
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Ms Mok Cheuk Ling (**Mok**)¹, a former licensed representative of Sun Hung Kai Investment Services Limited (**SHKIS**) (now known as Everbright Securities Investment Services (HK) Limited) and Sun Hung Kai Commodities Limited (**SHKCOM**) (now known as CES Commodities (HK) Limited) (collectively, **SHK**) from re-entering the industry for 42 months pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that Mok effected transactions in the accounts of seven clients of SHK (**Clients**, and each a **Client**) on a discretionary basis without obtaining their written authorizations between 2009 and 2021. She also provided false or misleading account information to two Clients between July 2015 and September 2020, and furnished false account statements to three Clients in January and April 2021.

Summary of Facts

Discretionary trading without clients' written authorizations

3. The SFC's investigation found that between August 2009 and October 2021, Mok operated the seven Clients' accounts on a discretionary basis over varying periods, with the longest period lasting around 7 years.
4. Although the Clients had agreed to, or were aware of Mok operating their accounts on a discretionary basis, her arrangements with them were not put into writing and were not disclosed to SHK. Mok used the Clients' login credentials to directly access and place trade orders in their accounts via SHK's online trading platform without seeking the Clients' specific authorization for each transaction. The trades resulted in substantial investment losses, amounting to millions of Hong Kong dollars in aggregate, for the Clients.
5. Mok knew that the Clients' accounts were designated as non-discretionary accounts and that SHK's policy prohibited the provision of discretionary trading services to clients. By acting in this manner, Mok circumvented SHK's internal controls and prevented SHK from properly monitoring the trading activities in the Clients' accounts.
6. In the circumstances, Mok failed to act with due skill, care and diligence and in the best interests of the Clients, in breach of General Principle (**GP**) 2 and paragraph 7.1(a) of the Code of Conduct as well as SHK's internal policies on discretionary trading.

Provision of false account information

7. The evidence shows that Mok provided two Clients with false and misleading account information over an extended period. In particular:

¹ Mok was accredited to (i) SHKIS to carry out Type 1 (dealing in securities) regulated activity and (ii) SHKCOM to carry out Type 2 (dealing in futures contracts) regulated activity between 28 February 2007 and 29 October 2021 under the SFO. Mok is currently not licensed by the SFC.

- (a) On 16 occasions between July 2015 and August 2020, Mok provided one Client with overstated account balances via WhatsApp. The most significant discrepancy occurred in August 2020, when the reported balance exceeded the nearest actual month-end balance by over HK\$59,514.56.
- (b) On 11 occasions between July 2017 and September 2020, Mok provided another Client with account updates in Excel format (**Excel Reports**) by email, which contained materially inflated account balances (with overstatements ranging from approximately HK\$2.2 million to HK\$2.35 million) and fabricated trading activity. Specifically, the Excel Reports indicated that 8 to 24 trades were executed during each specified period from June 2017 to August 2020, when no trades were in fact conducted in the Client's accounts during that timeframe.

Provision of false account statements

- 8. The SFC found that, in January and April 2021, Mok emailed three Clients with account statements purportedly issued by SHK. These statements contained fabricated trade details and materially misstated account balances (each a **False Statement**). Specifically:
 - (a) for one Client, the False Statement overstated the account balance by HK\$21,268.91;
 - (b) for a second Client, 25 False Statements grossly misrepresented the volume of trading activity, for instance, reflecting as few as 10 trades when 85 trades had actually occurred, and reported materially inaccurate account balances, with discrepancies exceeding HK\$1 million; and
 - (c) for a third Client, seven False Statements reported false trading activity, showing 11 to 20 trades per month that never occurred, and overstated account balances by substantial amounts, ranging from several hundred thousand dollars to more than HK\$2 million. Certain false trade details and account balances reported in these False Statements were consistent with those presented in the Excel Reports separately provided to this Client by Mok.
- 9. By providing false and misleading account information, including inflated account balances and fabricated trade details, and false account statements to certain Clients over an extended period, Mok misrepresented and concealed from them the true financial position of their accounts. Such conduct was dishonest and constituted a breach of GP 1 and paragraph 2.1 of the Code of Conduct.

Conclusion

- 10. The SFC is of the view that Mok's conduct falls short of the standards expected of a licensed person. Her misconduct demonstrates that she is not a fit and proper person to be licensed to carry on regulated activities.
- 11. In deciding the disciplinary sanction set out in paragraph 1 above, the SFC has taken into account all relevant circumstances, including:
 - (a) Mok's misconduct spanned a period of over 12 years, involved multiple Clients, and resulted in losses totalling close to HK\$3 million to the Clients; and

- (b) she partially compensated some of the Clients for their losses, paying over HK\$1.2 million in compensation with her own funds.