
Enforcement News

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19 December 2007

SFC Reprimands and Fines South China Securities Limited \$500,000

The SFC has issued a reprimand to South China Securities Limited and fined it \$500,000 (Note 1).

An SFC investigation that followed an inspection of South China in October 2003 found that South China:

- failed to maintain the required liquid capital on various dates between May 2002 and October 2003 in breach of the Financial Resources Rules under the Securities Ordinance and the Securities and Futures (Financial Resources) Rules (collectively FRR);
- failed, at that time, to segregate clients' monies in accordance with the Securities and Futures (Client Money) Rules (CMR); and
- did not, at that time, have in place adequate internal controls to ensure compliance with applicable laws and regulations.

In deciding the sanction, the SFC has taken into account all the circumstances including: (i) South China took remedial steps once breaches were suspected; (ii) the limited duration of the breach; and (iii) South China engaged an auditor to review its compliance with FRR and CMR.

Ends

Notes:

1. South China is licensed under the Securities and Futures Ordinance to carry on business in Type 1 (dealing in securities) regulated activity.

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