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SFC bans Chan Tan Lo for 14 months

19 Mar 2020

The Securities and Futures Commission (SFC) has banned Ms Chan Tan Lo, a former relationship manager of BOCI Securities Limited (BOCIS), for 14 months from 19 March 2020 to 18 May 2021 (Note 1).

An SFC investigation found that when Chan executed nine bond transactions for two clients in March 2016, she failed to disclose and/or provided them with inaccurate information about the final execution prices and/or the actual commission rates she charged them. She also overcharged them in these transactions.

The SFC considers that Chan's conduct was dishonest and calls into question her fitness and properness to be a licensed person.

In deciding the sanction against Chan, the SFC took into account all relevant circumstances, including her remorse and her otherwise clean disciplinary record.

End

Note:

1. Chan was licensed as a representative to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance, and was accredited to BOCIS between 13 May 2004 and 11 April 2016. Chan is currently not licensed by the SFC.

[A copy of the Statement of Disciplinary Action is available on the SFC website](#)

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STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Ms Chan Tan Lo (**Chan**)¹ from re-entering the industry for 14 months pursuant to section 194 of the Securities and Futures Ordinance.
2. The SFC's investigation found that Chan:
 - (a) failed to disclose, and/or provided inaccurate information to two clients (together the **Clients**) about the final execution prices and/or the actual commission rates charged by her in 9 bond transactions; and
 - (b) overcharged the Clients commission in the 9 bond transactions.
3. Chan's conduct was in breach of General Principles 1 (honesty and fairness) and 5 (information for clients) and paragraph 2.1 (accurate representations) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**Code of Conduct**).

Summary of Facts

4. Chan was an associate director and relationship manager (**RM**) of BOCI Securities Limited (**BOCIS**).
5. **During BOCIS's regular sample checking of the telephone recordings of the trades executed by its RMs, BOCIS found that in 9 bond transactions (9 Bond Transactions) Chan executed for the Clients from 1 March 2016 to 23 March 2016, Chan charged them higher commission rates than had been previously agreed with them.**
6. According to the Clients, they agreed with Chan that BOCIS could charge them a commission of 0.2% of the execution price in bond transactions executed on their behalf. The Clients were not willing to pay any commission rate higher than 0.2% as had been agreed with BOCIS.
7. Audio-recordings of the telephone conversations between Chan and the Clients' representative show that during the price quotation stage:
 - (a) Chan quoted the best available prices to the Clients' representative for the 9 Bond Transactions.
 - (b) Chan either expressly told the Clients' representative that there would be a mark-up of 0.2%, or did not correct the Clients' representative when he expressed his understanding that there would be a mark-up of 0.2%, or indicate to him that the mark-up might change.

¹ Chan was a licensed representative accredited to BOCI Securities Limited for Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance between 13 May 2004 and 11 April 2016. Chan is currently not licensed by the SFC.

8. When the 9 Bond Transactions were executed at a better price, Chan unilaterally increased the mark-up without informing the Clients' representative of the increase and seeking his consent to charge a higher mark-up for the transaction. Chan failed to disclose, and/or provided inaccurate, information to the Clients about the actual execution prices and the actual commission rates charged by her, and overcharged the Clients commission by 0.2% to 0.8% in the 9 Bond Transactions.
9. General Principle 1 of the Code of Conduct requires a licensed person to act honestly, fairly, and in the best interests of its clients and the integrity of the market in conducting its business activities.
10. General Principle 5 of the Code of Conduct provides that a licensed person should make adequate disclosure of relevant material information in its dealings with its clients.
11. Paragraph 2.1 of the Code of Conduct provides that where a licensed person advises or acts on behalf of a client, it should ensure that any representations made and information provided to the client are accurate and not misleading.
12. As a licensed person, Chan was obliged to make adequate disclosure of relevant material information to her clients, and to ensure that the information provided to her clients is accurate and not misleading. The evidence shows that Chan failed to provide relevant information regarding the actual execution prices and actual commission rates to the Clients in handling the 9 Bond Transactions. She also provided materially inaccurate and misleading pricing information to the Clients. The SFC considers that Chan has breached General Principle 5 and paragraph 2.1 of the Code of Conduct.
13. Further, despite Chan's knowledge that the commission she ultimately charged the Clients was higher than that agreed, she failed to inform the Clients and/or provided misleading information to the Clients about the price and/or the commission. The SFC considers her conduct to be dishonest, in breach of General Principle 1 of the Code of Conduct.

Conclusion

14. The SFC is of the view that Chan is not a fit and proper person to be licensed.
15. The SFC has decided that a prohibition of 14 months is appropriate and commensurate with the SFC's view on the gravity of Chan's conduct. In deciding the sanction, the SFC has taken into account all relevant circumstances, including that:
 - (a) Chan was dishonest in overcharging the Clients;
 - (b) the commission rates overcharged by Chan ranged from more than 2 times to 5 times of the agreed commission rate of 0.2%;
 - (c) Chan's entitlement to the commission from the 9 Bond Transactions had been forfeited by BOCIS;
 - (d) Chan is remorseful and accepts responsibility for her conduct;
 - (e) a deterrent message needs to be sent to the market; and
 - (f) Chan has an otherwise clean disciplinary record.