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## STATEMENT OF DISCIPLINARY ACTION

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### The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has banned Mr Chan Ka Hey (**Chan**)<sup>1</sup> from re-entering the industry for six months pursuant to section 196 of the SFO.
2. The HKMA's investigation, which stemmed from a self-report by Chan's then employer, SCBHK, found that Chan had cut and pasted a customer's signature onto a "Change of Payment Mode and Direct Debit Authorisation Form – Bank Account" form (**DDA Form**) to deceive SCBHK and an insurance company into believing that the DDA Form was signed by the customer (**Incident**).

### Summary of Facts

3. At the material time, Chan was an Insurance Specialist of the Department of Retail Sales Specialists (Wealth Planning Manager) at an SCBHK branch (**Branch**). The customer was residing overseas and wished to set up direct debit authorisation for her insurance policy. Chan therefore sent a DDA Form to the customer for execution.
4. At his interview with the HKMA, Chan explained that:
  - (a) even though the customer was required to sign on pages 2 and 4 of the DDA Form, she had only signed on page 4 when she returned it (**Original Form**) to SCBHK by courier;
  - (b) in order to set up the direct debit authorisation for the customer, he cut the customer's signature from page 4 of the Original Form and pasted the cut-out signature onto:
    - (i) a blank page 2 of the DDA Form (**Page Two**) and photocopied the page. Afterwards, he filled in the details, such as the client's account number and name of the bank, by hand (**Composite Page Two**); and
    - (ii) a blank page 4 of the DDA Form and photocopied and dated the page (**Composite Page Four**);
  - (c) he later combined pages 1 and 3 of the Original Form with Composite Page Two and Composite Page Four to form what appears to be a complete set of the DDA Form signed by the customer (**Composite Form**); and
  - (d) he left the Composite Form in the inter-branch document out-tray for submission to the insurance company.

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<sup>1</sup> Chan was a relevant individual employed by Standard Chartered Bank (Hong Kong) Limited (**SCBHK**) from 17 March 2015 to 8 July 2018, and by The Hongkong and Shanghai Banking Corporation Limited from 3 October 2018 to 7 May 2021, to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (**SFO**). Chan is currently not registered with the Hong Kong Monetary Authority (**HKMA**) or licensed by the SFC.

5. Chan also confirmed with the HKMA that the customer was not aware and had not authorised him to cut and paste her signature onto the Composite Form.
6. The Incident was uncovered when an SCBHK staff member found Page Two being left unattended inside a photocopying machine at the Branch.

### **Referral to the SFC**

7. Based on the findings set out in paragraphs 3 to 6 above, the HKMA concluded that Chan is not fit and proper to be a relevant individual. In April 2021, the HKMA issued a decision to suspend Chan from the industry but Chan ceased to be registered as a relevant individual with the HKMA in May 2021 before the HKMA's disciplinary decision could take effect.
8. Given Chan was no longer registered as a relevant individual with the HKMA, the HKMA's power to discipline him under section 58A of the Banking Ordinance lapsed. The HKMA therefore referred the case to the SFC as the statutory power to discipline a former relevant individual rests with the SFC.

### **Conclusion**

9. Section 129 of the SFO provides that, in considering whether a person is fit and proper, the SFC shall, in addition to any other matter that the SFC may consider relevant, take into account the person's reliability and his/her ability to carry on regulated activities honestly.
10. The SFC considers that Chan is not fit and proper to be a registered person as his creation of the Composite Form to deceive SCBHK and the insurance company casts doubt on his reliability and ability to carry on regulated activities honestly.
11. In determining the sanction, the SFC took into account all relevant circumstances, including Chan's admission and his otherwise clean disciplinary record.