

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has suspended the licence of Mr Tang Wai Choi (**Tang**)¹, a former licensed representative of Shanxi Securities International Limited (**SSIL**), for seven months from 28 October 2025 to 27 May 2026 pursuant to section 194 of the Securities and Futures Ordinance.
2. The SFC found that between 10 July 2019 and 10 December 2019 (**Relevant Period**), Tang, unbeknownst to SSIL, had logged into a client's securities account maintained with SSIL and placed 945 orders for him via the internet, without maintaining proper records of the client's order instructions.

Summary of Facts

A. Background

3. During the SFC's investigation into a suspected ramp-and-dump scheme, the SFC looked into certain securities transactions handled by Tang at SSIL.

B. Accessing and placing orders in a client's account by using his password without valid written authorisation

4. On 10 April 2016, a client (**X**) opened a securities margin account with SSIL. Tang was the account manager of X's account at all material times.
5. According to SSIL, its clients may use the following types of written authorization to authorize a third party to trade on their behalf:
 - (a) a Third-Party Authorization authorizing a third party to place orders via the telephone or via the trading application on the clients' behalf (**Third Party Authorization**); and
 - (b) a Discretionary Account Agreement authorizing a responsible staff to trade on the clients' behalf (**DA Authorization**).
6. On 25 May 2016, X signed a DA Authorization authorizing Tang to trade in his account discretionarily on his behalf. X revoked this DA Authorization on 30 May 2018. Since then, X has not provided SSIL with any Third Party Authorization or DA Authorization for Tang and/or any other SSIL personnel to give instructions and/or to trade discretionarily in his account during the period from 30 May 2018 to 30 November 2020.
7. The SFC's investigation revealed that, during the Relevant Period, there were 945 trades in X's account which were placed by Tang via the internet by logging into X's account using X's username and password (**945 Transactions**). X confirmed that he gave Tang his account login password.

¹ Tang was licensed under the SFO to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities and was accredited to SSIL between 20 August 2015 and 30 April 2022, and Shanxi Securities International Futures Limited between 19 December 2016 and 30 April 2022. He is currently not accredited to any licensed corporation.

8. According to SSIL:
- (a) SSIL did not allow its staff to place orders for their clients via the internet by directly logging into the clients' accounts.
 - (b) During the period when the DA Authorization was effective, Tang could directly place orders on behalf of X via SSIL's trading terminals. If the orders were placed by X via telephone, Tang should record the orders in trade blotters for order matching and compliance check purposes. There was no circumstance under which Tang would need to log into X's account to place orders.
9. Tang's conduct in accessing X's account with his password via the internet and placing trades on his behalf would have created a false appearance that the 945 Transactions were directly placed by X, and circumvented any internal controls which SSIL put in place on order recording and monitoring of agency orders in X's account. Such conduct not only exposed X to the potential risk of unauthorized trading, it also rendered the person responsible for originating the order instruction to be unknown and deprived SSIL of the opportunity to be reasonably certain that those orders actually came from X.
10. Based on the above, the SFC considers that Tang has breached General Principle 2 (Diligence) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**) which requires a licensed person to act with due skill, care and diligence, in the best interests of its clients and the integrity of the market.
- C. *Failure to maintain proper records of X's order instructions*
11. Paragraph 3.9 (Order recording) of the Code of Conduct and the notes to the provision provide that:
- (a) A licensed person should record and immediately time stamp records of the particulars of the instructions for agency orders.
 - (b) Where order instructions are received from clients through the telephone, a licensed person should use a telephone recording system to record the instructions and maintain telephone recordings as part of its records for at least 6 months.
 - (c) The use of mobile phones for receiving client order instructions is strongly discouraged. However, where orders are accepted by mobile phones outside the trading floor, trading room, usual place of business where order is received or usual place where business is conducted, staff members should immediately call back to their licensed person's telephone recording system and record the time of receipt and the order details. The use of other formats (e.g. in writing by hand) to record details of clients' order instructions and time of receipt should only be used if the licensed person's telephone recording system cannot be accessed.
12. While Tang claimed that he had received instructions from X for the 945 Transactions, SSIL has no record of any instructions from X regarding these transactions. Tang himself was unable to recall the details of the instructions.

As the orders for the 945 Transactions were placed by Tang directly via the internet by logging into X's account, the 945 Transactions were effectively presented as if they had been placed by X.

13. Tang's failure to maintain proper records of X's order instructions is in breach of paragraph 3.9 of the Code of Conduct. His conduct would have prevented SSIL from discharging its obligations to maintain a proper audit trail of X's instructions during the Relevant Period, and exposed himself, SSIL and X to the risk of potential trade disputes.

Conclusion

14. Having considered all the circumstances, the SFC is of the opinion that Tang is guilty of misconduct and is not a fit and proper person to remain licensed.
15. In deciding the sanction set out in paragraph 1 above, the SFC has taken into account all relevant circumstances, including:
 - (a) the duration and frequency of Tang's misconduct;
 - (b) the need to send a deterrent message to the industry that conduct of this nature is not acceptable; and
 - (c) Tang's otherwise clean disciplinary record.