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## SFC Issues Restriction Notice on Tiffit Securities (Hong Kong) Limited

18 Jul 2006

The SFC has issued a restriction notice on Tiffit Securities (Hong Kong) Limited to preserve the assets of the company and its clients, and to protect the interests of these clients and the investing public.

Tiffit is engaged principally in the business of securities dealing. It has about 700 active cash clients and does not engage in securities margin financing (Note 1).

The restriction notice is issued today pursuant to sections 204 and 205 of the Securities and Futures Ordinance to prohibit Tiffit from carrying on all of the activities for which it is licensed, disposing of or dealing with any assets held by it or held on behalf of its clients, and assisting, counselling or procuring another person to dispose of or deal with any such property without the SFC's prior written consent.

During an onsite inspection of Tiffit last week, the SFC uncovered a material shortfall in the securities held by Tiffit on behalf of its clients and breach of the Securities and Futures (Financial Resources) Rules. In addition, Tiffit had suspended its trading this morning in view of its inability to comply with the Securities and Futures (Financial Resources) Rules.

It appears to the SFC that Tiffit has dissipated, transferred or otherwise dealt with clients' property in a manner prejudicial to the interest of its clients and that there might be further such dissipation, transfer or dealing.

The SFC considers that the issue of a restriction notice is desirable in the interest of the investing public or in the public interest.

The SFC will continue to investigate into the case to determine what further regulatory actions may be necessary. The SFC will issue further announcements on this matter when appropriate.

Clients of Tiffit who have any enquiries in the meantime may contact the SFC at its Investor Hotline at 2840 9333.

A list of questions and answers for clients is attached.

Ends

Notes to Editor:

1. Tiffit is licensed under the SFO to carry on business in Type 1, 4 and 6 regulated activities (dealing in securities, advising on securities and advising on corporate finance).

### **Questions and answers for clients of Tiffit Securities (Hong Kong) Limited in relation to the SFC's Restriction Notice on the firm**

1. What should I do now?

- It is not necessary to do anything immediately. The SFC's action is to protect clients' interests by preventing their assets held with the company from being taken out or misused. You are advised to keep all your trading records and account statements and review your outstanding position.

- If you wish to register a claim against the Investor Compensation Fund, contact the Investor Compensation Company Limited ("ICC") (Address: Room 408, 4/F, St. George's Building, 2 Ice House Street, Central, Hong Kong. Phone: 2523 7382).

2. Will I get back my shares and money? If so, when?

- Due to the imposition of the restriction notice, shares and money cannot be returned to any clients in the meantime.

- The SFC is still investigating and will issue further announcements when appropriate.

3. Will my loss be compensated?

- The statutory Investor Compensation Fund offers a maximum payment of \$150,000 per client on default of a broker firm. You may wish to contact the ICC for more details.

4. Can I transfer my stocks to another broker?

- Due to the imposition of the restriction notice, requests for share transfers cannot be entertained for the time being.

5. I bought some shares through Tiffit before the imposition of the restriction notice. Should I proceed to settle?

- You are advised to seek legal advice for your specific situation.

6. If I can't sell my shares now, and the price subsequently drops, will SFC compensate my loss?

- No. But, the SFC will strive to have clients' assets returned as soon as possible, subject to the circumstances of the investigation and all necessary legal steps being taken.

7. If the firm finally goes into liquidation, can I get back my money and stocks and when?

- In general, clients should be able to get back their money and shares if their money and stocks are properly segregated.

- However, the exact timing will depend on the particular circumstances of the case.

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