

Compensation Payments to Clients of CA Pacific Securities Ltd and Forlux Securities Ltd

11 Feb 1999

The Securities and Futures Commission announces that payments are being made today from the Unified Exchange Compensation Fund to 164 clients of CA Pacific Securities Ltd (CAPS) who suffered pecuniary losses as a result of the default of CAPS in January 1998 and whose claims were allowed or partially allowed by the Stock Exchange of Hong Kong Ltd. Claimants will receive in full the amounts allowed by the Stock Exchange up to the limit of \$150,000, in accordance with the compensation arrangement announced in June 1998. The Stock Exchange has allowed their claims to the extent of \$20,026,675.93. This tranche of payment out of the Compensation Fund in respect of the default of CAPS will be \$11,041,219.48. Of the 164 claimants, 143 are claimants of CAPS who also have accounts with CA Pacific Finance Ltd (CAPF) and whose claims have been allowed or partially allowed. Other than these 164 claimants, the claims of 7 claimants of CAPS who also have accounts with CAPF were disallowed by the Stock Exchange. With these payments, the amount that has been paid out to-date from the Compensation Fund in respect to the default of CAPS is \$88,609,281.24 and the number of clients who have received payment is 1,060.

The SFC also announces that it has received copies of the determination notices from the Stock Exchange in respect to 75 clients of Forlux Securities Ltd (Forlux). SFC staff are processing the payments and expect to be able to issue payments from the Compensation Fund in early March to this first batch of 75 clients of Forlux who suffered pecuniary losses as a result of the default of Forlux in May 1998 and whose claims were allowed or partially allowed by the Stock Exchange.

The Stock Exchange has allowed their claims to the extent of \$14,691,080.67. The Stock Exchange considers Forlux to be an exceptional case and has decided in consultation with the SFC that the per claimant limit of \$150,000 will apply. Under this arrangement, this tranche of payment out of the Compensation Fund in respect of the default of Forlux will be \$6,579,064.12.

After the Stock Exchange has determined all the claims, it will prorate the \$8 million (the compensation limit under section 109 of the Securities Ordinance) based on the total amount of all allowed claims. Should the apportioned amount of compensation be greater than the payment made to a particular claimant on this occasion, the Stock Exchange will notify the claimant who will then be able to receive the balance from the Compensation Fund.

The SFC notes that the Stock Exchange has decided that the \$150,000 per claimant limit compensation arrangement will not automatically apply to other new cases, which will have to be considered on their individual merits, taking into account, among other things, the financial position of the Compensation Fund.

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