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SFC Suspends Phoenix Capital Futures Limited and Chan Siu Man, Kirby for Window Dressing and Other Breaches

25 Mar 2003

The SFC has suspended the registrations of Phoenix Capital Futures Limited (Phoenix Futures) and its supervisory director, Mr Chan Siu Man, Kirby for two weeks. They are both dealers registered under the Commodities Trading Ordinance.

The actions stem from an inquiry into Phoenix Futures' conduct which revealed that it had:

- failed to maintain the minimum level of liquid capital required by the Financial Resources Rules (FRR) during January to mid-October 2001;
- window-dressed its financial position in order to report compliance in its monthly FRR returns; and
- failed to notify the SFC when its liquid capital fell below the stipulated level.

The SFC found that Chan, as a dealing director of Phoenix Futures responsible for overseeing its finance and compliance functions, bore direct responsibility for the failings identified above.

The SFC concludes that both Phoenix Futures and Chan are guilty of misconduct and their fitness and properness has been called into question. The SFC therefore decides to suspend their registrations.

In determining the penalties, the SFC took into account that:

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- Phoenix Futures and Chan have clean registration records with the SFC;
- they have taken prompt remedial actions;
- they have introduced measures to ensure compliance with relevant rules and regulations; and
- no client loss has been caused in this case.

The suspension period is from today to 7 April 2003 inclusive.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "The SFC attaches great importance to registrants' observance of the FRR since it is the cornerstone of prudential regulation. We will not tolerate any window-dressing activities aiming to circumvent the FRR. It is clear from this case the SFC regards this conduct serious enough to warrant a period of suspension even where there was no loss to investors."

Ends

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