

SFC Reprimands Core Pacific-Yamaichi International (HK) Limited for Losing Client Agreements

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The SFC has reprimanded Core Pacific-Yamaichi International (HK) Limited, a securities dealer and securities investment adviser, for failing to keep several hundred client agreements.

The SFC's inquiry found that, in or around mid-2001, the firm discovered that it could not locate hundreds of client agreements. According to the firm, most of these client agreements were lost during a merger with another company. The SFC's inquiry found that some missing agreements had been lost before the merger, and more client agreements were lost after the merger.

Core Pacific-Yamaichi has taken remedial actions. The firm instructed their account executives to ask the concerned clients to complete new client agreements, and if those clients refused to do so, the firm only allowed them to conduct sell trades, but not buy trades.

The SFC concludes that the firm's fitness and properness has been called into question and decides to reprimand it.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "To keep secure client agreements is one of the most basic things a dealer should do to protect the interests of its clients. Losing client agreements is inexcusable unless it's for reasons beyond a firm's reasonable control. If this failing had occurred after 1 April 2003, we would also have fined the firm under the SFO."

Ends