SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

SFC Disciplinary Fining Guidelines (for regulated persons under Part IX of the Securities and Futures Ordinance)

16 November 2026

SFC Disciplinary Fining Guidelines

Securities and Futures Ordinance
Considerations relevant to the level of a disciplinary fine

These guidelines are made under section 199(1)(a) of the Securities and Futures Ordinance (Ordinance) to indicate the manner in which the Securities and Futures Commission (SFC) will perform its function of imposing a fine on a regulated person under section 194(2) or 196(2). Section 199(1)(b) requires the SFC to have regard to these guidelines in performing its function of fining under section 194(2) or 196(2). Section 199(2) sets out some factors that the SFC should take into account in exercising its fining power among other factors that the SFC may consider. These factors are included in the considerations set out below.

Under section 194(2) or 196(2) of the Ordinance, where a regulated person is, or was at any time, guilty of "misconduct" or the SFC is of the opinion that a regulated person is not a fit and proper person to be or to remain the same type of regulated person, the SFC may, either on its own or together with other disciplinary sanctions, impose a fine up to the maximum of HK$10 million or three times of the profit gained or loss avoided as a result of the misconduct or other conduct which leads the SFC to form the opinion, whichever is the greater.

"Misconduct" is defined in section 193 of the Ordinance and includes an act or omission relating to:

- the carrying on of any regulated activity for which a person is licensed or registered;
- the carrying on of any activity, other than a regulated activity that an intermediary may carry on for an open-ended fund company; or
- the provision of any securities registrar service that a person is approved to provide,

which, in the opinion of the SFC, is or is likely to be prejudicial to the interests of the investing public or to the public interest.

"Misconduct" may, depending on its nature and characteristics, consist of a number of culpable acts or culpable omissions. Even if they are of the same generic nature, they may attract multiple penalties.[1]

The SFC may use the number of persons affected by the misconduct as the multiplier in assessing the appropriate level of pecuniary penalty. For example, where a regulated person has contravened the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission resulting in a financial product being mis-sold to three persons, the SFC may impose a fine not exceeding HK$10 million for each affected person (i.e. HK$10 million x 3).[2] Using the number of affected persons as the multiplier may

[1] See paragraph 418 of the Securities and Futures Appeals Tribunal's (SFAT) decision in *HSBC Private Bank (Suisse) SA v SFC* (Application No. 3 of 2015, 21 November 2017) and paragraph 213 of the SFAT's decision in *Moody's Investors Service Hong Kong Limited v SFC* (Application No. 4 of 2014, 31 March 2016).

[2] See paragraphs 418, 446 to 453 of the Securities and Futures Appeals Tribunal's (SFAT) decision in *HSBC Private Bank (Suisse) SA v SFC* (Application No. 3 of 2015, 21 November 2017).

not be appropriate in every case. The appropriate approach in each case will depend on its facts.

The SFC regards a fine as a more severe sanction than a reprimand. The SFC will not impose a fine if the circumstances of a particular case only warrant a public reprimand. As a matter of policy, the SFC will publicise all fining decisions.

When considering whether to impose a fine under section 194(2) or 196(2) and the size of any fine, the SFC will consider all the circumstances of the particular case, including the Specific Considerations described below.

A fine should deter non-compliance with regulatory requirements so as to protect the public.

Although sections 194(2)(ii) and 196(2)(ii) state that one alternative maximum level of fine that can be imposed is three times the profit gained or loss avoided, the SFC will not automatically link the fine imposed in any particular case with the profit gained or loss avoided.

The more serious the conduct, the greater the likelihood that the SFC will impose a fine and that the size of the fine will be larger. In cases where the "misconduct" attracts multiple pecuniary penalties, the SFC will look at the totality of the penalties to ensure it is not disproportionate to the gravity of the conduct in question.

In determining the seriousness of conduct, in general, the SFC views some considerations as more important than others. The General Considerations set out below describe conduct that would be generally viewed as more or less serious. In any particular case, the General Considerations should be read together with the Specific Considerations in determining whether or not the SFC will impose a fine and, if so, the amount of the fine.

General considerations

The SFC generally regards the following conduct as more serious:

- conduct that is intentional or reckless
- conduct that damages the integrity of the securities and futures market
- conduct that has a significant adverse impact on market operations
- conduct that causes loss to, or imposes costs on, others
- conduct which provides a benefit to the firm[3] or individual engaged in that conduct or any other person.

The SFC generally regards the following conduct as less serious and so generally deserving a lower fine:

- negligent conduct – however, the SFC will impose disciplinary sanctions including fines for negligent conduct in appropriate circumstances
- conduct which only results in a technical breach of a regulatory requirement or principle in that it:

[3] References to "firms" in this document include licensed corporations, registered institutions and approved securities registrars.

+ causes little or no damage to market integrity

+ causes little or no adverse impact on market operations

+ causes little or no loss to, or imposes little or no costs on, others

- conduct which produces little or no benefit to the firm or individual engaged in that conduct and their related parties.

These are only general considerations. These considerations together with the other circumstances of each individual case including the Specific Considerations described below will be determinative.

Specific considerations

The SFC will consider all the circumstances of a case, including:

The nature and seriousness of the conduct

- the impact of the conduct on the integrity of the securities and futures market
- the impact of the conduct on market operations
- whether significant costs have been imposed on, or losses caused to others, especially clients, market users or the investing public generally
- whether the conduct was intentional, reckless or negligent, including whether prior advice was sought on the lawfulness or acceptability of the conduct either by a firm from its advisors or by an individual from his or her supervisors or relevant compliance staff of the firm or group that employs him or her
- the duration and frequency of the conduct
- whether the conduct is widespread in the relevant industry (and if so, for how long) or there are reasonable grounds for believing it to be so widespread
- whether the conduct was engaged in by the firm or individual alone or whether as part of a group and the role the firm or individual played in that group
- whether a breach of fiduciary duty was involved
- in the case of a firm, whether the conduct reveals serious or systematic weaknesses, or both, in respect of the management systems or internal controls in relation to all or part of that firm's business
- in the case of an approved securities registrar, whether the conduct reveals serious or systematic failure in the operation or maintenance of its computer systems and facilities
- whether the SFC has issued any guidance in relation to the conduct in question

The amount of profits accrued or loss avoided

- a firm or individual and related parties should not benefit from the conduct

Other circumstances of the firm or individual

- a fine should not have the likely effect of putting a firm or individual in financial jeopardy. In considering this factor, the SFC will take into account the size and financial resources of the firm or individual. However, if a firm or individual takes deliberate steps to create the false appearance that a fine will place it, him or her in financial jeopardy, e.g. by transferring assets to third parties, this will be taken into account
- whether a firm or individual brings its, his or her conduct to the SFC's attention in a timely manner. In reviewing this, the SFC will consider whether the firm or individual informs the SFC of all the conduct of which it, he or she is aware or only part, and the manner in which the disclosure is made and the reasons for the disclosure
- the degree of cooperation with the SFC and other competent authorities[4]
- any remedial steps taken since the conduct was identified, including any steps taken to identify whether clients or others have suffered loss and any steps taken to sufficiently compensate those clients or others, any disciplinary action taken by a firm against those involved and any steps taken to ensure that similar conduct does not occur in future
- the previous disciplinary record of the firm or individual, including an individual or firm's previous similar conduct particularly that for which it, he or she has been disciplined before or previous good conduct
- in relation to an individual, his or her experience in the industry and position within the firm that employed him or her

Other relevant factors, including

- what action the SFC has taken in previous similar cases – in general similar cases should be treated consistently
- any punishment imposed or regulatory action taken or likely to be taken by other competent authorities
- result or likely result of any civil action taken or likely to be taken by third parties – successful or likely successful civil claims may reduce the part of a fine, if any, that is intended to stop a person benefiting from their conduct.

[4] See Guidance Note on Cooperation with the SFC published by the SFC.