

**Notice under Sections 204 and 205 of the
Securities and Futures Ordinance
Cap. 571 (the "SFO")**

It appears to the Securities and Futures Commission (the "**Commission**"), for the reasons set out in the Statement of Reasons of this date, that the Commission should exercise the powers conferred by sections 204 and 205 of the SFO.

THE COMMISSION GIVES NOTICE THAT:

Except with the Commission's prior written consent, such consent to be granted by any two Executive Directors of the Commission:

1. Under sections 204(1)(a) and 205(1) of the SFO, Bright Smart Securities International (H.K.) Limited (the "**Specified Corporation**") is, in respect of a specified client account (the "**Account**"):
 - (a) prohibited from disposing of or dealing with, or assisting, counselling or procuring another person to dispose of or deal with, any assets in any way in the Account, up to **HK\$7,193,936** ("**Restriction Amount**"), including:
 - (i) entering into transactions in respect of any securities;
 - (ii) processing any withdrawals or transfers of securities and/or cash on the instructions of any authorized person of the Account or by any person acting on their behalf;
 - (iii) disposing of or dealing with any securities and/or cash on the instructions of any authorized person of the Account or by any person acting on their behalf; and/or
 - (iv) assisting another person to dispose of such assets in the Account or deal with such assets in the Account in a manner as specified in the sub-paragraphs above; and
 - (b) required to notify the Commission immediately upon receipt of any instruction from any authorized person of the Account, and/or by any person acting on their behalf, regarding:
 - (i) any request to withdraw or transfer any securities and/or cash from the Account;
 - (ii) any request to enter into any transaction using the assets subject to the prohibitions in (a) above; and/or
 - (iii) any requests to dispose of or deal with any securities and/or cash which concern the assets subject to the prohibitions in (a) above.

2. Under section 217 of the SFO, an application may be made to the Securities and Futures Appeals Tribunal for a review of the Commission's decision to impose the prohibitions and/or requirements set out in this Notice. Such application must be made within twenty-one days after the day on which this Notice is served on the Specified Corporation.
3. Under section 208 of the SFO, the Specified Corporation may apply to the Commission for the prohibitions and/or requirements imposed by this Notice to be withdrawn, substituted or varied.

This Notice takes effect at the time of service upon the Specified Corporation.

Dated this 17th day of August 2022

For and on behalf of the Commission

Ashley Alder
Chief Executive Officer

Statement of Reasons

Under section 209(2) of the Securities and Futures Ordinance (Cap. 571) (the “SFO”)

1. Bright Smart Securities International (H.K.) Limited (the “**Specified Corporation**”) is a corporation licensed under the SFO to carry on Type 1, 4 and 7 regulated activities.
2. It appears to the Securities and Futures Commission (the “**Commission**”) that:
 - (a) property held in the account of a client of the Specified Corporation is suspected to be the proceeds of insider dealing and might be dissipated, transferred or otherwise dealt in a manner prejudicial to the interest of the investing public or in the public interest; and
 - (b) the imposition of the prohibitions and requirements set out in the Notice issued by the Commission of even date under sections 204 and 205 of the SFO is desirable in the interest of the investing public or in the public interest.
3. The Commission has reached this view on the basis of the following matters:
 - (a) A corporation listed in Hong Kong (“**the Listed Corporation**”) announced a proposed privatisation (the “**Privatisation**”) when its stock was suspended from trading. This information appears to be inside information about the Listed Corporation in that the market would likely have perceived this information as positive news. It is noted that the share price of the Listed Corporation rose significantly after the announcement of the Privatisation was published and upon resumption of trading of the Listed Corporation shares.
 - (b) Whilst the investigation is still ongoing, evidence obtained by the Commission to date suggests that a person who might have information which he/she knows is inside information in relation to the Listed Corporation and which he/she received, directly or indirectly, from a person whom he/she knows is connected with the Listed Corporation and whom he/she knows or has reasonable cause to believe held the information as a result of being connected with the Listed Corporation, dealt in the shares of the Listed Corporation.
 - (c) The Commission has reasons to suspect that such a person, in respect of the dealing in the shares of the Listed Corporation, committed offences and/or engaged in insider dealing, contrary to sections 270 and 291 of the SFO.

- (d) One of the accounts ("**Target Account**") used for the suspected insider dealing is held with the Specified Corporation. The Commission has reasons to believe that trades of the Listed Corporation shares in the Target Account, among other accounts, were carried out by the suspected person having knowledge of inside information in relation to the Privatisation of the Listed Corporation and that such information was received from a person connected with the Listed Corporation.
- (e) As such, the Commission has reasons to believe that the securities and cash in the Target Account at the Specified Corporation might represent part of the proceeds of insider dealing.
- (f) Where it appears to the Commission that a person has contravened any of the provisions of the SFO specified above, the Court of First Instance ("**CFI**"), on the application of the Commission, may make an order requiring the person to take such steps as the CFI may direct, including steps to restore the parties to the transaction to the position in which they were before the transaction was entered into, or to pay damages under section 213 of SFO.
- (g) The Commission believes that it is necessary to prevent the suspected person and/or person(s) connected with him/her from operating and dealing with the Target Account and to preserve the cash and securities in the Target Account pending further investigation.
- (h) As there is a potential risk of dissipation, the Commission considers that it is desirable in the interest of the investing public or in the public interest to impose on the Specified Corporation the prohibitions and requirements as set out in the Notice to which this Statement of Reasons is attached.

Dated this 17th day of August 2022

For and on behalf of the Commission

Ashley Alder
Chief Executive Officer