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## STATEMENT OF DISCIPLINARY ACTION

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### The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Ms Lo Mee Chi Masy (**Lo**)<sup>1</sup> from re-entering the industry for 8 months pursuant to section 196 of the Securities and Futures Ordinance.
2. The SFC's investigation found that Lo:
  - (a) scanned the signing page of a request letter which was signed by the settlor (**Settlor**) of a trust (**Trust**) and addressed to the trustee (**Trustee**), produced an amended request letter by adding the scanned signing page to it, and submitted it to the Trustee without the Settlor's approval; and
  - (b) attempted to use the amended request letter to mislead the Trustee into believing that it was signed by the Settlor.
3. Lo's conduct was in breach of General Principle 1 (honesty and fairness) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**).

### Summary of Facts

4. At the material time, Lo was a client advisor of UBS AG Hong Kong Branch (**UBS**). Lo and her assistant (**Lo's Assistant**) were responsible for managing the account of the Trust (**Trust Account**).
5. Evidence shows that:
  - (a) On 21 July 2017, Lo's Assistant emailed a copy of a request letter (**1<sup>st</sup> Request Letter**) to a staff member of the Trustee (**Staff A**).
  - (b) The 1<sup>st</sup> Request Letter was a 2-page document instructing the Trustee to take various actions in relation to the Trust Account and contained the Settlor's signature on the second page. Among these actions, the Trustee was requested to convert USD2,400,000 into EURO, and use the entire EURO proceeds to purchase a fund (**Fund**).
  - (c) On 25 July 2017, Lo sent an email to Staff A stating that the conversion amount should be USD2,436,000 and enclosing another version of a request letter (**2<sup>nd</sup> Request Letter**).
  - (d) The 2<sup>nd</sup> Request Letter was identical to the 1<sup>st</sup> Request Letter except that the conversion amount was amended from USD2,400,000 to

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<sup>1</sup> Lo was a relevant individual engaged by UBS AG Hong Kong Branch to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance between between 1 April 2003 and 16 October 2017, and between 11 April 2014 and 16 October 2017 respectively. Lo is currently not registered with the Hong Kong Monetary Authority or licensed by the SFC.

USD2,436,000 in the 2<sup>nd</sup> Request Letter. Lo subsequently explained to Staff A that the difference in the conversion amount (i.e. USD36,000) represented the 1.5% upfront commission rate for purchasing the Fund agreed by the Settlor.

- (e) On the same day (i.e. 25 July 2017), Staff A raised her concerns with her superiors that Lo might have amended the request letter and the Settlor might not have been notified of the change. Staff A was advised not to act on the 2<sup>nd</sup> Request Letter which did not appear to be legitimate.
  - (f) The Trustee then escalated the incident to Lo's superiors at UBS, and eventually elected to exercise its discretion to act on the 1<sup>st</sup> Request Letter and to pay the commission of purchasing the Fund (i.e. USD36,000) although the commission amount was not expressly referred to in the 1<sup>st</sup> Request Letter.
  - (g) Lo admitted to UBS during its investigation that she scanned the signing page of the 1<sup>st</sup> Request Letter and produced the 2<sup>nd</sup> Request Letter by amending the conversion amount to cover the commission fee and adding the scanned signing page to it without seeking the Settlor's approval (**Admission**).
6. During the SFC's investigation, Lo denied that she made the Admission to UBS. However, she was not able to explain in what respect the Admission was inaccurate.
  7. Further, the Admission was consistent with (a) Lo's evidence that the Settlor only returned one signed request letter to her by post; and (b) the recollection of Lo's Assistant that the 1<sup>st</sup> Request Letter contained the original signature of the Settlor when she scanned it.
  8. General Principle 1 of the Code of Conduct requires a licensed or registered person to act honestly, fairly, and in the best interests of its clients and the integrity of the market in conducting its business activities.
  9. The evidence suggests that that Lo made the amendment and produced the 2<sup>nd</sup> Request Letter without the Settlor's approval. The SFC considers that it is reasonable to infer that her action of producing and submitting the letter to the Trustee was an attempt to mislead it into believing that the letter was signed by the Settlor when in fact it was not. Although her attempt was unsuccessful and the Trustee ultimately relied on the 1<sup>st</sup> Request Letter, her conduct raises serious concerns that she failed to perform her duties as a registered person honestly, in breach of General Principle 1 of the Code of Conduct.

## **Conclusion**

10. The SFC is of the view that Lo is not fit and proper to be a licensed or registered person.
11. The SFC has decided that a prohibition of 8 months is appropriate and commensurate with the SFC's view on the gravity of Lo's conduct. In deciding the sanction, the SFC has taken into account all relevant circumstances, including that:

- (a) Lo was dishonest in producing an amended letter by adding a scanned signature of the Settlor to it without the Settlor's approval;
- (b) the Trustee's decision was not affected by Lo's submission of the 2<sup>nd</sup> Request Letter;
- (c) there is no evidence that Lo had profited from her conduct;
- (d) there is no evidence that her client had suffered a loss as a result of her conduct;
- (e) a deterrent message needs to be sent to the market; and
- (f) Lo has an otherwise clean disciplinary record.