

SFC suspends Pat Siu Mei Yee

31 Mar 2014

The Securities and Futures Commission (SFC) has suspended Ms Pat Siu Mei Yee for six months from 29 March 2014 to 28 September 2014 (Note 1).

An SFC investigation found that between 2004 and 2011, Siu entered into an arrangement with a client where the client would sign blank dealing tickets in advance for her to conduct discretionary trading in the client's account. Siu did not report the arrangement with the client to her employer.

As a result of the arrangement, the regulatory requirements on the authorization and operation of a discretionary account under the Code of Conduct were not followed (Note 2). Siu did not explain to the client the terms of the discretionary authority, and did not confirm with the client on an annual basis whether the client wished to revoke the authority. The account was not approved by the senior management of Siu's employer and its operation was not supervised by her employer.

The SFC also found that Siu ignored the information on compliance that was applicable and made available to her in relation to the opening and operation of a discretionary account.

The SFC concludes that Siu's conduct has not met the standard required under the Code of Conduct and her fitness and propriety has been called into question.

In deciding the disciplinary sanction, the SFC took into account that Siu's misconduct lasted for more than seven years and her clean disciplinary record.

End

Notes:

1. Siu is licensed as a representative under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities. She was first registered as a securities dealer's representative under the Securities Ordinance and as a commodity dealer's representative under the Commodities Trading Ordinance in May 2000. She was accredited to Shenyin Wanguo Securities (H.K.) Limited and Shenyin Wanguo Futures (H.K.) Limited from 19 May 2000 to 23 March 2014. She is currently not accredited to any licensed corporation.
2. Paragraph 7.1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
3. A copy of the [Statement of Disciplinary Action](#) in relation to the matter 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 suspended Ms Pat Siu Mei Yee (**Siu**)¹ for 6 months pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that, while acting in her capacity as a licensed representative accredited to Shenyin Wanguo Securities (H.K.) Limited and Shenyin Wanguo Futures (H.K.) Limited (**Shenyin Wanguo**), Siu had:
 - (a) operated the account of her client on a discretionary basis without the knowledge and approval of Shenyin Wanguo; and
 - (b) chosen to ignore information on compliance that was applicable and made available to her by Shenyin Wanguo.

Summary of Facts

3. During the period between 2004 and 2011, Siu entered into an arrangement with a client for her to trade securities for the client on a discretionary basis. Siu asked the client to sign a stack of blank dealing tickets periodically. After conducting discretionary trades in the client's account, Siu filled in the details of the trades on the signed dealing tickets. The dealing tickets were then submitted to the back office for handling. Siu did not report the arrangement with the client to Shenyin Wanguo.
4. Shenyin Wanguo did not permit the opening of discretionary accounts before 2005. In July 2005, Shenyin Wanguo changed its policy and discretionary accounts were allowed. Corresponding internal control measures were put in place.
5. As a result of the arrangement between Siu and the client, the regulatory requirements on the authorisation and operation of a discretionary account provided for at paragraph 7.1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**) were not followed. Siu did not explain to the client the terms of the discretionary authority, and did not confirm with the client on an annual basis whether the client wished to revoke the authority. The account was not approved by Shenyin Wanguo's senior management and its operation was not supervised by Shenyin Wanguo as required by the Code of Conduct.

¹ Siu is licensed as a representative under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities. She was first registered as a securities dealer's representative under the Securities Ordinance and as a commodity dealer's representative under the Commodities Trading Ordinance in May 2000. She was accredited to Shenyin Wanguo Securities (H.K.) Limited and Shenyin Wanguo Futures (H.K.) Limited from 19 May 2000 to 23 March 2014. She is currently not accredited to any licensed corporation.

6. Siu said that she was not aware of the discretionary account policy of Shenyin Wanguo. Although she had signed a form in January 2008 confirming that she had the duty to read, understand and comply with the requirements set out in the compliance manual, and another form in February 2011 declaring that she had read and fully understood all requirements set out in the manual, Siu explained that she had done so as a matter of practice. Siu also claimed that her English was not good so she might not have understood the documents that she signed.
7. Shenyin Wanguo confirmed that its compliance manuals and an internal guideline on discretionary accounts were uploaded to its Intranet, and they were accessible by all of its staff members including Siu. Training materials and internal memos in relation to the operation of discretionary accounts were also provided to her.
8. Ignorance of the policies is not an excuse for Siu's failure to comply with them. The fact that Siu chose to ignore information on compliance that was applicable and made available to her causes our serious concerns as to her fitness and properness, in particular, her ability to act with due skill, care and diligence, and to carry out regulated activities in a competent manner.

Conclusion

9. Having considered all the circumstances, the SFC is of the view that Siu's conduct has called into question her fitness and properness to remain licensed. Further, she has not met the standards required of her under General Principle 2 (Diligence) and paragraph 7.1 (Authorisation and operation of a discretionary account) of the Code of Conduct. Accordingly, the SFC has decided to take the disciplinary action against Siu described in paragraph 1 above.
10. In deciding the appropriate sanction, the SFC has taken into account all relevant considerations, including that:
 - (a) the conduct in question spanned over a prolonged period of time, i.e. over 7 years;
 - (b) Siu was experienced in the industry at the relevant time; and
 - (c) Siu's clean disciplinary record.