

# SFC Reprimands and Fines Goldenway Securities Company Limited

20 Jul 2007

The SFC has issued a reprimand to Goldenway Securities Company Limited and fined it \$80,000 (Note 1).

The disciplinary action follows an SFC's prosecution of a former licensed representative of Goldenway for intra-day short selling securities (Note 2). The SFC found a number of internal control weaknesses at Goldenway, including:

- failure to implement adequate procedures to detect and prevent intra-day short selling;
- failure to put in place proper procedures to ensure its licensed representatives were in compliance with the requirements of the Code of Conduct concerning the recording of orders;
- failure to ensure prompt and fair allocation of clients' orders by the former representative; and
- inadequate supervision of staff.

In determining the penalty, the SFC has taken into account measures implemented by Goldenway to rectify the above weaknesses in relation to intra-day short selling.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "Compliance systems are necessary protections for clients and prevent financial crime. Poor systems and controls create unwarranted risks and prejudice the investing public, and will be treated as serious misconduct by the SFC resulting in disciplinary actions. "

Ends

Notes:

1. Goldenway is a corporation licensed under the Securities and Futures Ordinance to carry on business in Type 1 (dealing in securities) regulated activity.
2. Please see [SFC press release](#) dated 7 September 2006 for details.