STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. Pursuant to section 194 of the Securities and Futures Ordinance, the Securities and Futures Commission (SFC) has, prohibited Ms Ng Man Chow Michelle for life, from doing all or any of the following in relation to any regulated activities:

   (a) applying to be licensed as a representative;

   (b) applying to be approved as a responsible officer of a licensed corporation;

   (c) applying to be given consent to act or continue to act as an executive officer of a registered institution under section 71C of the Banking Ordinance; and

   (d) seeking through a registered institution to have her name entered in the register maintained by the Hong Kong Monetary Authority under the Banking Ordinance as that of a person engaged by the registered institution in respect of a regulated activity.

2. The disciplinary action is taken because Ng has misappropriated a client's monies, conducted unauthorised trades in the client's securities account, and conducted transactions in another client's securities account on a discretionary basis without obtaining written authorization from him.

Summary of facts

3. Ng was an account executive of KGI Asia Limited (**KGI**) between 3 August 2010 and 14 August 2012.

4. Between August and October 2011, one of Ng's clients, Ms X, bought a number of stocks through her securities account at KGI and gave Ng five cheques in the total sum of HK$116,000 to settle the transactions.

5. Instead of depositing the cheques into Ms X's account with KGI, Ng deposited three cheques into her own trading account with KGI and two cheques into the trading account of another client, Mr Y.

6. As a result, there was an outstanding balance in Ms X's account and interest was charged by KGI. When Ms X asked Ng for an explanation for the interest charged, Ng lied and told her that KGI's accounts department had made a mistake.

7. Further, in an attempt to conceal her misappropriation of Ms X's funds, Ng sold some of the securities in Ms X's account without her authorization in October 2011, in order to reduce Ms X's margin ratio and to prevent KGI from making margin calls to Ms X.

8.   Ng only compensated Ms X's losses after Ms X lodged a complaint with KGI and the SFC.

9.   Separately, in respect of Mr Y, Ng has conducted transactions in his account on a discretionary basis without obtaining his written authorization.   Mr Y confirmed that sometimes Ng would discuss with him which stocks to buy or sell and obtain his permission to execute the transactions, but other times, Ng would complete the transactions before reporting to him and requesting him to deposit money into his account to settle the transactions.

Breaches and reasons for action

10.   General Principle 1 of the Code of Conduct[1] requires licensed persons to act honestly, fairly, and in the best interests of their clients and the integrity of the market, in conducting their business activities*.*

11.   With respect to the authorization and operation of a discretionary account, paragraph 7.1 of the Code of Conduct provides that a licensed or registered person should not effect a transaction for a client unless before the transaction is effected the client has specifically authorised the transaction, or the client has authorised in writing the licensed or registered person to effect transactions for the client without the client's specific authorization.

12.   Ng's misappropriation of Ms X's funds and her attempts to conceal her misappropriation are serious and dishonest acts and breach General Principle 1 of the Code of Conduct.   The effecting of transactions in Mr Y's account on a discretionary basis without obtaining written authorization from Mr Y constitutes a breach of paragraph 7.1 of the Code of Conduct.

Conclusion

13.   Having regard to the seriousness of Ng's breaches, the SFC concluded that Ng is not a fit and proper person to be licensed and has decided to take the disciplinary action against Ng as described in paragraph 1 above.

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[1] Code of Conduct for Persons Licensed by or Registered with the SFC