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SFC reprimands Cypress International Investment Advisors for failing to meet liquid capital requirement

20 Sep 2010

The Securities and Futures Commission (SFC) has issued a reprimand to Cypress International Investment Advisors Limited (CIIAL) (Note 1) for breach of the Financial Resources Rules under the Securities Ordinance and the Securities and Futures (Financial Resources) Rules (collectively FRR rules).

An SFC investigation found that CIIAL failed to maintain the required liquid capital on various dates between July 2008 and May 2009. The SFC also discovered that in previous FRR calculation moneys owed by related parties was wrongly included as assets of CIIAL and that CIIAL did not have sufficient internal controls in place to ensure proper compliance with the FRR rules.

No customers or members of the general public had suffered any loss or damage as a result of CIIAL's regulatory breaches.

In deciding the disciplinary sanction, the SFC took into account CIIAL's co-operation with the investigation, its consent to enter into a resolution with the SFC, and CIIAL's previous breaches of the FRR rules on various dates since 2003.

As part of the agreement under section 201 of the Securities and Futures Ordinance, CIIAL agreed to file monthly FRR reports to the SFC for a period of two years (Note 2). If CIIAL breaches the FRR rules at any time within a three-year period, CIIAL's licence will be revoked automatically.

The SFC's Executive Director of Enforcement, Mr Mark Steward, said: "The FRR rules are an important safeguard, designed to protect the investing public. Licensees who demonstrate repeatedly that they are unable to comply with these rules face losing their licence."

End

Notes:

1. CIIAL is licensed under the Securities and Futures Ordinance (SFO) to carry on business in Type 4 (advising on securities, Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.
2. Currently, CIIAL is only obliged to file an FRR return every six months.

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