
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Huang Qiang (**Huang**) pursuant to section 194(1) of the Securities and Futures Ordinance (SFO), from doing all or any of the following in relation to any regulated activities for nine months:
 - (a) applying to be licensed as a representative;
 - (b) applying to be approved under section 126(1) of the SFO as a responsible officer of a licensed corporation;
 - (c) applying to be given consent to act or continue to act as an executive officer of a registered institution under section 71C of the Banking Ordinance; and
 - (d) seeking through a registered institution to have his name entered in the register maintained by the HKMA under section 20 of the Banking Ordinance as that of a person engaged by the registered institution in respect of a regulated activity.

Summary of facts

2. Huang was licensed under the SFO to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Huang was accredited to Guangdong Securities Limited (**GSL**) (now known as Sinolink Securities (Hong Kong) Company Limited (**Sinolink**))¹ as a responsible officer between 25 May 2004 and 30 June 2016. Huang is currently not licensed by the SFC.
3. The SFC found that between February 2011 and March 2013 (**Relevant Period**), GSL's internal controls for handling payments from client accounts to third parties were deficient and inadequate. GSL failed to demonstrate that it had conducted appropriate enquiries before processing third party payments. Enquiries which were allegedly made at the time, and the rationale for approving the payments, were not properly documented in writing.²
4. Huang as a responsible officer of GSL approved a number of third party payments involving significant sums of money without meaningful explanation of the relationship and purpose of the payments. Huang was expected to enforce and implement GSL's policies and procedures. Yet, Huang acted contrary to GSL's internal policies and procedures in approving the third party payments. Further, Huang did not supervise to ensure the compliance of other responsible officers in their approval of the third party payments.

¹ The business of GSL was acquired by Sinolink Securities Co., Ltd. in March 2015. The firm changed its name to Sinolink in November 2015.

² See the SFC's press release dated 6 March 2017.

5. As the managing director and a responsible officer of GSL during the Relevant Period, Huang was ultimately responsible for GSL's business conduct. GSL's failures in relation to the third party payment, of which Huang was involved, apparently occurred with his consent or connivance and attributable to neglect on his part. Specifically, Huang failed to:
 - (a) ensure the maintenance of appropriate standards of conduct and adherence to proper procedures by GSL, as required under GP9 of the Code of Conduct; and
 - (b) diligently supervise the staff members at GSL to conduct business on its behalf, as required under paragraph 4.2 of the Code of Conduct.

Conclusion

6. Having considered all the circumstances, the SFC is of the view that Huang is guilty of misconduct and his fitness and properness to carry on regulated activities has been called into question.
7. In deciding the disciplinary sanction set out in paragraph 1, the SFC has had regard to all relevant circumstances, including:
 - (a) the misconduct of GSL and Huang lasted for over two years;
 - (b) GSL's failures were attributable to Huang's failures to discharge his duties as a responsible officer and managing director of GSL; and
 - (c) Huang has an otherwise clean disciplinary history.