
STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has reprimanded and fined BNP Paribas Wealth Management (**BNPPWM**) a total of \$4 million pursuant to section 196 of the Securities and Futures Ordinance (**SFO**) for its failure to exercise due skill, care and diligence to ensure the monetary benefits it received from client transactions were fair and reasonable, and in accordance with its representations to the clients, in breach of General Principle 2 and paragraph 2.2 of the Code of Conduct.¹
2. BNPPWM is an authorised financial institution under the supervision of Hong Kong Monetary Authority (**HKMA**) and is a registered institution under the SFO carrying on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

Summary of facts

3. In September 2013, BNPPWM reported to HKMA and the SFC about monetary benefits it received from certain “back-to-back transactions” with its clients might have exceeded the levels set out in its documentation provided to the clients.
4. The SFC’s investigation found that during the period from 1 January 2011 to 31 December 2013 (the **Material Period**), BNPPWM received different levels of monetary benefits from client transactions in different product categories and clients were provided with documentation that indicated the levels of monetary benefits BNPPWM would charge for each product category.
5. The evidence shows BNPPWM had received a total of around \$9.5 million more monetary benefits than its representations to the clients during the Material Period in 2,322 client transactions:

Product category	No. of affected transactions	Estimated overcharged amount (in HKD)
Equities	1,201	514,000
Bonds	336	4,054,000
Structured Products	14	67,000
Options/Swaps	99	1,212,000
Funds	672	3,626,000
Total:	2,322	9,473,000

¹ Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission

Conclusion

6. In the circumstances, BNPPWM had breached General Principle 2 and paragraph 2.2 of the Code of Conduct for not acting in the best interests of its clients, and failed to exercise due skill, care and diligence to ensure the monetary benefits it received from client transactions were fair and reasonable, and in accordance with its representations to the clients.
7. The SFC considers the sanction of a public reprimand and a fine of \$4 million is appropriate in the circumstances, given:
 - (a) BNPPWM agreed to engage an independent reviewer to review and ensure all overcharged amounts are returned to the affected clients;
 - (b) BNPPWM has repaid all overcharged amounts received from current clients and is in the process of repaying former clients, which no longer retain an account with BNPPWM;
 - (c) BNPPWM self-reported the matter to the SFC and HKMA;
 - (d) BNPPWM proactively co-operated with the SFC in resolving the concerns; and
 - (e) BNPPWM has an otherwise clean disciplinary record.