

SFC Reprimands and Fines UBS Securities Hong Kong Limited A

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The SFC has reprimanded and imposed a disciplinary fine of HK\$100,000 on UBS Securities Hong Kong Limited under the Securities and Futures Ordinance (SFO).

UBS breached section 6 of the Securities and Futures (Financial Resources) Rules (FRR) by falling short of the liquid capital requirements on two consecutive days in late 2003.

UBS were involved in a placement of shares as a buying broker. It was essential that UBS checked and ensured the adequacy of its liquid capital before proceeding with the transaction. UBS failed to do so. UBS discovered the liquid capital deficiency and reported the breach to the SFC and took remedial action.

In deciding on the level of fine, the SFC has considered all the circumstances of the case and the Disciplinary Fining Guidelines (Note 1), including the fact that:

- the breach was technical, unintentional, of short duration and occurred on one occasion;
- UBS implemented remedial action without delay;
- no loss or damage was suffered by clients, market users or the general public;
- UBS has no previous disciplinary record; and
- UBS fully co-operated in the SFC's investigation.

Mr Alan Linning, the SFC's Executive Director of Enforcement, said "It is paramount that companies comply with the Financial Resources Rules. The Rules ensure that investors are protected. The SFC will not tolerate non-compliance with the Rules. We are pleased that UBS duly reported its non-compliance without delay and has co-operated in our investigation. We have taken this into account when deciding the size of the fine."

Ends

Note:

1. The Disciplinary Fining Guidelines were issued by the Commission in April 2002 under section 199(1)(a) of the SFO. The Guidelines can be found on the SFC website under "Bills, Legislation & Codes" – "Regulatory Handbook".