STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has suspended the licence of Mr Wong Tim Hi (also known as Timmy Wong) (**Wong**)[1], a former licensed representative of Yuanta Securities (Hong Kong) Company Limited (**Yuanta**), for nine months from 3 July 2026 to 2 April 2027 pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).

2. The SFC found that between 21 June 2016 and 4 May 2017 (**Relevant Period**), in handling the accounts of four clients of Yuanta, Wong:

    (a) failed to obtain, or ensure there was, written authorisation from the relevant clients (**Clients**) that authorised two third parties, TP1 and TP2 (collectively the **Third Parties**[2]), to operate, or act on the Clients' behalf with respect to, those accounts; and

    (b) disclosed the Clients' confidential information to the Third Parties without prior authorisation.

Background

3. This disciplinary action against Wong stemmed from the SFC's investigation into the market manipulation scheme involving the shares of Ching Lee Holdings Limited (**Ching Lee**)[3].

4. Wong was responsible for the handling of the accounts of the Clients and was also the account executive of the Third Parties.

Summary of facts

A. Failure to obtain, or ensure there was, written authorisation from the Clients

5. According to Yuanta's records, the Third Parties were not authorised by the Clients to operate, or act on their behalf with respect to, their accounts.

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[1] Wong was licensed under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities and was accredited to Yuanta between 10 April 2013 and 31 March 2026. He is currently not accredited to any licensed corporation.

[2] The Third Parties were also clients of Yuanta.

[3] On 22 July 2024, TP2 (Ms Sit Yi Ki) and two others were sentenced to imprisonment of 52 to 80 months after they were found guilty on 29 May 2024 of conspiracy to carry out false trading in the shares of Ching Lee (Stock Code: 8318). The SFC is also seeking orders under section 213 of the SFO against various parties, including the Third Parties, to disgorge their profits in the manipulative scheme and/or restore the affected counterparties to their pre-transaction positions. Please see the SFC's press releases dated 29 May 2024 and 22 July 2024 for details. Wong is not a defendant in the criminal proceedings or section 213 action.

6. However, the SFC's investigation found numerous WhatsApp and WeChat messages exchanged between Wong and the Third Parties during the Relevant Period concerning the trading accounts of the Clients. The messages show that the Third Parties were highly involved in operating, or acting on behalf of the Clients' accounts. Among other things, the messages show that:

    (a) Wong received information about one of the Clients from TP2 and discussed issues concerning the operation of that client's account with TP2.

    (b) Wong reported and provided advice/updates to the Third Parties regarding the Clients' accounts such as transactions conducted, account balance and withdrawal of shares from the accounts.

    (c) The Third Parties notified Wong of fund movements relating to the Clients' accounts.

    (d) Wong shared the Clients' account details and information with the Third Parties.

    (e) TP2 gave Wong instructions to liaise with an external brokerage firm to arrange trades in the Clients' accounts.

    (f) TP2 provided Wong with one of the Clients' identity documents and change of name form.

    (g) Wong provided TP2 with one of the Clients' account details which included that client's contact details.

    (h) Wong accepted instructions from TP2 to subscribe for IPO shares in one of the Clients' accounts.

7. Wong was therefore fully aware of the significant involvement of the Third Parties in operating these accounts. While Wong claimed that the Clients had requested the Third Parties to assist them in handling matters in relation to their trading accounts, he failed to obtain written authorisation from any of these Clients to verify that the Third Parties were authorised to act on their behalf, nor did he ensure that such written authorisation had been obtained.

8. Wong's failure to obtain such written authorisation from the Clients constitutes a breach of Yuanta's internal policies which mandated obtaining formal authorisation for third party account operations.

9. Further, under paragraphs 4.4.1 and 4.4.3 of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing (**AML Guideline**) (April 2015 third edition)[4], Yuanta is required to verify the authority of any person purporting to act on behalf of a customer and obtain written authorisation to confirm such authority. As a licensed representative of Yuanta, Wong should have taken appropriate steps to ensure that Yuanta complied with its obligations under the AML Guideline.

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[4] Paragraph 4.4.1 of the AML Guideline specifies that financial institutions (**FIs**) must verify the authority of any person purporting to act on behalf of a customer. Paragraph 4.4.3 of the AML Guideline further emphasizes that FIs should obtain written authorisation to confirm such authority.

10. In the circumstances, Wong was in breach of General Principle (**GP**) 2 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 in conducting its business activities.

B. Disclosure of the Clients' information without prior authorisation

11. As seen out in paragraph 6 above, the SFC's investigation also revealed that Wong had disclosed account information and contact details of the Clients to the Third Parties. Such client information was confidential in nature.

12. As the Third Parties were not authorised to operate or act on behalf of the accounts of the Clients, Wong's disclosure of the Clients' information to the Third Parties constitutes a breach of Yuanta's internal policies. Wong's conduct might significantly undermine Yuanta's controls which were implemented to preserve the confidentiality of client information and protect clients' interests.

13. In the circumstances, Wong failed to exercise the requisite level of skill, care, and diligence expected of a licensed person, thereby compromising client interests and potentially undermining market integrity, in further breach of GP 2 of the Code of Conduct.

Conclusion

14. The SFC is of the opinion that Wong is guilty of misconduct and his fitness and properness to carry on regulated activities have been called into question.

15. In determining the sanction set out at paragraph 1 above, the SFC has taken into account all relevant considerations, including the following:

    (a) Wong's failures in obtaining third party written authorisation and his disclosure of the Clients' confidential information not only constitute a breach of Yuanta's internal policies but also a failure to protect clients' interests;

    (b) Wong's remorse and his willingness to accept the SFC's disciplinary sanction; and

    (c) Wong has an otherwise clean disciplinary record.