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SFC bans Wang Can for 30 months

16 May 2019

The Securities and Futures Commission (SFC) has banned Mr Wang Can, a former licensed representative of China Galaxy International Securities (Hong Kong) Co., Limited (CGIS), for 30 months for misconduct (Note 1).

The SFC found that Wang asked his friend to open a securities account in September 2014 and conducted personal trading in that account for at least nine months.

Wang became privy to information regarding a proposed acquisition of Linmark Group Limited (Linmark) in November 2014 when he assisted CGIS to prepare pre-engagement documentation for a potential client.

He went on to purchase shares of Linmark through his friend's account and sold them two days after Linmark announced the proposed acquisition on 3 December 2014 and made a profit of \$7,800 (Note 2).

Wang breached CGIS' staff dealing policy by failing to disclose to his then employer his personal trading activities and beneficial interests in his friend's account. He also breached CGIS's staff dealing policy in that employees are prohibited from trading on the basis of price sensitive information or confidential information related to its clients or potential clients (Notes 3, 4 & 5).

Wang was fined \$7,800, equivalent to the profits that he gained from trading in the shares of Linmark (Note 5).

In deciding the sanction, the SFC took into account all relevant circumstances, including Wang's remorse and willingness to accept the SFC's disciplinary action.

End

Notes:

1. Wang was licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and was accredited to CGIS from 9 April 2013 to 6 February 2016. Wang is banned from 16 May 2019 to 15 November 2021.
2. Linmark (currently known as Daohe Global Group Limited) was listed on The Stock Exchange of Hong Kong Limited at the material time.
3. Paragraph 9.3 of the Code of Conduct for Persons Licensed by or Registered with the SFC (Code of Conduct) requires licensed corporations to have in place procedures to ensure that their employees do not deal (for the benefit of the licensed corporation, employee or client) in securities where the employee concerned effects the dealing on the basis of non-public information which would be expected to materially affect the prices of those securities and which is to be released to the market.
4. Paragraph 12.2 of the Code of Conduct 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.
5. General Principle 1 (honesty and fairness) of the Code of Conduct provides that a licensed person should act honestly, fairly, and in the best interests of its clients and the integrity of the market.

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

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STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Wang Can (**Wang**), a former licensed representative at China Galaxy International Securities (Hong Kong) Co., Limited (**CGIS**), from re-entering the industry for 30 months pursuant to section 194 of the Securities and Futures Ordinance (**SFO**). The SFC has also fined Wang \$7,800, being the profits that he gained from his misconduct.
2. The SFC found that Wang had, in breach of his employer's policy:
 - (a) concealed from his employer his beneficial interests and his personal trading activities in a securities account held in the name of his friend; and
 - (b) conducted personal trading in securities on the basis of confidential and price sensitive information related to a client or potential client of his employer.
3. Wang's conduct was in breach of General Principle 1 of the Code of Conduct for Persons Licensed by or Registered with the SFC (**Code of Conduct**).

Summary of Facts

4. Wang was accredited to CGIS from 9 April 2013 to 6 February 2016.

Concealing his personal trading activities from his employer

5. Under CGIS' staff dealing policy, personal dealings of its employees must be conducted through their accounts with CGIS or its group companies.
6. In order to avoid having to seek pre-dealing approval from his employer to conduct trades, Wang asked his friend to open a securities account for his personal trading. **On 13 September 2014, Wang's friend opened a securities account (Secret Account) at a bank and gave Wang the username and password to operate the account.**
7. In breach of his employer's staff dealing policy, Wang conducted personal trading in the Secret Account for at least 9 months and he concealed his beneficial interests and personal trading activities in the Secret Account from CGIS.

Trading in securities on the basis of confidential and price sensitive information related to a potential client of his employer

8. CGIS' staff dealing policy also prohibited its employees from trading on the basis of price sensitive information or confidential information related to its clients or potential clients.

9. In November 2014, Wang became privy to information regarding a proposed acquisition of Linmark Group Limited (**Linmark**)¹, when he assisted CGIS to prepare pre-engagement documentation for a potential client.
10. Contrary to CGIS' staff dealing policy, **Wang went on to purchase 40,000 shares of Linmark through the Secret Account. He sold them two days after Linmark announced the proposed acquisition on 3 December 2014 and made a profit of \$7,800.**

Breaches and reasons for action

11. General Principle 1 the Code of Conduct requires a licensed person to act honestly, fairly, and in the best interests of its clients and the integrity of the market in conducting business activities.
12. The SFC considers that Wang's misconduct was in breach of General Principle 1. His deliberate concealment of the Secret Account from his employer was dishonest. Further, by trading based on information to which he became privy in his capacity as a licensed representative at CGIS, Wang had abused his position as a licensed representative for his personal gain, contrary to the requirement to act fairly and in the best interests of the integrity of the market. His conduct demonstrates his disregard for his employer's internal control policies and his duty to uphold market integrity.

Conclusion

13. Having taken into account all the circumstances, the SFC is of the opinion that Wang's fitness and properness as a licensed person has been called into question.
14. In deciding the disciplinary action against Wang as described in paragraph 1 above, the SFC has taken into account all relevant considerations, including:
 - (a) Wang's misconduct was dishonest and constituted an abuse of his position as a licensed representative;
 - (b) a strong deterrent message must be sent to the market that such conduct, which jeopardizes market integrity, will not be tolerated;
 - (c) **Wang has left the financial industry since 2016;**
 - (d) Wang's remorse and willingness to accept the SFC's disciplinary action; and
 - (e) Wang's otherwise clean disciplinary record with the SFC.

¹ Linmark, which is currently known as Daohe Global Group Limited, is a Hong Kong listed company.