
Enforcement News

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SFC bans Agnes Li and Chan Sheung Ling for life

The Securities and Futures Commission (SFC) has banned Ms Agnes Li and Ms Chan Sheung Ling, both former employees of Hang Tung Securities Ltd, from re-entering the industry for life (Note 1).

The disciplinary action follows an SFC investigation which revealed that between July 2000 and April 2007 Li used her sister's account with Hang Tung to carry out personal trades in securities.

Li started incurring substantial trading losses in her sister's account in February 2006 and losses in that account continued to rise thereafter. Li manipulated the settlement process to avoid paying for the losses (Note 2) and she owed Hang Tung \$3.8 million as at April 2007.

During these times, Chan oversaw the Accounts and Settlement Department at Hang Tung. By allowing Li to offset the cost of her purchases against the sales, Chan's conduct facilitated the concealment of Li's failure to settle the transactions in full since the actual outstanding amount in the account of Li's sister was not reflected in certain internal reports.

Chan also used inaccurate internal reports to compile Hang Tung's financial returns and used sale proceeds due to another client to settle the account of Li's sister, which is in breach of the Securities and Futures (Client Money) Rules and Hang Tung's written policy.

End

Notes:

1. Li and Chan were formerly licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) regulated activity as representatives of Hang Tung. The licences of both Li and Chan lapsed on 8 May 2007 when they ceased to be employed by Hang Tung.
2. In order to conceal the losses, Li utilised the settlement process as a credit facility. She used proceeds of sales of securities (settled before T+2) to offset amounts due for subsequent purchases of securities (settled beyond T+2). Li then gave the relevant bought or sold notes to Hang Tung's settlement department which processed the trades according to information supplied by her. On many occasions, Li was able to match proceeds from the sales against the amounts due for her purchases, and she only ended up paying or receiving a small difference. As a result of such an arrangement, Li never settled her trades in full and her losses rolled over.

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