

## Enforcement News

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2 March 2007

### **SFC Petitions Court for the Winding Up of Tiffit**

The SFC has petitioned the High Court for the winding up of Tiffit Securities (Hong Kong) Limited under section 212 of the Securities and Futures Ordinance (Note 1). The filing of the winding up petition on 21 February 2007 was a further step in the SFC's efforts, following the collapse of Tiffit, to protect the public interest and the interests of Tiffit's clients in particular.

On 27 February 2007, at the request of the SFC, the High Court ordered the appointment of KPMG's Edward Middleton and Jacky Muk as the Provisional Liquidators of Tiffit (Note 2) pending the hearing of the winding up petition on 2 May 2007. When making this Order, the High Court also ordered the termination of the Provisional Liquidators' earlier appointment as the Administrators of Tiffit.

The SFC considered the making of these Orders to be desirable to avoid any uncertainty or complication in relation to matters, such as the continued disposition of property in Tiffit's possession, that might arise in the period leading up to the hearing of the winding up petition should administrators and provisional liquidators be required to act contemporaneously.

The Provisional Liquidators have confirmed that they will continue the work that they have previously been carrying out in their capacity as the Administrators of Tiffit in relation to the allocation and distribution of securities to Tiffit's clients.

The filing of the winding up petition will stay any future proceedings that might possibly have been taken by creditors against Tiffit and, therefore, will prevent any possible dissipation of Tiffit's assets arising out of its creditors competing for those assets. The eventual appointment of Liquidators will assist in the process of further recoveries being pursued on behalf of Tiffit, which would not be possible were the handling of the company's affairs to remain solely in the hands of administrators.

Since the Provisional Liquidators gained extensive knowledge of Tiffit during the course of their administration of the company, their appointment as Provisional Liquidators will provide continuity, avoid duplication of effort (thereby minimizing cost), and will ensure a seamless transition for Tiffit from administration into liquidation. The SFC considers this process to best serve the public interest and the interests of Tiffit's clients in particular.

Ends

Notes:

1. Section 212 permits the SFC to initiate winding up proceedings, if it considers this to be desirable in the public interest, on the ground that the making of a winding up order would be just and equitable.

2. On the application of the SFC under section 213 of the Securities and Futures Ordinance, the High Court made an interim Order on 24 July 2006 appointing Edward Middleton and Jacky Muk as the Administrators of Tiffit. It subsequently made a final Order for their appointment on 29 September 2006.

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