

SFC Successfully Prosecutes GlobalLinkAsia.com Limited for Contravening the Securities Ordinance and the Protection of Investors Ordinance

5 Jun 2002

The Securities and Futures Commission (SFC) announces today that it has successfully prosecuted GlobalLinkAsia.com Ltd (GLA) for contravening the Securities Ordinance and the Protection of Investors Ordinance.

GLA was a fellow subsidiary in Hong Kong of a licensed securities dealer in the United States. GLA also operated a website which was hyperlinked to the online trading platform of the securities dealer in the United States. The public could open accounts and trade stocks in the United States via that online trading platform.

Between May 2000 and May 2001, GLA operated the abovesaid website and promoted in Hong Kong its online trading services. GLA had not been registered with the SFC as a securities dealer. By carrying on a business in Hong Kong of dealing in securities whilst unregistered, GLA was in breach of the Securities Ordinance.

GLA had also kept and distributed promotional documents and account opening forms at its office. When promoting the online trading services, GLA had referred potential clients to the website for details and to open accounts. The documents distributed at its office and the material in the website contained an invitation to the public to deal in securities, but had not been authorized by the SFC. GLA was also in breach of the Protection of Investors Ordinance.

GLA pleaded guilty to 6 summonses before Mr P C White at Western Magistracy on 5 June 2002. It was fined a total of \$280,000 and ordered to pay costs of \$14,178 to the SFC. In considering the penalty, Mr P C White commented that the offences were very serious; the potential for unregistered companies operating for an overseas mother company to drag money from Hong Kong investors who were left with no recoveries was very enormous; and the penalty imposed was for deterrence of the defendant company and any other like-minded persons intended to act similarly.

A spokesman of the SFC said that there appears to be a growing trend that websites may contain hyperlinks to websites of securities dealers. As set out in paragraph 15 of the Circular on Provision of Financial Information on the Internet - Licensing Requirements issued by the SFC on 30 June 2000, the mere presence of hyperlink normally does not trigger a licensing requirement, but the presence of any inducement, or invitation, to visit the related sites through the links concerned may mean a licence is required.