

STATEMENT OF DISCIPLINARY ACTION

The disciplinary action

1. The Securities and Futures Commission (**SFC**) has prohibited Ms Sun Yiding (**Sun**) from re-entering the industry for eight months from 15 December 2022 to 14 August 2023 pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that between July 2019 and July 2020, Sun breached the employee trading policy (**Policy**) of China International Capital Corporation Hong Kong Securities Limited (**CICCHK**) by:
 - (a) failing to disclose her securities trading account maintained with an external brokerage firm (**Account**) to CICCHK and obtain its approval before opening the Account;
 - (b) failing to disclose to CICCHK and obtain its pre-approval for the securities transactions conducted in the Account;
 - (c) trading in the shares of companies on the restricted list maintained by CICCHK; and
 - (d) selling certain shares in the Account within 30 days of purchase without CICCHK's pre-approval.

Summary of facts

3. Sun joined CICCHK as an Associate of its Private Equity Investment Department in September 2015 and changed her position to CICCHK's Capital Management Department as a Senior Associate in January 2016. She became a licensed representative of CICCHK in February 2018¹.
4. The Policy was applicable to Sun throughout her employment with CICCHK. It requires all employees of CICCHK to:
 - (a) obtain pre-approval from their supervisor and the Compliance Department of CICCHK (**Compliance Department**) before opening a personal trading account;
 - (b) obtain pre-clearance from their supervisor and the Compliance Department before conducting personal trading in securities or other financial instruments;
 - (c) hold their investments in their trading accounts for a minimum of 30 days after the date of purchase, except with the pre-approval from their supervisor and the Compliance Department; and
 - (d) refrain from trading in the shares of companies on the restricted list maintained by the Compliance Department (**Restricted List**).

¹ Sun was accredited to CICCHK and licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO from 14 February 2018 to 10 June 2021.

5. Since January 2016, the Policy also required all employees based in Hong Kong and/or licensed by the SFC to only conduct personal trades through an account maintained with CICCHK.
6. CICCHK provided the Policy to Sun upon her joining of CICCHK in September 2015 and an updated version of the Policy to her in January 2016.
7. Sun signed an acknowledgement form in November 2015 agreeing to comply with all rules and policies of CICCHK during her employment with CICCHK. Sun also attended two compliance trainings provided by CICCHK in 2018 and 2019 respectively, during which she was reminded of the relevant requirements in the Policy. Further, in March 2018, the Compliance Department had reiterated to Sun that she was not allowed under the Policy to hold personal trading accounts outside CICCHK and requested her to close her trading account maintained with an external brokerage firm immediately.
8. In July 2019, Sun opened the Account. She did not obtain CICCHK's approval before opening the Account nor did she disclose the Account to CICCHK afterwards.
9. Between July 2019 and July 2020, Sun conducted 829 securities transactions (with the total transaction value amounting to over HK\$47.4 million) through the Account, without disclosing them to CICCHK or obtaining its pre-clearance.
10. Further, contrary to the requirements in the Policy, Sun traded in three stocks on the Restricted List through the Account in 39 transactions. She also sold certain stocks within 30 days of purchase in 34 transactions, without CICCHK's pre-approval.

Conclusion

11. Sun should have been fully aware of the requirements in the Policy and her obligation to comply with such requirements. Her failure to make the relevant disclosure and obtain the required pre-approval from CICCHK in respect of the Account and the securities transactions in the Account circumvented the Policy and prevented CICCHK from monitoring her personal trading activities. It also shows that Sun was dishonest.
12. In light of the above, the SFC is of the view that Sun is not a fit and proper person to be licensed as her conduct casts doubt on her character and reliability as well as her ability to carry on regulated activities honestly.
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) Sun's misconduct lasted for one year and involved 829 securities transactions;
 - (b) her remorse and cooperation with the SFC in resolving the SFC's concerns; and
 - (c) her otherwise clean disciplinary record.