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SFC Takes Action against Masako Watanabe & Associates Limited and its Investment Adviser and Commodity Trading Adviser

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The Securities and Futures Commission announced today that it had publicly reprimanded Masako Watanabe & Associates Limited (MWAL) and its investment adviser and commodity trading adviser, Ms Masako Watanabe (Watanabe), following an inquiry under section 56 of the Securities Ordinance (SO) and section 36 of the Commodities Trading Ordinance (CTO).

The SFC concluded that MWAL had been guilty of misconduct for having breached Rules 8, 14 and 21 of the Financial Resources Rules (FRR).

Rules 8 and 14 of the FRR require a securities investment adviser and a futures trading adviser respectively shall have and at all times maintain in the business for which the person is registered net tangible assets (NTA) of not less than zero.

Rule 21 of the FRR requires that a securities investment adviser or futures trading adviser shall immediately notify the Commission in writing whenever the person's NTA fall below the amount required to be maintained under Rules 8 and 14, as the case may be, and the reasons therefor.

The SFC also found that MWAL's fitness and properness to remain registered as an investment adviser and commodity trading adviser had been impugned as it did not take actions to immediately rectify its NTA deficiency after it had the first instance of negative NTA balance as at 31 January 1998.

In view of the fact that Watanabe was the directing mind and beneficial owner of MWAL during the period for which the inquiry was conducted, the SFC also concluded that Watanabe had likewise been guilty of misconduct and her fitness and properness to remain registered as a registered investment adviser and a commodity trading adviser impugned.

A SFC spokesman, commenting on the action taken, said, "Registered persons are required to abide by all the laws and rules applicable to their registrations. The SFC views any breach of the FRR very seriously and would take appropriate disciplinary actions against those registrants who fail to comply."

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