

## SFC bans Lam Yuk Wai for life

29 Dec 2016

The Securities and Futures Commission (SFC) has banned Mr Lam Yuk Wai, a former staff of HSBC Broking Securities (Asia) Limited, HSBC Broking Futures (Asia) Limited, HSBC Broking Futures (Hong Kong) Limited and HSBC Broking Forex (Asia) Limited (collectively, HSBC Broking), from re-entering the industry for life (Note 1).

The disciplinary action follows an SFC investigation which found that between September 2011 and July 2015, Lam had:

- conducted over 100 unauthorized transactions in the accounts of seven clients, causing them to suffer substantial losses;
- deceived his clients by providing them with false and misleading account information which substantially overstated the equity value of their accounts, with an intent to conceal the extent of their investment losses; and
- attempted to conceal his misconduct from HSBC Broking by creating deceptive telephone calls in which he pretended to engage in conversations with clients and take order instructions from them.

As a result of Lam's misconduct, HSBC Broking had paid over \$70 million to the affected clients to compensate for their losses (Note 2).

The SFC considers that Lam's dishonesty calls into serious question his fitness and properness to be a licensed person and decided to ban him for life.

End

Notes:

1. Lam was licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance. He was accredited to HSBC Broking Securities (Asia) Limited, HSBC Broking Futures (Asia) Limited and HSBC Broking Forex (Asia) Limited from 15 January 2008 to 29 July 2015. He was also accredited to HSBC Broking Futures (Hong Kong) Limited from 15 January 2008 to 22 January 2013. Lam is currently not licensed by the SFC.
2. HSBC Broking has reported Lam's misconduct to the Police.

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

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## Statement of Disciplinary Action

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### The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Lam Yuk Wai (**Lam**)<sup>1</sup> from re-entering the industry for life pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that during the period from September 2011 to July 2015 (**Relevant Period**), Lam had:
  - (a) conducted unauthorized transactions in the accounts of seven clients; and
  - (b) deceived his clients by providing them with false and misleading account information with an intent to conceal the extent of their investment losses.
3. The SFC is of the view that Lam was guilty of misconduct and his fitness and properness to be a licensed person has been seriously called into question.

### Summary of Facts

4. Lam is a former licensed representative of HSBC Broking Securities (Asia) Limited, HSBC Broking Futures (Asia) Limited, HSBC Broking Futures (Hong Kong) Limited and HSBC Broking Forex (Asia) Limited (collectively, **HSBC Broking**).
5. In or around July 2015, HSBC Broking reported to the SFC that Lam had conducted unauthorized trades in a number of clients' accounts causing substantial losses to the clients.
6. The SFC found that Lam had effected over 100 unauthorized transactions in the accounts of seven clients during the Relevant Period.
7. For purported compliance with the order recording requirement of HSBC Broking and to avoid suspicions from his colleagues, Lam dialled fictitious phone numbers and pretended to engage in conversations with clients and take order instructions from them in relation to those unauthorized transactions.
8. Lam had also provided false account information and/or summaries to clients which substantially overstated the equity value of the accounts, with an intent to conceal the extent of their investment losses.
9. As a result of Lam's misconduct, HSBC Broking had paid over \$70 million to the affected clients to compensate for their losses.

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<sup>1</sup> Lam was licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the SFO. He was accredited to HSBC Broking Securities (Asia) Limited, HSBC Broking Futures (Asia) Limited and HSBC Broking Forex (Asia) Limited from 15 January 2008 to 29 July 2015. He was also accredited to HSBC Broking Futures (Hong Kong) Limited from 15 January 2008 to 22 January 2013. Lam is currently not licensed by the SFC.

10. General Principle 1 (honesty and fairness) of the Code of Conduct<sup>2</sup> requires a licensed person to act honestly, fairly, and in the best interests of its clients and the integrity of the market.
11. Paragraph 2.1 (accurate representation) of the Code of Conduct requires a licensed person to ensure that any representations made and information provided to the client are accurate and not misleading.
12. Paragraph 7.1(a) (authorization and operation of a discretionary account) 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 (i) the client, or a person designated in writing by the client, has specifically authorized the transaction; or (ii) the client has authorized in writing the licensed or registered person or any person employed by the licensed or registered person (who must in turn be a licensed or registered person) to effect transactions for the client without the client’s specific authorization.”*
13. The SFC considers Lam has breached:
  - (a) paragraph 7.1(a) of the Code of Conduct by effecting transactions in the clients’ accounts without the clients’ authorization; and
  - (b) General Principal 1 and paragraph 2.1 of the Code of Conduct by providing false and misleading account information and/or summaries to the clients with a dishonest intent to conceal the extent of investment losses in their accounts.

## **Conclusion**

14. The SFC is of the view that Lam was guilty of misconduct and is not a fit and proper to be or to remain licensed. Lam’s conduct also called into question his reliability and his ability to carry out regulated activities honestly.
15. In reaching the decision to take the disciplinary action set out in paragraph 1 against Lam, the SFC has taken into account:
  - (a) Lam’s conduct is seriously dishonest and spanned over four years;
  - (b) Lam deceived his clients by providing them with false and misleading account information;
  - (c) Lam attempted to conceal his misconduct from HSBC Broking by creating deceptive telephone calls;
  - (d) the unauthorized transactions had caused substantial losses to his clients; and
  - (e) Lam’s otherwise clean disciplinary record with the SFC.

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<sup>2</sup> Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.