

SFC Enforcement Actions Tracker

Showing SFC enforcement actions which resulted in fines of HKD1 million or more as at 16 March 2022

DATE	PARTY SANCTIONED	CATEGORY	SANCTION	NATURE OF BREACHES/ OTHER INFORMATION	LINK TO REPORT
16-Mar-22	Emperor Securities Limited and Emperor Futures Limited	AML. Breach of Code of Conduct.	HKD5.4m fine; reprimand	<p>The SFC has reprimanded and fined Emperor Securities Limited (ESL) and Emperor Futures Limited (EFL) (collectively, Emperor) HKD5.4m for failures in complying with anti-money laundering and counter-terrorist financing regulatory requirements.</p> <p>Specifically, the SFC found that Emperor failed to implement adequate and effective policies and procedures to mitigate the risks of money laundering and terrorist financing associated with third party deposits and payments.</p> <p>The SFC's investigation revealed that between 1 December 2016 and 10 December 2017, ESL and EFL routinely processed 732 and 32 third party fund transfers respectively, totalling around HKD1.05bn and HKD17.6m respectively, without properly scrutinising whether these transfers were reasonable. Despite the presence of red flags in some of the third party fund transfers requested by clients, Emperor did not identify the suspicious transfers nor make appropriate enquiries.</p> <p>The SFC is of the view that Emperor's conduct was in breach of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Guideline on Anti-Money Laundering and Counter-Terrorist Financing and the Code of Conduct.</p>	Click here

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16-Feb-22	TeleEye Holdings Limited	Insider dealing. Market misconduct.	Disgorgement of profits of HKD12.9m gained from insider dealing	<p>The SFC commenced proceedings against TeleEye Holdings Limited (TeleEye) under section 213 of the Securities and Futures Ordinance and applied for interim orders freezing the profits of insider dealing on 30 September 2016. A total of HKD12,949,875 was paid into court by Ms Wei Juan and Mr Huang Yi, associates of Ms Yik Fong Fong. On 9 November 2021, the court found that Yik, Wei and Huang engaged in insider dealing in the shares of TeleEye.</p> <p>Following the court's conviction, the Court of First Instance has ordered that illicit profits of insider dealing in shares of TeleEye of HKD12,949,875 made by Wei and Huang be paid to 63 investors. The funds will be paid out to court appointed administrators, Mr Tsui Chi Chiu and Mr Leonard Chan King Wai of Ernst & Young Transactions Limited, and distributed to the affected investors in proportion to the number of shares they sold to Wei or Huang between 29 February and 12 April 2016.</p>	Click here
14-Feb-22	South China Commodities Limited	AML. Breach of Code of Conduct.	HKD4.8m fine; reprimand	<p>The SFC has reprimanded and fined South China Commodities Limited (SCCL) HKD4.8m for failures in complying with anti-money laundering and counter-terrorist financing and other regulatory requirements between June 2017 and October 2018.</p> <p>The SFC's investigation found that SCCL did not conduct any due diligence on the customer supplied systems (CSSs) used by 19 clients for placing orders during the material time. As a result, SCCL was not in a position to properly assess and manage the money laundering and terrorist financing (ML/TF) and other risks associated with the use of such CSSs by its clients.</p> <p>In addition, the SFC identified that the amounts of deposits made into four client accounts were incommensurate with their declared financial profiles. SCCL claimed that it was not aware of these anomalies. The SFC forms the view that SCCL failed to demonstrate that it had conducted proper enquiries on the deposits and satisfactorily addressed the associated ML/TF risks.</p> <p>The SFC further found that SCCL's failure to put in place an effective ongoing monitoring system to detect suspicious trading patterns in client accounts resulted in its failure to detect 3,783 self-matched trades in nine client accounts.</p> <p>The SFC is of the view that SCCL's systems and controls were inadequate and ineffective, and failed to ensure compliance with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Guideline on Anti-Money Laundering and Counter-Terrorist Financing and the Code of Conduct.</p>	Click here



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28-Jan-22	Citigroup Global Markets Asia Limited	Internal control failure. Misconduct.	HKD348.25m fine; reprimand	<p>The SFC has reprimanded and fined Citigroup Global Markets Asia Limited (CGMAL) HKD348.25m for allowing various trading desks under its Cash Equities business to disseminate mislabelled Indications of Interest (IOIs) and make misrepresentations to institutional clients when executing facilitation trades from 2008 to 2018.</p> <p>The SFC considers that such pervasive dishonest behaviour would not have continued but for serious lapses and deficiencies in its internal controls, compliance function and management oversight.</p> <p>The SFC is also of the view that CGMAL's failures and misconduct were attributable to the failures by certain former members of its senior management to discharge their supervisory duties. The SFC will commence disciplinary proceedings against these individuals in due course.</p> <p>CGMAL has taken remediation steps and enhancement measures to rectify and strengthen its internal controls in respect of IOIs and client facilitation activities, including the appointment of an independent reviewer to review and validate its controls framework.</p>	Click here
20-Jan-22	Zhonghui International Futures Company Limited	AML. Internal control failure. Breach of Code of Conduct.	HKD5m fine; reprimand	<p>The SFC has reprimanded and fined Zhonghui International Futures Company Limited (ZIFC) HKD5m for failures in complying with know-your-client, anti-money laundering and counter-terrorist financing and other regulatory requirements between May 2017 and July 2018.</p> <p>The SFC's investigation found that ZIFC, which permitted 26 clients to use their designated customer supplied systems (CSSs) for placing orders during the material time, had failed to conduct adequate due diligence on the CSSs. As such, ZIFC was not in a position to properly assess and manage the money laundering and terrorist financing and other risks associated with the use of such CSSs by its clients before allowing them to be connected to its broker supplied system. In addition, ZIFC had failed to implement two-factor authentication for clients to login to their internet trading accounts via CSSs for six months until October 2018.</p> <p>The SFC identified that eight clients have authorized multiple third parties to place orders for their accounts via CSSs. However, ZIFC had failed to take reasonable steps to establish the true and full identity of these clients and their ultimate beneficial owners, nor make proper enquiries before approving the clients' requests to set up the third party operated accounts.</p> <p>The SFC further found that failure to have in place an effective monitoring system resulted in ZIFC's failure to detect unusual money movements in three client accounts between January and August 2018 and 1,052 instances of self-matched trades in two client accounts between March and May 2018.</p> <p>The SFC is of the view that ZIFC's conduct was in breach of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Guideline on Anti-Money Laundering and Counter-Terrorist Financing, the Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading and the Code of Conduct.</p>	Click here

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30-Dec-21	Grand International Futures Co., Limited	AML. Internal control failure. Breach of Code of Conduct.	HKD8m fine; reprimand	<p>The SFC has reprimanded and fined Grand International Futures Co., Limited (GIFCL) HKD8m for failures in complying with anti-money laundering and counter-terrorist financing and other regulatory requirements between October 2017 and October 2018.</p> <p>The SFC has also suspended the licence of GIFCL's responsible officer, Mr Liang Benyou, for eight months from 28 December 2021 to 27 August 2022.</p> <p>The SFC's investigation found that GIFCL did not conduct any due diligence on the customer supplied systems used by 103 clients for placing orders. As a result, GIFCL was not in a position to properly assess and manage the money laundering and terrorist financing (ML/TF) and other risks associated with the use of such CSSs by its clients.</p> <p>In addition, the SFC identified that the amounts of deposits made into four client accounts were incommensurate with their declared financial profiles. Although GIFCL claimed that it was aware of these anomalies, it failed to demonstrate that it had conducted proper enquiries on the deposits and satisfactorily addressed the associated ML/TF risks.</p> <p>The SFC further found that GIFCL's failure to put in place an effective ongoing monitoring system to detect suspicious trading patterns in client accounts resulted in its failure to detect 100,989 self-matched trades in nine client accounts.</p> <p>The SFC is of the view that GIFCL's systems and controls were inadequate and ineffective, and failed to ensure compliance with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Guideline on Anti-Money Laundering and Counter-Terrorist Financing and the Code of Conduct.</p>	Click here
15-Dec-21	Mason Securities Limited	AML. Breach of code of conduct.	HKD3.6m fine	<p>The SFC has reprimanded Mason Securities Limited (MSL), formerly known as GuocoCapital Limited (GCL), and fined it HKD3.6m for failing to ensure proper certification of client identity before approving account opening and have in place controls for the identification of third party deposits, contrary to anti-money laundering and counter-terrorist financing regulatory requirements.</p> <p>The SFC found that between December 2014 and January 2015, GCL failed to conduct proper customer due diligence before approving the opening of six clients' accounts via a non-face-to-face approach because no controls were in place to ensure that proper certification of client identity documents was carried out.</p> <p>MSL also failed to take reasonable measures to ensure that proper safeguards exist to mitigate the risks of money laundering and terrorist financing when identifying and handling third party deposits as it failed to identify 15 cheques issued by third parties that were deposited into five client accounts between May and July 2016 until the SFC requested for the relevant cheque copies. This was due to GCL and MSL's lack of policies and procedures for the identification of third party deposits prior to June 2017.</p> <p>The SFC is of the view that MSL is guilty of misconduct, and its fitness and propriety to carry on regulated activities have been called into question.</p>	Click here

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01-Nov-21	Fulbright Securities Limited and Mr Eric Liu Chi Ming	Internal control failure. Failure to report.	(1) HKD3.3m fine for Fulbright; reprimand (2) Suspension of Liu for six months	<p>The SFC has reprimanded and fined Fulbright Securities Limited (Fulbright) HKD3.3m for internal control failures relating to its placing activities and recording of client order instructions. The SFC has also suspended Fulbright's responsible officer, Mr Eric Liu Chi Ming (Liu), for six months from 29 October 2021 to 28 April 2022.</p> <p>The disciplinary action followed an SFC investigation which found that Fulbright, when acting as a placing agent in the share placement of a Hong Kong-listed company in August 2018, had failed to:</p> <ul style="list-style-type: none"> (a) exercise due skill, care and diligence and continuously monitor its business relationship with clients when processing the placement subscription applications; and (b) act in the best interests of its clients during the placement. <p>The SFC also found that during the period from 1 November 2017 to 31 July 2019, Fulbright had failed to:</p> <ul style="list-style-type: none"> (a) properly record and maintain order instructions in relation to a total of 580 client orders; (b) effectively implement policies and procedures, and diligently supervise its account executives to ensure client orders were handled in compliance with the applicable order handling regulatory requirements; (c) establish and maintain appropriate and effective procedures for its telephone order recording compliance reviews; and (d) report immediately to the SFC after it became aware of its account executives' breaches of the applicable telephone order regulatory requirements. <p>The evidence shows that Liu was responsible for managing and supervising Fulbright's business operations in regulated activities at the material time and the firm's failures were attributable to Liu's failure to discharge his duties as a responsible officer and a member of Fulbright's senior management.</p>	Click here



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19-Oct-21	Yi Shun Da Capital Limited (YSD Capital)	Sponsor failures.	HKD3m fine for YSD capital; reprimand	<p>The SFC has reprimanded and fined YSD Capital HKD3m for failing to discharge its duties as the sponsor in the listing application of Imperial Sierra Group Holdings Limited (Imperial Sierra) in 2017.</p> <p>The SFC found that YSD Capital had failed to perform all reasonable due diligence on Imperial Sierra before submitting the listing application and to ensure that all material information obtained was included in the Application Proof and that the information was accurate and substantially complete.</p> <p>Specifically, YSD Capital's failing related to:</p> <p>(a) Failure to perform all reasonable due diligence on</p> <p>(i) Imperial Sierra's customers relationships with third party payers and the reasons for third party payments;</p> <p>(ii) the agreements and the bank transaction records in relation to the finance arrangements, and the relationships between the parties in the investment arrangements; and</p> <p>(iii) various suspicious transactions which should have called into question as to whether Imperial Sierra and/or its chairman had provided financial support to some of the customers' payments.</p> <p>(b) Failure to ensure disclosure of all material information in Imperial Sierra's Application Proof prospectus.</p>	Click here
08-Oct-21	Ample Capital Limited (ACL)	Sponsor failures.	HKD5.5m fine for ACL; reprimand	<p>The SFC has reprimanded and fined ACL HKD5.5m for failing to discharge its duties as the sponsor in the listing application of COCCI International Limited (COCCI) between 2016 and 2017.</p> <p>The disciplinary action followed the SFC's investigation which found that ACL failed to:</p> <p>(a) conduct adequate due diligence on suspicious cash settlements received by COCCI and keep proper records of its due diligence work;</p> <p>(b) ascertain the background and independence of a major wholesale distributor of COCCI (Distributor) and its associates;</p> <p>(c) assess the reasonableness of COCCI's sales to the Distributor; and</p> <p>(d) critically assess the reliability of the shipping documents provided to it by COCCI.</p>	Click here

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03-Aug-21	UBS AG and UBS Securities Asia Limited (UBSSAL)	Failure to disclose. Internal control failure. Regulatory breach	HKD9.8m fine for UBS AG and HKD1.75m fine for UBSSAL; reprimand	<p>The SFC has reprimanded and fined UBS AG and UBS Securities Asia Limited (UBSSAL) (collectively, UBS) HKD9.8m and HKD1.75m respectively over various regulatory breaches. Between May 2004 and May 2018, UBS failed to make proper disclosure of its financial interests in some Hong Kong listed companies covered in its research reports. The failure was caused by multiple data feed logic errors in a legacy data source used by UBS for tracking its shareholding positions.</p> <p>The SFC also found that UBS AG failed to: (i) obtain valid standing authorities from 91 clients who were not qualified as professional investors and issue contract notes to them between November 2012 and February 2019 in respect of 913 securities pooled lending transactions entered into with these clients; (ii) record client order instructions received through 35 telephone lines between August 2017 and June 2019, involving over 2,000 transactions executed for more than 400 clients; (iii) follow applicable regulatory guidelines relating to the assessment of clients' derivatives knowledge between January 2018 and June 2020 by failing to obtain trading evidence from clients who declared that they had conducted five or more derivative trades in the three years before declaration; and (iv) disclose to 15 clients the "stop loss event" feature of a structured note issued by an issuer, and assure itself that the clients understood the risks associated with that feature before selling them the note between October 2017 and February 2020.</p> <p>The SFC considers that UBS failed to act with due skill and care and put in place adequate systems and controls to ensure compliance with the applicable regulatory requirements.</p>	Click here
29-Jun-21	Mr David Wong Wai Kwong, Mr Peter Lee Ka Yue and Mr Chik Ho Yin (former directors of EganaGoldpfeil (Holdings) Ltd)	Failure to act in the best interest of company. Misconduct.	HKD622m compensation orders	<p>The SFC has obtained compensation orders under the Securities and Futures Ordinance from the Court of Appeal against three former directors of EganaGoldpfeil (Holdings) Ltd (EHL) following an appeal against the lower court's decision.</p> <p>The three former EHL directors were ordered to pay, jointly and severally, HKD622m as compensation to EHL for the company's loss of funds as a result of their misconduct and their failure to act in the best interest of EHL. They were found to have failed to carry out proper enquiries and perform appropriate due diligence before causing or permitting various subsidiaries of EHL to enter into transactions that were not genuine commercial transactions.</p> <p>The concerned subsidiaries were found by the Court to be mere conduits for the transfer of HKD622m from EHL to Peninsula International Ltd, a company owned by the family of EHL's then chairman, to purchase some of the company's shares, instead of the purported transactions as recorded in EHL's internal accounting records.</p>	Click here

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24-Jun-21	Deutsche Securities Asia Limited	Breach of Code of Conduct.	HKD2.45m fine; reprimand	<p>The SFC has reprimanded Deutsche Securities Asia Limited (DSAL) and fined it HKD2.45m for issuing incorrect statements to its prime brokerage (PB) clients and delaying reporting its failures to the SFC.</p> <p>The SFC found that between 2006 and October 2018, due to a design defect of its front office system, DSAL issued incorrect periodic statements to its PB clients when they were holding positions regarding their entitlements to bonus shares of listed companies that had not yet become tradable by the clients. It appears that one of DSAL's PB clients relied on the incorrect statements and oversold bonus shares issued by three Hong Kong-listed companies in July 2018. Although DSAL discovered within the same month that incorrect statements had been issued to this client and became aware in the following month that the errors were caused by a system design defect, it did not report the failures to the SFC until February 2019 when its internal investigation was complete.</p> <p>The SFC is of the view that DSAL's above-mentioned failures constitute breaches of the Code of Conduct.</p>	Click here
11-Jun-21	Mr Cheng Chak Ngok	Insider dealing. Market misconduct.	<p>(1) Banned from dealing in securities in Hong Kong for 54 months</p> <p>(2) Disqualification from being a director, or be concerned or take part in the management of a listed corporation for 54 months</p> <p>(3) Ordered not to engage in insider dealing again in the future</p> <p>(4) Disgorgement of profit of HKD2,948,030.54 gained from insider dealing in China Gas shares</p> <p>(5) Payment of costs and expenses of the Government and the SFC for retrial</p> <p>(6) Order that MMT reports be referred to the Hong Kong Institute of Certified Public Accountants with a recommendation to take disciplinary action against Cheng</p>	<p>The MMT has banned Mr Cheng Chak Ngok, former executive director, chief financial officer and company secretary of ENN Energy Holdings Limited, from dealing in securities in Hong Kong for 54 months after finding him culpable of engaging in insider dealing in the shares of China Gas Holdings Limited (China Gas) in 2011 following a retrial. Cheng has also been disqualified for a period of 54 months from being a director, or be concerned or take part in the management of a listed corporation.</p>	Click here

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27-May-21	Ewarton Securities Limited	Breach of Code of Conduct. Internal control failure.	HKD1.5m fine; reprimand	<p>The SFC has reprimanded and fined Ewarton Securities Limited (Ewarton) HKD1.5m for internal control failings and breaches of the SFC's Code of Conduct.</p> <p>The disciplinary action follows the SFC's sanctions (announced on 21 September 2020) against Mr Mung Wai Sun, a former licensed representative of Ewarton, for effecting transactions in a client's account on a discretionary basis without obtaining the client's prior written authorisation and failing to ensure transactions undertaken on behalf of the client were given priority over orders for his own account between May 2017 and March 2018.</p> <p>The SFC's investigation found that Ewarton's failure to diligently supervise Mung and to put in place adequate and effective internal controls during the material time resulted in its failure to detect and prevent his unauthorised or improper activities and to ensure that orders of clients were given priorities over orders of its employees.</p>	Click here
12-May-21	China Medical & HealthCare Group Limited (formerly known as COL Capital Limited), Mr Wong Peng Chong, Mr Kong Muk Yin, Ms Chong Sok Un, Mr Zhang Jian, Mr Ma Wah Yan and Mr Lau Siu Ki (former and current directors)	Failure to disclose. Market misconduct.	<p>(1) Total fine of HKD4.2m</p> <p>(2) Disqualification of Wong and Kong from being a listed company director for 8 and 6 months respectively</p> <p>(3) SFC's investigation and legal costs, costs of MMT proceedings</p> <p>(4) Attendance of an SFC-approved training programme on corporate disclosure regime, directors' duties and corporate governance</p>	<p>The MMT has fined China Medical & HealthCare Group Limited, formerly known as COL Capital Limited (COL), and six of its former and current directors a total of HKD4.2m for failing to disclose inside information as soon as reasonably practicable following proceedings brought by the SFC.</p> <p>COL and the six sanctioned directors admitted that the information relating to the profits made from COL's position in ChinaVision Media Group Limited (ChinaVision), now known as Alibaba Pictures Group Limited, the overall profit figures for March 2014 and the profit for the nine months ended March 2014, as well as significant gains from COL's investment trading in the shares of ChinaVision, came to their knowledge in April 2014. However, the information was not made public until 10 September 2014 when a positive profit alert was published in relation to the company's financial performance for the year ended 30 June 2014. The six former and current directors also admitted that their negligent conduct had resulted in COL's breach of the requirements of the corporate disclosure regime.</p>	Click here
15-Apr-21	Optimas Capital Limited	Failure to report. Regulatory breach.	HKD1.05m fine; reprimand	<p>The SFC has reprimanded Optimas Capital Limited (Optimas) and fined it HKD1.05m over failures to ensure short position reports (SPRs) for a collective investment scheme (CIS) under its management were accurate and compliant with the requirements under the Securities and Futures (Short Position Reporting) Rules.</p> <p>The SFC found that a total of 350 reportable short positions held by the CIS had been omitted in 56 SPRs prepared and submitted by Optimas to the SFC between 23 June 2017 and 9 July 2018 due to a programming mistake. Optimas failed to detect the mistake promptly due to inadequate supervision and review over the work of its then operations manager.</p>	Click here

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07-Apr-21	Mr Charles Yiu Hoi Ying and Ms Marian Wong Nam (former executives of Asia Telemedia Limited (now known as Yunfeng Financial Group Limited))	Insider dealing. Market misconduct.	(1) Banned from dealing in securities (2) Disqualification order (3) Disgorgement of losses avoided by insider dealing amounting to HKD3.1m and HKD1m (4) Costs (5) Recommendation to the Hong Kong Institute of Chartered Secretaries for disciplinary action	The MMT has sanctioned Yiu and Wong (two former executives of Asia Telemedia Limited (ATML) (now known as Yunfeng Financial Group Limited)) following legal proceedings brought by the SFC. The MMT's orders came after the Court of Final Appeal (CFA) allowed an appeal brought by the SFC which argued that the defence under section 271(3) of the Securities and Futures Ordinance should not be applicable to Yiu and Wong and found them culpable of insider dealing in the shares of ATML. The CFA remitted the matter to the MMT to deal with sanctions.	Click here
31-Mar-21	Black Marble Securities Limited	Breach of Code of Conduct. Internal control failure.	HKD1.8m fine; reprimand	The SFC has reprimanded and fined Black Marble Securities Limited (Black Marble Securities) HKD1.8m for internal control failings and breaches of the SFC's Code of Conduct, following an SFC investigation after receiving Black Marble Securities' report of a client complaint against one of its licensed representatives for allegedly conducting unauthorised trading activities in the client's account from August 2016 to July 2017. The SFC found deficiencies in the internal controls, including: (i) inadequate internal controls for monitoring trading activities in client accounts; (ii) no procedures to characterise and identify client accounts without derivatives knowledge (further enquiries were not made with the client to ensure he understood the risks associated with exchange-traded derivatives); (iii) no procedures to ensure that its compliance manual and other internal policies and procedures were adequately and properly communicated to all staff members; and (iv) no written policy on employee dealings particularly specifying the conditions under which employees may deal for their own accounts nor requiring employees to identify all related accounts and reporting them to the senior management.	Click here
23-Mar-21	GEO Securities Limited	Internal control failure. Regulatory breach. Unlicensed activity.	HKD6.3m fine; reprimand	The SFC has reprimanded and fined GEO Securities Limited (GEO) HKD6.3m for breaching its licensing conditions and failures related to the sale of unlisted bonds. The disciplinary action followed an SFC investigation which found that GEO had provided services to clients in breach of the conditions of its Type 1 licence. The SFC also found serious deficiencies in GEO's systems and control, specifically, failure to: (i) conduct adequate product due diligence on the unlisted bonds before recommending them to clients; (ii) put in place an effective system to assess its clients' risk tolerance and ensure the recommendations and/or solicitations made to its clients in relation to the unlisted bonds were suitable for and reasonable for the clients; (iii) maintain any documentary records of the investment advice or recommendations given to its clients nor provide them with a copy of the written advice; and (iv) make disclosures to clients of the commission it received for the successful placement of the unlisted bonds.	Click here

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17-Mar-21	Yardley Securities Limited	AML. Breach of Code of Conduct. Internal control failure. Regulatory breach.	HKD5m fine; reprimand	<p>The SFC has reprimanded and fined Yardley Securities Limited (YSL) HKD5m for failures in complying with anti-money laundering and counter-financing of terrorism (AML/CFT) regulatory requirements when handling third party fund transfers. The SFC investigation found that, between February and October 2016, YSL failed to take all reasonable measures to ensure that proper safeguards exist to mitigate the risks of money laundering and terrorist financing.</p> <p>Despite red flags suggesting that some of the third party fund transfers in two client accounts were unusual or suspicious, YSL processed and approved these transfers without conducting proper enquiries and sufficient scrutiny. In addition, YSL did not properly record enquiries it claimed to have made in relation to these transfers. YSL also failed to have adequate policies, procedures, controls and provide adequate training to its staff to ensure compliance with the AML/CFT regulatory requirements.</p> <p>The SFC is of the view that YSL's conduct was in breach of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Guideline on Anti-Money Laundering and Counter-Terrorist Financing and the Code of Conduct.</p>	Click here
15-Mar-21	Sino-Rich Securities & Futures Limited	AML. Breach of Code of Conduct. Internal control failure. Regulatory breach.	HKD7.2m fine; reprimand	<p>The SFC has reprimanded and fined Sino-Rich Securities & Futures Limited (Sino-Rich) HKD7.2m for failures in complying with anti-money laundering and counter-terrorist financing regulatory requirements when handling cash deposits and third party fund transfers.</p> <p>For cash deposits, there is no record of any enquires made by Sino-Rich's staff with the clients and approvals by its responsible officers prior to January 2017. With respect to third party transfers, Sino-Rich's staff were required to fill in the relevant third party transfer forms but important information such as the client's relationship with the third party, the reason for the transfer and/or the client's signature was not provided in around 40% of the forms. The SFC found that a substantial number of cash deposits and third party transfers raised a number of red flags that warranted further inquiries or report to the JFIU.</p> <p>The SFC is of the view that Sino-Rich's conduct was in breach of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Guideline on Anti-Money Laundering and Counter-Terrorist Financing, the Code of Conduct and the Internal Control Guidelines.</p>	Click here

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11-Mar-21	Magic Holdings International Limited, its chairman Mr Stephen Tang Siu Kun, executive directors Mr She Yu Yuan, Mr Luo Yao Wen and Mr Cheng Wing Hong (also company secretary at the material time) and non-executive director Mr Sun Yan	Failure to disclose. Market misconduct.	Total of HKD4m fine (Magic and directors fined in the range of HKD750,000 to HKD1.5m each); disqualification of directors; Hong Kong Institute of Certified Public Accountants disciplinary actions against; attendance of an SFC-approved training programme.	<p>The Market Misconduct Tribunal (MMT) has fined Magic Holdings International Limited (Magic) and five of its directors a total of HKD4m after they were found to be culpable of late disclosure of inside information on L'Oréal S.A.'s proposed acquisition of Magic in 2013. The five directors were also disqualified from being a director or being involved in the management of a listed corporation or any other specified corporation, for eight to 24 months.</p> <p>The MMT found that Magic's disclosure of L'Oréal's proposed acquisition, which would have a positive impact on Magic's share price, had been delayed for around three months. Investors who sold their Magic shares during that time were hence ignorant of the information that they should be entitled to.</p> <p>The MMT considered that Magic's breach of the disclosure requirement was all the more serious because it had not taken all reasonable measures to monitor the confidentiality of the proposed acquisition and it had not disclosed it to the public as soon as reasonably practicable after becoming aware that the confidentiality of the proposed acquisition had not been preserved.</p>	Click here
22-Feb-21	Brilliance Asset Management Limited	Failure to report. Regulatory breach.	HKD3.15m fine; reprimand	<p>The SFC has reprimanded Brilliance Asset Management Limited and fined it HKD3.15m over failures to ensure short position reports for four collective investment schemes (CISs) under its management were accurate and compliant with the requirements under the Securities and Futures (Short Position Reporting) Rules. The SFC's investigation found that a total of 7,814 short positions held respectively by these CISs were either misstated or omitted in the reports to the SFC between 8 July 2016 and 30 August 2019.</p>	Click here
23-Dec-20	Fulbright Securities Limited	Breach of Code of Conduct. Internal control failure.	HKD3.6m fine	<p>The SFC has reprimanded Fulbright Securities Limited (Fulbright) and fined it HKD3.6m for internal control failures relating to short selling and for failing to report related short selling incidents to the SFC in a timely manner as required by the SFC's Code of Conduct.</p> <p>The SFC's investigation found that between October 2015 and March 2016, there were at least 93 instances of short sales executed by Fulbright which resulted from its failure to put in place effective internal control procedures to detect and prevent illegal short selling.</p>	Click here
09-Nov-20	Credit Suisse Securities (Hong Kong) Limited	Breach of Code of Conduct. Internal control failure.	HKD2.1m fine; reprimand	<p>The SFC has reprimanded Credit Suisse Securities (Hong Kong) Limited (CSSHK) and fined it HKD2.1m for regulatory breaches related to failures in its electronic trading systems.</p> <p>The SFC found that CSSHK submitted erroneous market making quotes to the market, resulting in the execution of stock options trades at prices that deviated from the then prevailing market prices. This was caused by a logic error in the symbol mapping programme used by CSSHK, in its capacity as a stock options market maker, in generating market making quotes.</p> <p>The SFC is of the view that CSSHK's internal controls and regular tests in place at the time failed to prevent or promptly detect the incident, and these failures constitute breaches of electronic trading requirements under the Code of Conduct.</p>	Click here

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22-Oct-20	Goldman Sachs (Asia) L.L.C.	AML. Internal control failure.	USD350m (HKD2.7bn) fine; reprimand	<p>The SFC has reprimanded and fined Goldman Sachs (Asia) L.L.C. (Goldman Sachs Asia) USD350m (HKD2.71bn) for serious lapses and deficiencies in its management supervisory, risk, compliance and anti-money laundering controls that contributed to the misappropriation of USD2.6bn from USD6.5bn that 1Malaysia Development Berhad (1MDB) raised in three bond offerings in 2012 and 2013.</p> <p>The SFC considers that Goldman Sachs Asia lacked adequate controls in place to monitor staff and detect misconduct in its day-to-day operation, and allowed the 1MDB bond offerings to proceed when numerous red flags surrounding the offerings had not been properly scrutinised and satisfactory answers to such red flags had not been obtained.</p> <p>In particular, the SFC considers that Goldman Sachs Asia had failed to:</p> <ol style="list-style-type: none"> (1) supervise diligently its senior personnel who were involved in the execution of the bond offerings and to ensure that they maintained appropriate standards of conduct; (2) identify and adequately address money laundering and bribery concerns when there were numerous red flags; (3) exercise due skill, care and diligence, and act in the best interest of its clients and the integrity of the market when vetting and approving the bond offerings; and (4) put in place adequate and effective internal control procedures to protect its clients from financial losses arising from frauds and other dishonest acts or professional misconduct. 	Click here
16-Oct-20	CMBC Capital Holdings Limited - former Chief Executive Officer and Company Secretary, Mr Philip Suen Yick Lun, and former chairman, Mr Paul Suen Cho Hung	Failure to disclose.	HKD2.1m fine in total (HKD1.2m for Philip Suen; HKD900k for Paul Suen); 15-month disqualification order for Philip Suen	<p>The Market Misconduct Tribunal (MMT) has found that CMBC Capital Holdings Limited (CMBC Capital) and six of its former directors failed to disclose inside information as soon as reasonably practicable under the Securities and Futures Ordinance and imposed a 15-month disqualification order against CMBC Capital's former Chief Executive Officer and Company Secretary Mr Philip Suen Yick Lun. Philip Suen and CMBC Capital's former chairman Mr Paul Suen Cho Hung were also fined HKD1.2m and HKD900,000, respectively by the MMT.</p> <p>Philip Suen and Paul Suen also admitted that their negligent conduct had resulted in CMBC Capital's breach of the requirements of the corporate disclosure regime.</p>	Click here
29-Sep-20	China Everbright Securities (HK) Limited	Breach of Code of Conduct. Regulatory breaches.	HKD2.5m fine; reprimand	<p>The SFC has reprimanded China Everbright Securities (HK) Limited (CESHK) and fined it HKD2.5m for pledging its clients' securities with banks for financial accommodation without valid authorisation. The SFC found that between 1 April 2018 and 19 August 2018, CESHK relied on expired standing authority given by around 6,841 clients to pledge their securities as collateral in obtaining credit line from three banks in Hong Kong.</p>	Click here
17-Sep-20	The Bank of East Asia, Limited	Client securities. Breach of Code of Conduct. Regulatory breaches.	HKD4.2m fine; reprimand	<p>The SFC has reprimanded The Bank of East Asia, Limited and fined it HKD4.2m for regulatory breaches related to its failure to segregate client securities from proprietary securities in accounts maintained by at two external custodians.</p>	Click here

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22-Jun-20	Guotai Junan Securities (Hong Kong) Limited	AML. Internal control failure.	HKD25.2m fine; reprimand	The SFC has reprimanded and fined Guotai Junan Securities (Hong Kong) Limited HKD25.2m for multiple internal control failures and regulatory breaches in connection with anti-money laundering, handling of third party fund transfers and placing activities, as well as detection of wash trades and late reporting.	Click here
19-May-20	Convoy Asset Management Limited	Internal control failure. Mis-selling.	HKD6.4m fine; reprimand	The SFC reprimanded and fined Convoy Asset Management Limited (CAML) HKD6.4m for control failures in solicitation and recommendation of bonds to clients. The SFC found that CAML referred clients to a third party platform between March 2015 and January 2017 to execute 30 transactions of bonds listed under Chapter 37 of the Main Board Listing Rules (Chapter 37 Bonds), some of which involved solicitation or recommendation made to clients. In recommending Chapter 37 Bonds to clients, the SFC found that CAML had failed to implement adequate and effective internal controls and systems in place.	Click here
18-May-20	Southwest Securities (HK) Brokerage Limited	AML. Internal control failure.	HKD5m fine; reprimand	The SFC has reprimanded and fined Southwest Securities (HK) Brokerage Limited (SSBL) HKD5m for failures in complying with anti-money laundering and counter-terrorist financing (AML/CFT) regulatory requirements in 2016. Specifically, the SFC found that SSBL failed to: (i) implement adequate and effective policies and procedures to mitigate the risk of money laundering and terrorist financing associated with third party deposits; and (ii) establish proper internal systems and controls to monitor its clients' activities, and detect and report suspicious transactions to the Joint Financial Intelligence Unit (JFIU) in a timely manner.	Click here
07-May-20	Mega International Commercial Bank Co., Ltd.	Internal control failure.	HKD7m fine; reprimand	Following a referral from the HKMA, the SFC conducted an investigation which found that, in the course of selling collective investment schemes (CISs) to clients between August 2014 and July 2015, Mega International Commercial Bank Co., Ltd. had failed to implement adequate and effective systems and controls.	Click here
20-Apr-20	BOCOM International Securities Limited	AML. Breach of Code of Conduct. Breach of Internal Control Guidelines. Internal control failure. Regulatory breaches.	HKD19.6m fine; reprimand	The SFC has reprimanded and fined BOCOM International Securities Limited (BISL) a total of HKD19.6m for a range of regulatory breaches, including failures concerning: (i) the handling of third party fund deposits where third party deposits made into client accounts in 2009, 2011 and 2015 by way of cheques and bank transfers were not identified until 2016 and (ii) the maintenance and implementation of a margin lending and margin call policy. BISL also failed to put in place adequate and effective controls to identify deposits made into client accounts by third parties, hence failing to ensure compliance with the Guideline on Anti-Money Laundering and Counter-Terrorist Financing and various provisions in the Internal Control Guidelines and the Code of Conduct.	Click here

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07-Apr-20	HSBC Investment Funds (Hong Kong) Limited and HSBC Global Asset Management (Hong Kong) Limited	Regulatory breaches.	HKD3.5m fine; reprimand	<p>The SFC's investigation found that some of the 53 funds managed and/or advised by HSBC Investment Funds (Hong Kong) Limited (HIFL) and HSBC Global Asset Management (Hong Kong) Limited (HGAML) between 2010 and 2016 maintained cash deposits with connected entities, namely, The Hongkong and Shanghai Banking Corporation Limited and/or its affiliates. The funds' cash deposits were placed in interest-bearing accounts of the connected entities but mostly did not receive any interest.</p> <p>An independent review revealed that, prior to January 2015, HIFL and HGAML had no procedures in place to ensure that the funds' cash deposited with their connected entities received interest at a rate not lower than the prevailing commercial rate. The review also found that whilst HIFL and HGAML had an established process to monitor the funds' cash balances on a daily basis, such process was not documented in any policies and procedures and was performed for only 10 of the 53 funds.</p>	Click here
14-Feb-20	Capital Global Management Limited	Failure to ensure compliance with applicable laws and regulations in Taiwan.	HKD1.5m fine; reprimand	<p>In August 2015, the Prosecution Office of the Taipei District Court fined the former owners of Capital Global Management Limited (CGML) for the distribution of offshore investment funds and the offer of investment advice in Taiwan from 2005 to 2014 without obtaining prior approval, in contravention of Taiwan's Securities Investment Trust and Consulting Act. Subsequently, SFC's investigation found that licensed representatives operated and performed sales functions and distributed investment products to clients in Taiwan between July 2014 and April 2015.</p> <p>CGML's failures to ensure compliance with applicable laws and regulations in Taiwan and to adequately supervise its representatives have raised the SFC's concern over its fitness and properness as a licensed corporation.</p>	Click here
11-Feb-20	BMI Securities Limited	AML. Internal control failure.	HKD3.7m fine; reprimand	<p>SFC found that BMI Securities Limited failed to: (i) implement adequate internal controls to mitigate the risk of money laundering and terrorist financing associated with suspicious transactions conducted; (ii) identify, and conduct proper enquiries and sufficient scrutiny on, suspicious transactions and consider reporting them to the Joint Financial Intelligence Unit where appropriate; (iii) perform appropriate customer due diligence and keep information up-to-date; and (iv) put in place adequate and effective procedures for the identification of PEPs and the screening of terrorist and sanction designations.</p>	Click here

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14-Jan-20	UBS Securities Hong Kong Limited	Sponsor failures.	N/A	SFC lifted the suspension of UBS Securities Hong Kong Limited to act as a sponsor for listing applications on the Hong Kong Stock Exchange. UBS's licence was suspended on 14 March 2019 for one year for their failures to discharge their obligations as one of the joint sponsors of three listing applications. UBS has engaged and cooperated with an independent reviewer to review its policies, procedures and practices in relation to the conduct of its sponsorship business. The reviewer conducted a ten-month review of UBS's enhanced governance processes from the acceptance of a sponsorship mandate to the listing of a listing applicant. The reviewer also looked at UBS's sponsor work in its two most recent listing applications which were completed in 2017 and 2018 respectively. UBS was found to have implemented the abovementioned controls in the two listing applications and performed adequate and effective due diligence in discharging its sponsor responsibilities as required by the relevant legal and regulatory requirements.	Click here
02-Jan-20	RHB Securities Hong Kong Limited	Conflicts of interest. Internal control failure.	HKD6.4m fine; reprimand	SFC found that RHB Securities Hong Kong Limited failed to effectively implement its policy for avoiding actual and potential conflicts of interest between its research reports and investment banking relationships; adequately disclose its investment banking relationship with the listed company covered in a research report; and effectively monitor the trading activities of its research analysts.	Click here
30-Dec-19	FIL Investment Management (Hong Kong) Limited	Failure to report. Internal control failure. Unlicensed activities.	HKD3.5m fine; reprimand	SFC found that between August 2007 and July 2018, FIMHK executed 6,738 trades in futures contracts for its overseas affiliates with an approximate value of USD40bn without the required licence. FIMHK identified the suspected breach in a review conducted between May and June 2018 but only reported the incident to the SFC in August 2018, after it had obtained external legal advice. SFC also found that FIMHK, when applying to the SFC for a new fund authorisation in March 2017, submitted an incorrect information checklist based on an outdated template. The internal investigation conducted by FIMHK and the reviews performed by an independent reviewer engaged by FIMHK identified certain deficiencies and weaknesses in FIMHK's internal controls and systems.	Click here
23-Dec-19	Adamas Asset Management	Breach of Code of Conduct. Failure to disclose. Internal control failure.	Fine HKD2.5m; reprimand	SFC found that between February 2013 and March 2016, Adamas had failed to disclose to The Stock Exchange of Hong Kong Limited (SEHK) and the relevant listed companies all notifiable interests in the shares of these Hong Kong-listed companies in the client portfolios it managed by filing 339 disclosure notices incorrectly or late. Adamas applied to the Securities and Futures Appeals Tribunal for review of the SFC's sanction. Its application was discontinued and an order for costs was granted in favour of the SFC.	Click here

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11-Nov-19	UBS AG	Internal control failure.	HKD400m fine; reprimand	UBS was found to have overcharged its clients over a ten-year period in addition to related serious systemic internal control failures. SFC found that UBS had failed to observe the fundamental and overarching duty to act in its clients' best interests. UBS was also found to have abused the trust of unsuspecting clients by failing to disclose conflicts of interest and overcharging them in opaque trades. SFC considers that these malpractices involved a combination of serious systemic failures for a prolonged period of time including inadequate policies, procedures and system controls, lack of staff training and supervision, and failures of the first and second lines of defence functions of UBS.	Click here
31-Oct-19	China Rise Securities Asset Management Company Limited (China Rise)	Internal control failure. Regulatory breaches.	HKD6.3m fine; reprimand	SFC found that China Rise's then chief executive officer and responsible officer, Mr Sammy Shiu Kin Keung, placed 199 illegal short selling orders on listed securities for his personal account and a client's discretionary account from January to May 2014 unbeknown to China Rise. China Rise was not aware of the short selling orders placed by Shiu until the Hong Kong Exchange and Clearing Limited made enquiries about some of the transactions. Nevertheless, even after receiving the enquiries, China Rise still failed to detect and prevent further short selling activities in Shiu's account.	Click here
03-Oct-19	SEAVI Advent Ocean Private Equity Limited (SAOPEL)	Breach of Code of Conduct. Internal control failure. Short selling.	HKD1m fine; reprimand	At least 61 instances of regulatory breaches involving short sales executed by 11 traders.	Click here
10-Sep-19	The Hongkong and Shanghai Banking Corporation Limited	Breach of Code of Conduct. Internal control failure.	HKD2.1m fine; reprimand	HSBC has failed to put in place effective internal control procedures to ensure proper implementation of the telephone recording function and timely detection of any telephone recording failures in non-compliance with telephone recording requirements under the Code of Conduct. The case was referred to SFC following an investigation by HKMA.	Click here
15-Aug-19	Sincere Securities Limited	Internal control failure. Regulatory breach.	HKD5m fine; reprimand	Investor complained about the conduct of a former account executive of Sincere Securities Limited (SSL). SFC investigation found that SSL did not require its account executives to obtain a client's written consent before transferring funds maintained at SSL to their gold trading accounts opened with an associated company. SFC requested SSL to engage an independent reviewer to conduct a review of its internal control system and procedures which, together with a separate review by the SFC, found deficiencies across 14 areas of SSL's operations and internal controls.	Click here
15-Jul-19	Glory Sun Securities Limited	Breach of Code of Conduct. Internal control failure.	HKD1.2m fine; reprimand; suspension of Responsible Officer for 6 months	Glory Sun account executive convicted by HK Court for illegal short selling shares on multiple occasions. Glory Sun's Speed Station trading system did not have checks on a client's stock balance and hence could not prevent illegal short selling. Found to be in breach of Code of Conduct.	Click here
10-Jul-19	Celestial Commodities Limited (CCL); Celestial Securities Limited (CSL)	Client money. Internal control failure. Regulatory breach.	Fines of HKD4.9m and HKD1.4m respectively; reprimand	Regulatory breach by transferring money from client accounts to pay monthly commission rebates to its account executives and making payments in an intra-day fund swap arrangement in order to make various margin calls. Failure to implement proper controls to safeguard client money and supervise staff in handling it.	Click here

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25-Jun-19	Health and Happiness International Holdings Ltd, Luo Fei	Failure to disclose.	HKD1.6m fine respectively	MMT decision. Failure to disclose inside information as soon as reasonably practicable arising from a four week delay in the company's disclosure of its financial deterioration compared with the same period in the previous year.	Click here
24-Jun-19	FT Securities Limited	Internal control failure. Regulatory breach.	HKD3.5m fine; reprimand	SFAT affirmed SFC decision to reprimand and fine FTSL for regulatory breaches and internal control failures. FTSL research reports were prepared and written by two unidentified individuals. FTSL falsely disclosed that it did not provide any investment banking services to a company covered by a research report. FTSL had no formal policies or procedures governing the preparation of research reports. FTSL did not segregate its research and corporate finance functions to avoid conflict. FTSL failed to demonstrate there was a reasonable basis for the analyses and recommendations in the research reports.	Click here
19-Jun-19	Credit Suisse (Hong Kong) Limited (CSHK) and Credit Suisse AG	Failure to disclose. Internal control failure.	HKD2.8m fine; reprimand	Failure to disclose their investment banking relationships with subject companies in certain research reports. Failure to put in place effective systems and controls to ensure compliance with the disclosure requirements and timely detection of the disclosure failures.	Click here
30-May-19	China Merchant Securities	Client money. Internal control failure.	HKD5m fine; reprimand	Regulatory breaches and internal control failings related to the mishandling of client money under the Client Money Rules. Transferred funds from client trust accounts for purposes other than those specifically allowed. Failure to employ fit and proper staff to conduct its business and have proper internal controls and procedures in place to ensure compliance with the Client Money Rules and safeguard client assets.	Click here
27-May-19	China Merchants Securities (HK) Co., Limited	Sponsor failures.	HKD27m fine; reprimand	SFC's investigation revealed that CMS and UBS (which was previously sanctioned on 14 March 2019) had respectively failed in their due diligence as joint sponsors to address a number of unusual facts and findings on China Metal Recycling (Holdings) Limited and its customers during the listing process, including: (i) inadequate due diligence on a de-registered customer; (ii) inadequate due diligence on third party payments; and (iii) inadequate due diligence on China Metal's suppliers and customers.	Click here
18-Apr-19	Nine Masts Capital Limited	Internal control failure.	HKD1.2m fine; reprimand	Failure to act with due skill, care and diligence in dealing in the placing of shares. Failure to implement adequate and effective systems and controls to ensure compliance with the short selling requirements.	Click here
12-Apr-19	Fujikon Industrial Holdings Limited (Fujikon), its CEO Mr Yeung Chi Hung, and its CFO and company secretary Ms Chow Lai Fung	Failure to disclose.	HKD1.5m fine total (HKD1m for Fujikon, HKD300k for Yeung and HKD200k for Chow)	MMT has found that Fujikon, the company's chairman and chief executive officer, Mr Yeung Chi Hung, and its chief financial officer and company secretary, Ms Chow Lai Fung, had failed to make timely disclosure of inside information following proceedings brought by SFC.	Click here
18-Mar-19	BOCI Securities Limited	Internal control failure. Mis-selling.	HKD10m fine; reprimand	Failure to comply with regulatory requirements concerning client profiling, product due diligence and suitability assessment in its sale and distribution of investment products. Failure to implement and maintain adequate and effective internal controls and systems to diligently supervise its sale and distribution of investment products to ensure compliance with regulatory requirements.	Click here

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14-Mar-19	Morgan Stanley Asia Limited	Sponsor failures.	HKD224m fine; reprimand	SFC's investigation revealed Morgan Stanley Asia Limited had failed to discharge its obligations as one of the joint sponsors in relation to the listing application of Tianhe Chemicals Group Limited in 2014. Morgan Stanley had failed to follow the specific guidelines on due diligence interviews under paragraph 17.6 of the Code of Conduct. Failures include: (i) involvement of Tianhe at customers' due diligence interview, six out of ten interviews were conducted at Tianhe's premises, as opposed to the customer's premises; Merrill Lynch did not have direct contact with Tianhe's customers for the purpose of setting up these interviews; (ii) failure to address red flag at customers' due diligence interview when Tianhe's largest customer refused to give identity information and business cards; and (iii) unclear interview questions.	Click here
14-Mar-19	Merrill Lynch Far East Limited	Sponsor failures	HKD128m fine; reprimand	SFC's investigation revealed that Merrill Lynch Far East Limited had failed to discharge its obligations as one of the joint sponsors in relation to the listing application of Tianhe Chemicals Group Limited in 2014. Merrill Lynch had failed to follow the specific guidelines on due diligence interviews under paragraph 17.6 of the Code of Conduct. Failures include (i) involvement of Tianhe at customers due diligence interview, six out of ten interviews were conducted at Tianhe's premises, as opposed to the customers' premises; Merrill Lynch did not have direct contact with Tianhe's customers for the purpose of setting up these interviews; (ii) failure to address red flag at customers due diligence interview when Tianhe's largest customer refused to give identity information and business cards; and (iii) unclear interview questions.	Click here
14-Mar-19	Standard Chartered Securities (Hong Kong) Limited	Sponsor failures.	HKD59.7m fine; reprimand	SFC investigation revealed that Standard Chartered Securities (Hong Kong) Limited had failed to discharge its obligations as one of the joint sponsors in relation to the listing application of China Forestry Holdings Company Limited in 2009. In particular, it had failed to make reasonable due diligence enquiries in relation to several core aspects of China Forestry's business, including: (i) failure to verify the existence of China Forestry's forestry assets; (ii) failure to verify the Group's forestry rights; (iii) failure to verify China Forestry's compliance with relevant laws and regulations; (iv) inadequate due diligence on insurance coverage for the Group's forestry assets; and (v) inadequate due diligence on China Forestry's customers.	Click here

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14-Mar-19	UBS AG and UBS Securities Hong Kong Limited	Sponsor failures.	HKD375m; reprimand	Failing to discharge their obligations as one of the joint sponsors of three listing applications, namely, China Forestry Holdings Company Limited, Tianhe Chemicals Group Limited and another listing application. For China Forestry, in particular, SFC found that UBS had failed to make reasonable due diligence enquiries in relation to several core aspects of China Forestry's business, including: (i) failure to verify the existence of China Forestry's forestry assets; (ii) failure to verify the Group's forestry rights; (iii) failure to verify China Forestry's compliance with relevant laws and regulations; (iv) inadequate due diligence on insurance coverage for the Group's forestry assets; and (v) inadequate due diligence on China Forestry's customers. In relation to Tianhe, failures include: (i) involvement of Tianhe at customers due diligence interview, six out of ten interviews were conducted at Tianhe's premises, as opposed to the customers' premises; Merrill Lynch did not have direct contact with Tianhe's customers for the purpose of setting up these interviews; (ii) failure to address red flag at customers' due diligence interview when Tianhe's largest customer refused to give identity information and business cards; and (iii) unclear interview questions.	Click here
18-Feb-19	Guosen Securities (HK) Brokerage Company, Limited	AML. Internal control failure.	HKD15.2m fine; reprimand	Failure to comply with AML and CFT regulatory requirements when handling party fund deposits. Failure to put in place any system or controls to identify and monitor third party deposits into the bank sub-accounts for its clients.	Click here
08-Jan-19	FWD Life Insurance Company (Bermuda) Limited	Failure to comply with key personnel requirements under SFC Code on MPF Products and Fund Manager Code of Conduct. Internal control failure.	HKD2.4m fine; reprimand	Failure to maintain the minimum five-year investment experience requirement in managing retirement funds or public funds under the MPG Code at all times. Failure to implement policies and procedures for the designation and monitoring of key personnel and communicate to relevant staff members their designation as key personnel.	Click here
06-Dec-18	SFM HK Management Limited	Internal control failure.	HKD1.5m fine; reprimand	Failure to act with due skill, care and diligence in dealing in bonus shares. Failure to diligently supervise its staff members and implement adequate and effective systems and controls to ensure compliance with short selling requirements.	Click here
22-Aug-18	HPI Forex Limited	Client money. Breach of Code of Conduct.	HKD2m fine; reprimand	Failure to maintain client money in a segregated client account in Hong Kong; failure to ensure that client assets were promptly and properly accounted for and adequately safeguarded.	Click here
19-Jul-18	HSBC Broking Securities (Asia) Limited	Mis-selling.	HKD9.6m fine; reprimand	Failure to conduct adequate product due diligence before making recommendations to clients; failure to properly assess client's risk profile; failure to provide adequate information regarding features and risk to staff; failure to maintain proper documentary records of the investment advice and recommendations given.	Click here
10-Jul-18	Citigroup Global Markets Asia Limited	Breach of Code of Conduct. Operations.	HKD4m fine; reprimand	Failure to provide ALP Guidelines to users and to ensure that only qualified investors are permitted to be users of the ALP.	Click here
09-Jul-18	CCB International Capital Limited	Sponsor failures.	HKD24m fine; reprimand	Failure to conduct reasonable due diligence; proper customer due diligence; and provide a proper audit trail or written record of due diligence.	Click here

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31-May-18	Hang Seng Investment Management Limited	Cash management. Internal control failure.	HKD3m fine; reprimand	Failure to comply with regulatory requirements on cash management involving SFC-authorized funds.	Click here
29-May-18	Noah Holdings (Hong Kong) Limited	KYC. Mis-selling.	HKD5m fine; reprimand	Failure to comply with various regulatory requirements on know-your-client, product due diligence, suitability assessment, information for clients, and sales supervision and controls.	Click here
17-May-18	Citigroup Global Markets Asia Limited	Sponsor failures.	HKD57m fine; reprimand	Failure to conduct adequate and reasonable due diligence on the customers of the company it was sponsoring for listing – failure to properly supervise its staff when carrying out the sponsor work on the listing application	Click here
24-Apr-18	CN Capital Management Limited	Internal control failure.	HKD1.2m fine; reprimand	Failure to maintain effective compliance function. Failure to maintain satisfactory internal controls regarding employee account dealing.	Click here
13-Apr-18	Instinet Pacific Limited	Breach of Code of Conduct. Internal control failure.	HKD17.3m fine; reprimand	Failure to put in place reasonable controls to prevent its algorithmic trading system from generating and passing disorderly orders to the market. Failure to ensure non-proprietary orders received execution priority over proprietary orders. Failure to comply with obligations under the Code of Conduct.	Click here
21-Mar-18	UBS Securities Asia Limited	Internal control failure.	HKD4.5m fine; reprimand	Failure to put in place effective controls to record transactions and client consents in relation to its facilitation trading activities – unable to locate client consent records for half the client facilitation trades conducted.	Click here
13-Mar-18	Deutsche Bank AKTIENGESELLSCHAFT and Deutsche Securities Asia Limited	Client money. Failure to report. Unlicensed activity.	HKD8.3m fine; reprimand	Failure to comply with short position reporting requirements. Publishing research reports on futures contracts without a licence. Failure to segregate client money and rectification after the prescribed timeline.	Click here
13-Mar-18	CLSA Limited	Failure to report. Internal control failure	HKD9m fine; reprimand	Internal control failures in relation to client facilitation services. No controls to prevent co-mingling of agency execution and client facilitation trading between 1986 and March 2016. Failure in relation to reporting obligation under Code of Conduct	Click here
14-Feb-18	Interactive Brokers Hong Kong Limited	Breach of Code of Conduct. Internal control failure.	HKD4.5m fine; reprimand	Execution of market orders – electronic and algorithmic trading systems – ineffective price and volume controls to prevent its execution of market orders from disrupting the market.	Click here
08-Feb-18	Credit Suisse (Hong Kong) Limited, Credit Suisse Securities (Hong Kong) Limited and Credit Suisse AG	Internal control failure. Regulatory breach.	HKD39.3m fine; reprimand	Sanctions covering multiple CS entities and multiple failures. Internal control failures related to electronic trading; multiple failures segregating client securities, reporting direct business transactions, short selling requirements, electronic trading requirements and contract notes rules, suitability controls.	Click here
11-Jan-18	EFG Bank AG	Breach of Code of Conduct.	HKD2m fine; reprimand	Between 1 April 2003 and 22 November 2016, EFG Bank executed 139 transactions in offshore listed index options for 11 clients without the required registration to deal in futures contracts.	Click here
18-Dec-17	Standard Chartered Securities (Hong Kong) Limited	Internal control failure. Regulatory breach. Short selling.	HKD2.6m fine; reprimand	At least 61 instances of regulatory breaches involving short sales executed by 11 traders.	Click here
13-Dec-17	FXCM Asia Limited	Client money. Regulatory breach.	HKD2m fine; reprimand	Under-segregation of client monies, client assets not properly accounted for or adequately safeguarded.	Click here
21-Nov-17	HSBC Private Bank (Suisse) SA	Material systemic failures.	HKD400m fine; suspension of licence	Material systemic failures in relation to the marking and sale of derivative products (Lehman Brothers-related Notes and Leveraged Forward Accumulators) for years, since 2003 until Lehman's collapse in 2008.	Click here

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10-May-17	Promising Securities Company Limited	Breach of Code of Conduct. Breach of Management, Supervision and Internal Controls Guidelines. Internal control failure. Unlicensed activity.	HKD3.5m fine; reprimand	Employing unlicensed settlement staff to perform regulated functions for its business in regulated activities and failing to implement adequate internal control procedures that ensure effective segregation of its operational functions.	Click here
12-Apr-17	iSTAR International Futures Co. Limited (now known as Rifa Futures Limited)	AML	HKD3m fine; reprimand Responsible officer suspended for six months	Inadequate AML/CTF safeguards associated with third party fund transfers including inadequate enquiries to ensure third party fund transfers were consistent with the customers' known legitimate activities, maintaining records of such enquiries, and effective implementation of internal policies for the prevention of money laundering and terrorist financing and communication of such policies to staff members.	Click here
05-Apr-17	Guoyuan Securities Brokerage (Hong Kong) Limited	AML	HKD4.5m fine; reprimand	Breach of the Prevention of Money Laundering and Terrorist Financing Guidance Note, the Guideline on AML and CTF by failing to conduct proper enquiries and scrutiny to mitigate the risks of money laundering and terrorist financing when processing third party fund transfers for clients between September 2010 and July 2012.	Click here
24-Mar-17	Merrill Lynch Far East Limited; Merrill Lynch (Asia Pacific) Limited	Breach of Code of Conduct. Breach of Internal Control Guidelines. Internal control failure.	HKD15m fine; reprimand	Failure to ensure compliance with requirements for LOP; failure to place formal governance, effectively manage and ensure integrity and reliability of the electronic trading system.	Click here
16-Mar-17	DBS Vickers (Hong Kong) Limited	Client money. Regulatory breach.	HKD2m fine; reprimand	Under-segregation of client money and failure to ensure that client assets were appropriately safeguarded.	Click here
14-Mar-17	Zhongtai International Securities Limited	AML. Internal control failure.	HKD2.6m fine; reprimand	Failure to monitor and/or conduct sufficient and timely enquiries and scrutiny on numerous deposits made by third parties to its clients' sub-accounts; failure to establish adequate and implement appropriate internal procedures and controls to detect and report suspicious third party fund deposits in a timely manner, and to ensure that there was clear delineation of duties among its senior management and staff in handling third party deposits.	Click here
06-Mar-17	Guangdong Securities Limited (now Sinolink Securities (HK) Company Limited)	AML	HKD3m fine; reprimand Managing Director (Mr. Huang Qiang) banned from industry for nine months	Failure to comply with and failure to demonstrate that it had conducted appropriate AML enquiries before processing third party payments. For Managing Director - failure to ensure maintenance of appropriate standards of conduct and failure to diligently supervise staff members to conduct business.	Click here Click here
09-Feb-17	GMO-Z.com Forex HK Limited	Internal control failure.	HKD1.6m fine; reprimand	Deficiencies in its order execution and slippage handling procedures, and failures in its electronic trading system for leveraged foreign exchange contracts.	Click here
25-Jan-17	Value Partners Limited; Value Partners Hong Kong Limited	Failure to report. Regulatory breach.	HKD4m in total (HKD2m respectively); reprimand	Failure to comply with the regulatory requirements in managing two SFC-authorized funds, issued shares in excess of their authorized share capital as provided in their Memorandum and Articles of Association.	Click here

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03-Jan-17	MIS services	Failure to comply with SFC Code on MPF Products and Fund Manager Code of Conduct. Internal control failure.	HKD3m fine; reprimand	Failure to ensure there were at least two key personnel who met the minimum investment experience of five years in managing retirement funds or public funds.	Click here
30-Nov-16	AcrossAsia Limited (AcrossAsia); Mr Albert Saychuan Cheok (Cheok); Mr Vicente Binalhay Ang (Ang);	Failure to disclose. Market misconduct.	Total HKD2m fine (HKD600,000 for AcrossAsia; HKD800,000 for Cheok; and HKD600,000 for Ang)	MMT decision. MMT found that AcrossAsia, Cheok and Ang had breached the disclosure requirement under the SFO after they admitted to having been late in disclosing inside information about a petition filed against AcrossAsia in Indonesia and a related court summons. The MMT accepted the basis of their admissions that the negligence of Cheok and Ang caused the misconduct and found that AcrossAsia's disclosure on the inside information to the public was about a week late.	Click here
20-Oct-16	J.P. Morgan Securities (Asia Pacific) Limited and JPMorgan Chase Bank, National Association	Failure to disclose. Failure to report. Regulatory breaches.	HKD5.6m fine (HKD3m and HKD2.6m respectively); reprimand	Disclosure failures in research reports and offering offshore listed index options without the required licence. Failure to timely self-report to the SFC.	Click here
19-Oct-16	FXCM Asia Limited	Internal control failure.	HKD4m fine; reprimand	Failure to maintain proper internal policies and controls in place to ensure its order execution practice effectively.	Click here
14-Sep-16	The Hongkong and Shanghai Banking Corporation Limited	Internal control failure. Regulatory breach.	HKD2.5m fine; reprimand	Inadequate internal controls to monitor its positions in Hong Kong Futures Exchange's futures and options contracts to ensure compliance with the prescribed position limit.	Click here
31-Aug-16	BNP Paribas Wealth Management	Breach of Code of Conduct.	HKD4m; reprimand	The monetary benefits received by BNP Paribas Wealth Management from around 2,300 client transactions exceeded the charging levels it represented in its documentation provided to the clients. The total overcharged amount was around USD9.5m. Breach of the Code of Conduct by failing 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.	Click here
24-Aug-16	Morgan Stanley Hong Kong Securities Limited	Internal control failure.	HKD18.5m fine; reprimand	Multiple breaches. Internal control failures in managing conflicts of interest and other breaches (e.g. obtaining client consent for a facilitation execution, documentation of electronic trading systems, disclosure of short selling orders compliance with contract limits, reporting of large open positions, failure to effect client instructions etc.)	Click here
15-Jun-16	State Street Global Advisors Asia Limited (State Street)	Internal control failure. Regulatory breaches.	HKD4m fine; reprimand	Failure to manage and minimise the conflict between the interests of the Fund's investors and the interests of State Street. Inadequate internal procedures on managing the Fund's cash balances; breach of UT Code.	Click here
03-Jun-16	Kingsway Financial Services Group Limited	Insider dealing.	Restriction notice; prior written consent required for dealing with shares	Suspected insider dealing – ongoing investigation by SFC.	Click here
31-May-16	SynerWealth Financial Limited	Internal control failure.	HKD2.7m fine; reprimand	Ineffective internal control procedures to detect and prevent short selling.	Click here
30-May-16	Guotai Junan Securities (Hong Kong) Limited	KYC. Regulatory breach.	HKD1.3m; reprimand	Failure to comply with the regulatory requirements in relation to ascertaining client identity.	Click here

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19-May-16	Tiger Asia Management LLC	Insider dealing. Market manipulation.	Restoration payments distributed	Payments under restoration orders were made following SFC's admissions of insider dealing and manipulation by Tiger Asia and its senior officers, Mr Bill Hwang and Mr Raymond Park. <i>Please also refer to 88 and 99 for more information.</i>	Click here
05-Apr-16	Moody's Investors Service Hong Kong Limited	Breach of Code of Conduct. Failures relating to publication of report.	HKD11m; reprimand	Failures relating to Moody's preparation and publication of the special comment report "Red Flags for Emerging-Market Companies: A Focus on China" published on 11 July 2011.	Click here
14-Mar-16	Unicorn Securities Company Limited (Unicorn Securities)	Client money.	HKD3m fine against Unicorn Securities; and HKD200,000 against responsible officer Mr Chan Hoi Shu	SFC found that between March 2011 and December 2013, Unicorn Securities mishandled its clients' dividend entitlements of shares of HSBC Holdings PLC (HSBC) by going against clients' instructions in their choices between cash or scrip dividends (i.e. HSBC shares) when submitting their instructions to Hong Kong Securities Clearing Company Limited, and giving the clients' dividends to others.	Click here
29-Feb-16	Yuanta Securities (Hong Kong) Company Limited	Conflicts of interest. Failure to disclose. Failure to provide accurate information to clients.	HKD4m fine; reprimand	Failure to avoid and disclose conflicts of interest and treat its clients fairly or act in their best interests. Failure to provide accurate information to the clients regarding the actual execution price and the full extent of the fees or charges it made in respect of the transactions. Failure to set out the actual execution price and the commission and charges in the daily statements sent to clients as required under the law.	Click here
15-Dec-15	J.P. Morgan Broking (Hong Kong) Limited (JPMBHK), J.P. Morgan Securities (Asia Pacific) Limited (JPMSAP) and J.P. Morgan Securities (Far East) Limited (JPMSFE)	Internal control failure. Regulatory breach.	HKD30m fine in total (HKD15m for JPMBHK, HKD12m for JPMSAP and HKD3m for JPMSFE respectively); reprimand	Multiple breaches. Inadequate systems and controls in institutional equities business in Hong Kong regarding: (i) short selling; (ii) client facilitation; (iii) segregation of facilitation/principal trading business from agency business; and (iv) dark pool trading services.	Click here
10-Nov-15	Maxim Capital Limited	Unlicensed activities.	HKD23.5m fine; freezing order	Solicitation of over 30 investors to invest more than HKD111m in a number of investment schemes since 2013 that claimed to pay monthly returns from 3% to 8%.	Click here
02-Nov-15	Okasan International (Asia) Limited	Failure to disclose. Internal control failure. Mis-selling.	HKD4m fine; reprimand	Inadequate systems and controls in selling unlisted investment products to clients, product due diligence, suitability, recording investment advice and client disclosure of trading profits.	Click here
03-Aug-15	BNP Paribas Securities (Asia) Limited	Failure to report. Internal control failure.	HKD15m fine	Failure to ensure dark pool operated as intended and represented to clients; failure to seek client consent to using dark pool order matching; failure to report change to its dark pool business plan; failure to document dark pool logic and operations.	Click here
30-Jul-15	Nomura International (Hong Kong) Limited	Failure to report. Regulatory breach.	HKD4.5m fine; reprimand	Failure to report significant misconduct by a former trader in a timely manner.	Click here
02-Jul-15	Pride Fund Management Limited	Breach of Code of Conduct.	HKD400,000 fine; reprimand	Failure to enter into mediation with an eligible claimant under the Financial Dispute Resolution Scheme (FDRS) administered by the Financial Dispute Resolution Centre (FDRC) – the first time SFC has enforced the Code of Conduct obligations of intermediaries to comply with the FDRS.	Click here

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16-Jun-15	Phillip Securities (Hong Kong) Limited (Phillip Securities)	Mis-selling.	HKD1m fine	Failure to: (i) implement sufficient measures to ensure sales staff assessed suitability of fund in sales process; (ii) monitor and review sales process; (iii) conduct adequate due diligence on fund before sales; and (iv) provide sufficient product information to sales staff.	Click here
01-Jun-15	BNPP Securities	Breach of Code of Conduct. Failure to report.	HKD11m fine; reprimand	Failure to report late cross trades to SEHK for over ten years – HKD6.5m. Ineffective resources and procedures for cross trade business, and inadequate supervision of dealing function – HKD4.5m.	Click here
06-May-15	Descartes Athena Fund SPC; Descartes Investment Management Limited, Descartes Global Asset Management Limited and Descartes Finance Limited	Fraud.	HKD190m in restoration	Investors defrauded by Athena Fund and managers by: (i) issuing false documents purportedly from a major accounting firm; (ii) sending false statements of account and subscription contracts; and (iii) dissipating the assets of the Athena Fund.	Click here
01-Apr-15	Merrill Lynch Far East Limited (Merrill Lynch Far East)	Internal control failure. Regulatory breach.	HKD2m fine; reprimand	SFC conducted an investigation into the holding of Merrill Lynch International (MLI) in 14,181 contracts in Hang Seng China Enterprises Index (HSCEI) on 30 May 2013 in breach of the prescribed position limit of 12,000 contracts. Merrill Lynch Far East controlled the trading or part of the trading for MLI and had discretion to make trading decisions for MLI for hedging at the material time. SFC found that Merrill Lynch Far East failed to implement adequate internal controls to monitor MLI's positions in HSCEI futures and options contracts to ensure compliance with the prescribed position limit.	Click here
26-Mar-15	JS Cresvale Securities	Internal control failure. Mis-selling.	HKD2.5m fine; reprimand	Deficient systems and controls for ensuring product suitability, product due diligence, assessing client risk profiles and documenting investment advice.	Click here
19-Jan-15	Mr Wang Wenming; Mr Lee Yiu Sun; and Mr Richard Yin Yingneng (current/ former directors of First China Financial Network Holdings Ltd (First China))	Breach of directors' duties.	CFI ordered payment of a total sum of RMB18,692,000 with interest as compensation to First China following findings of misconduct	Breach of directors' duties owed to First China by agreeing to pay a special dividend to Fame Treasure Ltd as part of an alleged mutual understanding and agreement which actually did not exist.	Click here
18-Jul-14	Hisense Kelon Electrical Holdings Limited (Hisense Kelon)	Market misconduct.	Interim freezing order over a total of 107,290,000 shares in Hisense Kelon, up to a sum of HKD1.2bn	SFC earlier initiated proceedings under section 213 of the Securities and Futures Ordinance in the CFI against Gu and in the Market Misconduct Tribunal (MMT) against both Gu and other Greencool senior executives alleging market misconduct. The interim order is to preserve assets allegedly held for the benefit of Gu pending trial in the section 213 proceedings in which the SFC is seeking remedial orders for more than 1,300 minority shareholders who purchased Greencool shares during the period the SFC alleges Greencool's disclosed financial position was grossly overstated.	Click here
09-Jul-14	Ping An of China Securities (Hong Kong) Company Limited	AML/KYC. Internal control failure.	HKD6m fine, reprimand	Multiple breaches. Failure to: (i) establish AML control procedures; (ii) enforce account opening procedures; and (iii) establish and follow effective payment procedures to protect client assets.	Click here
23-Jun-14	Greencool Technology Holdings Limited, Mr Gu Chujun and other executives of Greencool	Market misconduct.	HKD1.59bn freezing order; proceedings against director and others	Grossly overstating Greencool's financial accounts for the years ended 31 December 2000 to 2004.	Click here

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04-Jun-14	Delta Asia Securities Limited	Internal control failure. Unauthorised transfer.	HKD4m fine; reprimand	Inadequate controls to safeguard client securities and to supervise settlement function; unauthorised transfers of client securities from CCASS segregated client accounts to CCASS clearing account.	Click here
22-May-14	Deutsche Bank AG	Internal control failure. Regulatory breach.	HKD1.6m fine; reprimand	Inadequate monitoring of positions in Hong Kong equities; failure in disclosure of interests to SEHK.	Click here
21-May-14	ICBC International Capital Limited; ICBC International Securities Limited	Sponsor failures.	HKD25m fine; reprimand	Multiple failures in practice and procedures in their role in the IPO of Powerlong Real Estate Holdings Limited, e.g. failure to conduct customer due diligence, turned blind eye to lack of independence of Placees for the subscription of Powerlong's shares allotted through its listing, etc.	Click here
07-May-14	Kaiser Securities Limited (Kaiser Securities) and Kaiser Futures Limited (Kaiser Futures)	Unauthorised financial activities in Macau.	HKD1.7m fine; reprimand	SFC found that between 2004 and 2011, Kaiser conducted securities business in Macau at the premises of Unified Securities (Macau) Limited (Unified) and provided services to clients in respect of their trading in securities, futures and options in the Hong Kong market in Macau through Unified contrary to Macanese law. Contravention of the laws of Macau has called into question the reputation, character and reliability of Kaiser Securities and Kaiser Futures.	Click here
07-May-14	Mr Wong Kwong Yu and Ms Du Juan	Breach of directors' duties.	HKD420m fine; compensation	Breached directors' duties in certain share repurchases GOME Electrical Appliances Holding Limited (the company in which Wong was the Chairman and Du a director) conducted between 22 January and 5 February 2008.	Click here
22-Apr-14	The Royal Bank of Scotland PLC	Internal control failure.	HKD6m fine; reprimand	"Seriously inadequate" systems and controls on different levels to guard against employee misconduct; staff mismarking firm's principal fixed income positions undetected for years.	Click here
09-Jan-14	Cheong Lee Securities Limited	Breach of Code of Conduct. Internal control failure.	HKD2m fine; reprimand	Inadequate controls to detect and prevent self-matching transactions between the sub-accounts, affecting market integrity.	Click here
20-Dec-13	Tiger Asia Management LLC	Market misconduct.	HKD45m fine paid to investors	Contravened Hong Kong's laws prohibiting insider dealing when dealing in the shares of Bank of China Limited (BOC) and of China Construction Bank Corporation (CCB) in December 2008 and January 2009 and manipulated the price of CCB shares in January 2009. Please also refer to 63 and 88 for more information.	Click here Click here Click here Click here
19-Dec-13	HSBC Securities Brokers (Asia) Limited (HSBC Securities)	Provided inaccurate information to SFC during licence application process.	HKD5m fine; reprimand	HSBC Securities submitted a licence application to carry on business in Type 7 (providing automated trading services) regulated activity for its provision of matching and crossing services in Hong Kong (Crossing Service) in May 2010. During the licence application process, HSBC Securities represented to the SFC that existing clients would be given the option of "opting in", by signing "opt in letters", if they wished to participate in the Crossing Service (the "opt in" approach). The SFC granted HSBC Securities a Type 7 licence in March 2011. In July 2011, the media reported that HSBC proposed to launch the Crossing Service to its retail clients, and that an "opt out" approach would be adopted, whereby clients would effectively be assumed to consent to their trades being matched and crossed on the Crossing Service unless they took the initiative to notify HSBC otherwise. This is contrary to the representations that HSBC Securities had made to the SFC during the licence application process.	Click here

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05-Sep-13	Sun On Tat Securities Company Limited and its responsible officer Ms Kwong Suk Yee	Internal control failure. Operational defects.	HKD1m fine total (HKD1.6m for Sun On Tat Securities and HKD200,000 for Ms Kwong Suk Kee); reprimand	Inadequate segregation of client securities; inadequate segregation between front and back offices; other operational defects.	Click here
05-Sep-13	Premium Stars Investments Limited	Criminal conviction of short selling.	HKD3,000 fine and SFC's investigation costs	On 3 May 2011, Premium Stars sold over 68,000,000 excess rights shares to be issued by China Properties after it had applied for them. At the time of selling, Premium Stars did not have reasonable grounds to believe that it had a presently exercisable and unconditional right to sell the shares.	Click here
15-Aug-13	China Securities Holdings Limited	Internal control failure. Unlicensed activities.	HKD1.3m fine; reprimand	Deficient record keeping and unlicensed dealing.	Click here
29-Jul-13	A One Investment Company Limited	Internal control failure.	HKD1.2m fine; reprimand	Unauthorized sales of client securities; unauthorized transfers of client funds to third party accounts.	Click here
11-Jun-13	Credit Suisse Securities (Hong Kong) Limited	Internal control failure. Regulatory breach.	HKD1.6m; reprimand	Failure to put in place effective internal controls to ensure that all open positions in stock options contracts in which extensions were granted were in compliance with the prescribed position limits.	Click here
21-May-13	UBS Securities Hong Kong Limited	Internal control failure. Regulatory breach.	HKD1.6m; fine; reprimand	Inadequate controls to comply with prescribed stock option position limits.	Click here
22-Apr-13	Sun Hung Kai Investment Services Limited	Internal control failure.	HKD1.5m fine; reprimand	Weak controls in trade execution function; lack of segregation between "maker" and "checker" of credit rules/policies.	Click here
11-Apr-13	China Everbright Securities (HK) Limited	Internal control failure.	HKD1.2m; fine; reprimand	Failure to supervise staff and failure to have controls in place to ensure compliance with proper account opening and know-your-client procedures resulting in staff misconduct.	Click here
04-Mar-13	Manulife Asset Management (HongKong) Limited	Internal control failure.	HKD24m fine; reprimand	Serious deficiencies in suitability systems and processes, affecting a majority (73%) of customers for specific funds.	Click here
18-Dec-12	Deutsche Securities Asia Limited	Internal control failure. Regulatory breaches.	HKD2.5m fine; reprimand	SFC found that Deutsche Securities Asia Limited failed to enforce its internal control procedures to ensure that all open positions in stock options contracts it held or controlled were in compliance with the prescribed position limits. SFC found that: (i) there was failure to appoint replacement gatekeepers from March 2011 to September 2011 to replace its primary and secondary gatekeepers who were on administrative leave even though the two gatekeepers were the only people who were granted access to the real-time monitoring system of Deutsche Securities Asia Limited for the purpose of monitoring position limits; and (ii) there was a failure to enforce a "zero tolerance" policy communicated to its trading staff in March 2006 and April 2007 requiring them to execute Hong Kong futures and options contracts via itself only. SFC considers the failings of Deutsche Securities Asia Limited more serious because it had already been told by an independent reviewer in 2007 that its real-time monitoring system for position limits could not capture proprietary trades executed via external brokers. Although Deutsche Securities Asia Limited was aware of the limitation to its monitoring system and had put in place a policy and procedures to address this, it failed to implement and enforce the policy and procedures.	Click here

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04-Dec-12	President Securities (Hong Kong) Limited	Failure to act in best interests of clients.	HKD2m fine; reprimand	Failure to act in the best interests of its clients when accepting subscriptions for a number of Lehman Brothers related structured products by 21 Taiwanese clients in 2008.	Click here
14-Nov-12	CIC Investor Services Limited (CIC)	Regulatory breaches.	HKD4m fine; reprimand	SFC found that CIC had failed to comply with regulatory requirements in treating clients as professional investors and to keep adequate records of its investment advice to clients.	Click here
22-Aug-12	Merrill Lynch (Asia Pacific) Ltd (Merrill Lynch)	Internal control failures. Regulatory breaches.	HKD3.5m; reprimand	SFC found that Merrill Lynch had failed to take adequate steps to properly handle the complaints of 11 clients in 2008 before rejecting their complaints in breach of the Code of Conduct. The clients were the subject of a fraud perpetrated by Ms Joyce Hsu Ming Mei, a former licensed representative of Merrill Lynch. They made various complaints to Merrill Lynch. Hsu was subsequently convicted of 20 counts of theft and other dishonesty offences. While Merrill Lynch made enquiries into each complaint, they failed to fully investigate all the relevant circumstances leading to some complaints being incorrectly rejected.	Click here
16-Aug-12	RBC Investment Management (Asia) Limited	Internal control failure. Mis-selling.	HKD4m fine; reprimand	Failure to provide adequate guidance to its staff on conducting due diligence on funds before making investment recommendations or solicitations to clients. Relied on its Singapore office to conduct due diligence on investment products but saw no record of any due diligence conducted by its Singapore office. Did not provide adequate practical guidance to relationship managers in providing investment advice or recommendations. No adequate procedures in place requiring the relationship managers to document their investment advice or recommendations and the underlying rationale and to provide a copy of the same to the clients.	Click here
03-Jul-12	IMC Asia Pacific Limited (IMC)	Internal control failures. Regulatory breaches.	HKD1.5m fine.	SFC conducted an investigation into IMC's use of short selling indicators for sales orders conducted for its options and proprietary trading. SFC found that between May 2007 and July 2010 IMC: (i) inputted the wrong short selling indicator to 298,228 sale orders out of a total of 1,088,692 sales orders which comprised about 34% of sale orders executed by IMC for its options trading and almost 10% of sale orders executed for its proprietary trading; (ii) failed to report short selling input errors to Hong Kong Exchange and Clearing Limited until June 2010; and (iii) failed to implement adequate internal control procedures to detect and prevent the misuse of short selling indicators by traders.	Click here
22-Apr-12	Mega Capital (Asia) Company Limited (Mega Capital)	Sponsor failures	Fine of HKD42m; revocation of licence.	SFC revoked Mega Capital's licence to advise on corporate finance and fined it HKD42m for failing to discharge its sponsor's duties in relation to the listing application of Hontex International Holdings Company Limited (Hontex) in 2009. SFC's investigation revealed that Mega Capital failed to discharge its sponsor's duties, including: (i) inadequate and sub-standard due diligence work; (ii) failure to act independently and impartially; (iii) inadequate audit trail of due diligence work; (iv) inadequate supervision of its staff; and (v) breach of sponsor's undertaking and filing untrue declaration with The Stock Exchange of Hong Kong Limited.	Click here

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13-Oct-11	Solomon Independent Financial Advisors Limited (Solomon)	Facilitating unlicensed activities.	HKD1.5m fine; reprimand; suspended the approval granted to Ms Connie Leung Wing Kam to act as a responsible officer for Solomon and suspended her licence for seven months from 13 October 2011 to 12 May 2012.	<p>SFC conducted an investigation which found that Solomon entered into an arrangement in which Black Swan referred clients to Solomon in exchange for Black Swan receiving commissions for trades executed by Solomon on behalf of the referred clients.</p> <p>The Black Swan employees who made the client referrals to Solomon also performed services in regulated activities to the referred clients.</p> <p>Solomon knew that the arrangement with Black Swan required participants to be properly licensed by the SFC and that none of the Black Swan employees had been granted a SFC license.</p> <p>As Leung was primarily responsible for devising the arrangement with Black Swan, she bore direct responsibility for Solomon's conduct.</p>	Click here
03-Oct-11	Citigroup Global Markets Asia Limited (Citi Asia)	Failure to report.	HKD6m; reprimand; suspended the approval granted to Ms Lisa Chan Sin Man, to act as a responsible officer, her licence was also suspended for eight months from 3 October 2011 to 2 June 2012	<p>SFC conducted investigation into suspected misconduct of a former licensed representative of Citi Asia, Mr X, who was responsible for operating what appears to have been a fraudulent scheme involving 13 Citi Asia wealth management clients who invested through Mr X on the basis their money would be pooled and used to purchase US Treasuries and other products. Mr X's scheme operated from 2004 until February 2009 when Citi Asia suspended Mr X while investigating the suspected misconduct. Shortly thereafter, Citi Asia dismissed Mr X for gross misconduct.</p> <p>However, Citi Asia failed to report Mr X's activities to the SFC in a timely manner as required by the Code of Conduct. By the time the report was produced, Mr X had fled Hong Kong. While this was not Citi Asia's intention, the consequence of the delay in reporting details of the fraudulent scheme to the SFC meant the SFC and other law enforcement agencies had no opportunity to interview Mr X or to secure his whereabouts pending the completion of the investigation.</p> <p>The SFC also found that Mr X was insufficiently supervised by Citi Asia with the result that his fraudulent scheme was undetected despite a number of "red flags" which should have caused those supervising Mr X to instigate enquiries.</p>	Click here
21-Jun-11	Sun Hung Kai Investment Services Ltd (SHKIS)	Failure to disclose. Internal control failure. Mis-selling.	HKD4.5m fine; reprimand	SFC found that SHKIS had failed to: (i) perform adequate due diligence on the ELNs before selling them to clients; (ii) provide adequate training and guidance for its sales staff, which would enable them to fully understand the nature of ELNs, the risks involved in ELNs, and the suitability criteria; and (iii) disclose material information, including the product terms and conditions and the risks associated with ELNs, to its clients.	Click here
11-May-11	Merrill Lynch (Asia Pacific) Ltd (Merrill Lynch)	Internal control failure.	HKD3m; reprimand.	SFC raised concerns that Merrill Lynch had failed to properly assess the financial situation and investment objectives of over 40 of the 72 customers who invested in the index-linked notes during 2007. The SFC was also concerned that key product information was only provided to clients after they had agreed to invest in the index-linked notes and that Merrill Lynch kept inadequate documentation to explain the rationale behind the advice they had given to their customers.	Click here



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