 2021 and 12 January 2022.