

Enforcement Actions

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23 April 2003

SFC Reprimands Global Credit Securities Limited and Yip Wan Fung, Christie

The SFC has reprimanded Global Credit Securities Limited (GCS), a company registered as a dealer under the Securities Ordinance and its dealing director, Ms Yip Wan Fung, Christie.

The actions were taken following inquiries under section 56 of the Securities Ordinance which revealed that GCS had:

- (i) breached the requirement of section 6(1) of the Financial Resources Rules (FRR) in failing to maintain the required level of liquid capital for the entire month of August 2001 and for the period from 11 to 13 September 2001;
- (ii) provided false and/or misleading information to the SFC by representing on several occasions that section 6(1) of the FRR was fulfilled when in fact it was not;
- (iii) failed to put in place adequate internal controls and procedures to ensure continuous compliance with the FRR; and
- (iv) failed to supervise employees adequately and diligently.

At all material times, Yip was directly responsible for supervising GCS' operations and managing GCS' overall business. The SFC found that Yip had failed to discharge her responsibilities as a dealing director efficiently and effectively. In particular, Yip had signed a FRR return on behalf of GCS declaring that GCS had complied with the FRR requirements at all times during the relevant month without ensuring that the declaration was correct.

As a result of the findings, the SFC concludes that the fitness and properness of GCS and Yip as registered persons has been called into question.

In deciding to publicly reprimand GCS and Yip, the SFC has taken into account the following:

- (i) GCS and Yip cooperated fully with the SFC during the course of inquiry;
- (ii) GCS and Yip took steps to rectify the FRR breaches promptly; and
- (iii) no loss was caused to GCS' clients.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "The FRR are important for ensuring that the capital of a licensed corporation is adequate. When filing FRR returns to the SFC, a licensed corporation must check to ensure the accuracy of its FRR calculations. Otherwise, the licensed corporation may find itself liable for providing false or misleading information to the SFC if it declares that it has at all times complied with the FRR when in fact it is not in compliance. The SFC views breaches of the FRR seriously and will take appropriate disciplinary action against licensed persons who fail to comply with the rules."

Ends

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