
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Ms Tang Shiyi (**Tang**) from re-entering the industry for 10 months from 29 October 2022 to 28 August 2023 pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that between July 2019 and February 2021, Tang breached the staff dealing policy (**Policy**) of China Galaxy International Financial Holdings Limited (**CGIFHL**) by:
 - (a) failing to obtain approval before opening two securities trading accounts at another brokerage firm (**Accounts**) and conducting personal trades in the Accounts;
 - (b) concealing her opening and maintaining of the Accounts by making a false and misleading declaration that she did not have any accounts with other licensed corporations; and
 - (c) conducting securities transactions that were prohibited by the Policy.

Summary of facts

3. Tang joined CGIFHL as an analyst in May 2019. She became a licensed representative of China Galaxy International Securities (Hong Kong) Co., Limited (**CGI Securities**) and China Galaxy International Futures (Hong Kong) Co., Limited (**CGI Futures**), both subsidiaries of CGIFHL (collectively, **CGI**), in October 2019¹.
4. The Policy was applicable to Tang throughout her employment with CGI. It required all employees of CGI to:
 - (a) seek approval before:
 - (i) opening and maintaining securities trading accounts with other licensed corporations or registered institutions (**External Accounts**); and
 - (ii) conducting trades in any External Accounts;
 - (b) declare External Accounts and existing holdings on an annual basis;

¹ Tang was licensed under the SFO to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities. She was accredited to CGI Securities and CGI Futures between 21 October 2019 and 24 February 2021. She is not currently licensed by the SFC.

- (c) forward duplicate trade confirmations and monthly statements of External Accounts to CGI within one month from the date of the relevant statement; and
 - (d) refrain from dealing in securities on CGI's restricted list and engaging in day-trading.
5. Upon joining CGI, Tang submitted a declaration form dated 6 May 2019 declaring that she did not have any External Accounts. She also confirmed that she had read and understood the Policy and would inform CGI of any change to the information disclosed as soon as practicable.
 6. In July 2019, Tang opened the Accounts. She neither obtained approval from CGI before nor informed CGI after doing so.
 7. On 16 January 2020, Tang submitted a declaration form falsely declaring that she had no External Accounts. When the SFC interviewed Tang, she claimed that she did not read the Policy in detail and thought that it was not applicable to her before she assumed a client-facing role in the front office in August 2020.
 8. Between February 2020 and February 2021, Tang conducted 148 personal trades in the Accounts without obtaining CGI's approval. In September 2020, she dealt in a stock on CGI's restricted list and engaged in day-trading on two occasions. She did not submit any trade confirmations or monthly statements of the Accounts to CGI.
 9. Tang eventually disclosed the Accounts in a declaration form dated 21 December 2020 but she failed to disclose her personal trades until CGI sought the statements of the Accounts from her in the course of its internal investigation in February 2021. The SFC found that she conducted further personal trades in the Accounts without CGI's approval even after she had told CGI that she would close the Accounts.

Conclusion

10. The Policy reflects the regulatory requirements under paragraph 12.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC, which 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.
11. Tang's failure to disclose and obtain prior approval for opening and maintaining the Accounts and her personal trades in them enabled her to circumvent CGI's internal controls and evade its monitoring of her trading activities. This, when viewed together with her false and misleading declaration and blatant disregard of the Policy as set out in paragraphs 6 to 9 above, indicates that her conduct was wilful and dishonest.
12. In light of the above, the SFC is of the view that Tang is not a fit and proper person to be licensed as her conduct casts serious doubts on her character, reliability and ability to carry on regulated activities competently, honestly and fairly.
13. In reaching the decision to take the disciplinary action set out in paragraph 1 above, the SFC has taken into account all the relevant circumstances, including:

- (a) Tang's breaches lasted over one and a half years and involved 148 transactions with an aggregate amount of over HK\$1.7 million;
- (b) there is no evidence that her trading activities in the Accounts prejudiced the interests of CGI's clients or market integrity;
- (c) a deterrent message needs to be sent to the market that the SFC would not tolerate deliberate circumvention of internal control policies by licensed individuals; and
- (d) Tang has an otherwise clean disciplinary record with the SFC.