STATEMENT OF DISCIPLINARY ACTION

The disciplinary action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Kuo Che-jung (**Kuo**)[1], a former responsible officer of Yuanta Securities (Hong Kong) Company Limited (**Yuanta**), from re-entering the industry for four years and six months from 19 March 2026 to 18 September 2030 and fined him $1 million pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).

2. The SFC found that:

   (a) between 2 July 2020 and 24 November 2020, Kuo – while acting as the proprietary trader of Yuanta – executed 25 matched trades[2] in Hang Seng Index options (**HSI Options**) between Yuanta's proprietary trading account (**Yuanta's Account**) and a securities trading account held in the name of his wife (**Ms X**) at another brokerage (**Ms X's Account**), resulting in financial benefits for Ms X's Account at the expense of Yuanta's (**Matched Trade Issue**); and

   (b) during his employment with Yuanta[3], Kuo concealed from Yuanta his beneficial interests in Ms X's Account, his ownership of two securities trading accounts at another brokerage (**Secret Accounts**), and his personal trading activities in Ms X's Accounts and one of the Secret Accounts, in violation of Yuanta's staff dealing policies (**Secret Account Issue**).

Summary of facts

Matched Trade Issue

3. Between 2 July 2020 and 24 November 2020, 25 trades in HSI Options were executed and matched between Yuanta's Account and Ms X's Account across 16 trading days (**Matched Trades**). The SFC's investigation identified a coordinated trading pattern in which orders for HSI Options were first placed by Ms X's Account at prices often outside the prevailing bid-ask spreads, and were promptly matched by opposing orders from Yuanta's Account. This approach enabled near-immediate execution of the Matched Trades at prices favourable to Ms X's Account but disadvantageous to Yuanta's Account, resulting in a notional benefit for Ms X's Account, at the expense of Yuanta's Account.

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[1] Kuo was licensed under the SFO and was accredited to Yuanta as its licensed representative in respect of: (a) Type 1 (dealing in securities) regulated activity between 28 April 2005 and 25 November 2008 and between 23 November 2009 and 21 November 2019; (b) Type 2 (dealing in futures contracts) regulated activity between 22 September 2015 and 21 November 2019; (c) Type 4 (advising on securities) regulated activity between 28 April 2005 and 25 November 2008 and between 23 November 2009 and 23 June 2025; and (d) Type 9 (asset management) regulated activity between 21 January 2021 and 23 June 2025. Kuo was also approved to act as a responsible officer of Yuanta in respect of Type 1 and Type 2 regulated activities from 21 November 2019 to 23 June 2025. Kuo is currently not licensed by the SFC.

[2] Matched trades refer to transactions where a person offers to sell securities at a price that is substantially the same as the price at which he has made or proposes to make (or he knows an associate of his has made or proposes to make) an offer to buy substantially the same number of securities, and vice versa. Matched trades can create a false or misleading appearance of trading activity, distorting the actual supply and demand of the shares in question.

[3] Kuo was employed by Yuanta from 2 November 2009 to 23 June 2025.

4. Evidence showed that Kuo had both beneficial interests in and control over Ms X's Account, and he was responsible for placing the orders in both Yuanta's Account and Ms X's Account to execute the Matched Trades. A portion of the proceeds from the Matched Trades was subsequently transferred to Kuo's personal account.

5. Kuo's execution of the Matched Trades, which provided financial advantages to his wife and himself, constituted dishonest conduct and compromised Yuanta's interests. Furthermore, conducting the Matched Trades at prices outside the prevailing bid-ask spreads could undermine market integrity by interfering with the impartiality and objectivity of normal price formation.

Secret Account Issue

6. Yuanta's staff dealing policies (**Trading Policies**), which were applicable to Kuo throughout his employment, required all employees to:

   (a) disclose all personal trading accounts to Yuanta;

   (b) obtain Yuanta's prior approval for all personal securities transactions;

   (c) submit annual written declarations (**Annual Declarations**) confirming their understanding of and adherence to the Trading Policies; and

   (d) ensure that Yuanta received copies of trade confirmations and account statements for any externally maintained accounts.

7. Since 1 December 2012, the Trading Policies also required all employees to:

   (a) disclose all beneficially owned trading accounts to Yuanta; and

   (b) obtain Yuanta's prior approval for the opening or maintenance of securities trading accounts at other brokerages.

8. Kuo confirmed his understanding of and agreement to abide by the Trading Policies both at the commencement of and throughout his employment with Yuanta.

9. The SFC's investigation found that Kuo breached the Trading Policies by failing to:

   (a) disclose to Yuanta the Secret Accounts[4] and his beneficial interests in Ms X's Account[5], whether by way of Annual Declarations or otherwise;

   (b) obtain Yuanta's prior approval for the opening and/or maintenance of the Secret Accounts and Ms X's Account;

   (c) ensure that Yuanta received the account statements of the Secret Accounts and Ms X's Account; and

[4] One of the Secret Accounts was opened on 25 October 2011 and closed on 14 March 2013, with trades being conducted between 9 January 2012 and 25 February 2013. The other Secret Account was opened on 29 April 2019 and closed on 27 January 2020 with no trades conducted.

[5] The SFC's investigation revealed that Kuo has had beneficial interests in Ms X's Account since no later than 18 April 2018.

(d) obtain Yuanta's prior approval for conducting the trades in one of the Secret Accounts and Ms X's Account and ensure that Yuanta received the relevant trade confirmations.

10. Furthermore, despite his ownership of the Secret Accounts and his beneficial interests in Ms X's Account, Kuo repeatedly submitted false Annual Declarations – in 2012 and throughout the period from 2019 to 2021 – stating that, other than one account approved by Yuanta, he maintained no other securities trading accounts in his name or under his beneficial ownership or influence.

11. The SFC concluded that Kuo concealed from Yuanta the Secret Accounts and Ms X's Account, as well as his personal trading activities in Ms X's Account and one of the Secret Accounts. Kuo's conduct circumvented the Trading Policies and prevented Yuanta from monitoring his personal trading activities.

Conclusion

12. The SFC is of the view that Kuo is not a fit and proper person to be licensed as his conduct casts doubt on his character and reliability as well as his ability to carry on regulated activities 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 relevant circumstances, including:

(a) Kuo's conduct in executing the Matched Trades and concealing the Secret Accounts and Ms X's Account was dishonest;

(b) by executing the Matched Trades to benefit himself and his wife at his employer's expense, Kuo created a serious conflict of interest that undermined his employer's interests and potentially the integrity of the market;

(c) a strong deterrent message is needed to deter Kuo and other market practitioners from committing similar misconduct in the future;

(d) Kuo's cooperation with the SFC in resolving the SFC's concerns; and

(e) Kuo's otherwise clean disciplinary record.