

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Pang Hon Pan (**Pang**)¹ from re-entering the industry for 21 months pursuant to section 196 of the Securities and Futures Ordinance (**SFO**).
2. Investigation by the Hong Kong Monetary Authority (**HKMA**), which stemmed from a self-reporting by Pang's then-employer, Standard Chartered Bank (Hong Kong) Limited (**SCBHK**), found that during the period from 17 April 2010 and 31 March 2017 (**Relevant Period**), Pang:
 - (a) failed to: (i) disclose to SCBHK his personal securities accounts (**Undisclosed Accounts**) maintained with 3 financial institutions; and (ii) seek pre-clearance and make post-trade reporting for 48 securities transactions (**Transactions**); and
 - (b) made false declarations to SCBHK on 7 occasions to the effect that he had no existing securities account.
3. In addition, during the course of the review proceedings before the Securities and Futures Appeals Tribunal (**SFAT**) relating to Pang's application for review of the HKMA's decision to take the disciplinary action against him, he has made a wilful misrepresentation to the SFAT that he travelled to Mainland China for "*business purposes*" on 7 February 2020 and was "*undergoing a self-quarantine of 14 days at home*", in support of his request for adjournment of the hearing fixed on 17 February 2020.

Summary of Facts

Failure to comply with SCBHK's internal requirements regarding personal account dealing

4. Pang was a private banking relationship manager of SCBHK during the Relevant Period. Pang was subject to SCBHK's internal policies regarding disclosure of personal dealing accounts, deal pre-clearance and reporting, which expressly required him to:
 - (a) disclose his dealing accounts and securities holdings to SCBHK or confirm in writing that he did not hold any dealing accounts or existing securities holdings;
 - (b) seek pre-clearance from SCBHK prior to placing an instruction to deal in shares; and
 - (c) report his deals to SCBHK after execution within the required timeframe.

¹ Pang was a relevant individual engaged by SCBHK to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO between 17 April 2010 and 31 March 2017, and a relevant individual engaged by BOS to carry on Type 1 regulated activity under the SFO between 18 April 2017 and 16 March 2020. Pang is currently not registered with the HKMA or licensed by the SFC.

5. Contrary to the above requirements, Pang:
 - (a) failed to disclose to SCBHK the existence of the Undisclosed Accounts;
 - (b) conducted the Transactions through the Undisclosed Accounts without seeking pre-clearance from SCBHK prior to placing instructions for each of them, or reporting any of them to SCBHK after execution; and
 - (c) on an annual basis (for a total of 7 times), acknowledged to SCBHK that he had read, understood and would comply with the policies set out in paragraph 4 above and falsely declared that he had no existing securities account.

6. The HKMA has identified the following aggravating factors to Pang's failures:
 - (a) had he applied for pre-clearance for the 48 Transactions, SCBHK would not have granted approval to 13 of the sale orders, since as at the time of the sale he had been holding the shares in question for less than the 30-day minimum holding period stipulated in SCBHK's policies;
 - (b) one of the Transactions was in securities which were on SCBHK's Restricted List when it took place²;
 - (c) the proximity in time between some of the Transactions and his annual declarations to SCBHK regarding his understanding and compliance of the policies; and
 - (d) the relevant requirements which he breached had been covered in a number of SCBHK's internal web-based training courses he completed.

Wilful misrepresentation to the SFAT

7. Based on the findings set out in paragraphs 4 to 6 above, the HKMA concluded that Pang is not a fit and proper person to be a relevant individual, and decided to exercise its power to impose a 15-month suspension against him. Pang applied to the SFAT for a review of the HKMA's decision on 4 December 2019 (**Review Application**).

8. The substantive hearing of the Review Application was first scheduled to be heard by the SFAT on 17 February 2020. By an email to the SFAT at 18:27 on 12 February 2020, Pang requested the SFAT to reschedule the hearing to a later date on the basis that he had been to Mainland China on 7 February 2020 "for business purpose" and was "undergoing a self-quarantine of 14 days at home" after the trip. In light of the fact that Pang had travelled to Mainland China on 7 February 2020, the hearing was postponed to a date to be fixed.

² According to SCBHK's policies, staff are prohibited from trading in securities of companies included in the Restricted List.

9. Upon the HKMA's verification with Pang's then employer Bank of Singapore Limited (**BOS**), it turned out that:
 - (a) by Pang's own admission, he travelled to Mainland China on 7 February 2020 "*for personal purpose a very short while after work*", which was "*not for business purpose and no business approval was obtained*"; and
 - (b) Pang did not immediately report this trip to BOS and did not undergo self-quarantine at home.³ In fact, he had been working in the office of BOS from 10 to 12 February 2020, before he emailed the SFAT in the evening of 12 February 2020 about his purported self-quarantine.
10. Pang was summarily dismissed by BOS on 16 March 2020.

Referral to the SFC

11. On 7 May 2020, Pang indicated his intention to withdraw the Review Application to the SFAT and the HKMA. On 14 May 2020, the SFAT granted leave for Pang to discontinue the Review Application, while commenting that his review application was wholly without merit.⁴
12. As Pang was no longer registered as a relevant individual with the HKMA as of 17 March 2020, the HKMA's power to discipline Pang under section 58A of the Banking Ordinance lapsed. As the statutory power to discipline a former relevant individual rests with the SFC, the HKMA referred the case to the SFC.
13. Having considered all the evidence, the SFC takes the view that Pang's conduct regarding his personal securities accounts has been dishonest and casts doubt on his character and reliability as well as his ability to carry on regulated activities competently and honestly. The SFC further views Pang's wilful misrepresentation to the SFAT as being blatantly dishonest and calls into question his character, reliability and his ability to carry on regulated activities honestly.
14. The conduct of Pang constituted a breach of:
 - (a) General Principle (**GP**) 1 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**), which requires a registered person to act honestly, fairly, and in the best interests of its clients and the integrity of the market in conducting his business activities;
 - (b) GP 6 of the Code of Conduct, which requires a registered person to try avoiding conflicts of interest; and
 - (c) SCBHK's internal policies and procedures which were designed to allow its senior management to actively monitor the transactions of its employees, pursuant to paragraph 12.2 of the Code of Conduct.

³ According to BOS, this also violated its internal policies during the time, which required all employees who had returned from Mainland China from 14 January 2020 onwards to remain at home for self-monitoring of their health and wellbeing for 14 calendar days since the date of their return.

⁴ Please refer to the [SFAT's Determination](http://www.sfat.gov.hk), which is available on its website at <http://www.sfat.gov.hk>.

Conclusion

15. Having considered all the circumstances, the SFC is of the view that Pang has been guilty of misconduct and is not fit and proper to be or to remain the same type of regulated person.
16. 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 the duration of Pang's conduct and his otherwise clean disciplinary record.