

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Sui Yu (**Sui**)¹ pursuant to section 196 of the Securities and Futures Ordinance (**SFO**) for a period of 3 months from:
 - (a) applying to be licensed or registered;
 - (b) applying to be approved 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 her name entered in the register maintained by the Monetary Authority under the Banking Ordinance as that of a person engaged by the registered institution in respect of a regulated activity.
2. The SFC found that Sui, while being employed by J.P. Morgan Securities (Asia Pacific) Ltd (**JPMS**), had:
 - (a) put herself in a conflict of interest situation by dealing in the shares of a listed company (**Company**) while in possession of confidential information about a proposed placement of the shares in the Company; and
 - (b) failed to disclose in the pre-clearance form submitted to JPMS for approval to deal in the shares of the Company that she had significant dealings or responsibility with respect to the Company.

Summary of Facts

3. On or around 2 September 2009, Sui, a Vice President in the Investment Banking Division (**IBD**) of JPMS, was assigned to lead an execution team in a proposed placement of the shares of the Company (**Proposed Placement**). The information about the Proposed Placement was confidential.
4. At 10:40 am on 4 September 2009, Sui submitted a pre-clearance request form (**Pre-clearance form**) to the Compliance Department of JPMS for approval to sell 6,000 shares of the Company. Her request was approved at 11:09 am on the same day.
5. In the Pre-clearance form, Sui was required to answer “Yes” or “No” as to whether she had any significant dealings or responsibility with respect to the Company. It was stated in the Pre-clearance form that an employee was not permitted to trade in the shares of a company if the employee’s answer to the question was “Yes”. It was also stated on the Pre-clearance Form that an IBD employee was not permitted to trade in the shares of a company if the

¹ Sui was an individual whose name was entered in the register maintained under section 20 of the Banking Ordinance as a person engaged by JPMorgan Chase Bank, N.A. and J.P. Morgan Securities (Asia Pacific) Ltd in respect of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities between 3 April 2006 and 7 October 2009.

employee had been a deal team member in relation to a transaction involving the company within the last 12 months.

6. Although Sui had already been a deal team member of the Proposed Placement at the time, she answered “No” in response to the question.
7. Sui sold 6,000 shares of the Company for the amount of \$43,200 at 12:21pm on 4 September 2009.

Conclusion

8. General Principle 2 (Diligence) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commissions (**Code of Conduct**) requires registered persons to act with due skill, care and diligence, in the best interests of their clients and the integrity of the market, when conducting their business activities.
9. In addition, General Principle 6 (Conflicts of interest) of the Code of Conduct requires that a registered person should try to avoid conflicts of interest.
10. Having considered all the circumstances, the SFC is of the view that Sui’s conduct was in breach of General Principle 2 (Diligence) and General Principle 6 (Conflicts of interest) of the Code of Conduct and called into question her fitness and properness to be a registered person. Accordingly, the SFC has decided to take the disciplinary action against Sui described in paragraph 1 above.
11. In deciding the appropriate sanction, the SFC has taken into account all relevant considerations, including:
 - (a) the amount of the trade involved was only \$43,200;
 - (b) Sui self-reported the incident to her employer after the trade;
 - (c) Sui was dismissed by JPMS as a result of the incident;
 - (d) Sui has an otherwise clean disciplinary record; and
 - (e) Sui’s personal circumstances at the relevant time.