

Enforcement Actions

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8 August 2006

SFC Makes Progress in Inquiry into Wing Yip Company Ltd

The SFC issues this statement to update the clients of Wing Yip Company Limited and the public of the progress made in its inquiry into Wing Yip.

The SFC yesterday took prompt action to issue a restriction notice on Wing Yip to preserve the assets of the company and its clients, and to protect the interests of these clients and the investing public (Note 1).

The SFC has continued its inquiries since the imposition of the restriction notice. According to latest information provided by Mr Yip Kwok Kay, a Responsible Officer and the major shareholder of Wing Yip, the shortfall in client assets was about \$10 million (Note 2). Verification is still continuing.

The SFC is also actively considering the need to apply to the Court for the appointment of an administrator to manage the orderly and expeditious return of the assets of Wing Yip clients.

Since the restriction notice was issued and up to 4pm today, the SFC had received 73 enquiries and one complaint. The Investor Compensation Company had received 89 enquiries and 52 claims over the same period.

The SFC reiterates that investors should seriously consider using the Investor Participant account (IP account) or Stock Segregated Account (SSA) services. The SFC has sent a [circular \(attached\)](#) to broker firms reminding them to raise their clients' awareness of these services and assist clients in using these services.

The SFC will issue further announcements when appropriate.

Ends

1. Please see [SFC press release dated 7 August 2006](#).

2. The figure has been revised as the SFC continues its inquiries. The SFC moved immediately to issue the restriction notice to safeguard client assets based on the evidence available at the time, including the amount of shortfall as admitted by Mr Yip up to that time.

Page last updated: 8 August 2006

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SECURITIES AND FUTURES COMMISSION 證券及期貨事務監察委員會

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Our Ref: SFO/IS/018/2006

8 August 2006

Circular to All Licensed Corporations Licensed for Dealing in Securities

The Securities and Futures Commission would like to remind brokers that they should heighten their clients' awareness of the Investor Participant Account (IP) and the Stock Segregated Account (SSA) services provided by the Hong Kong Securities Clearing Company Limited. For instance, brokers may adopt the following measures:-

- Ensure that their account executives are familiar with IP and SSA services and that they actively promote these services to their clients;
- Ensure that information about IP and SSA services including application forms is readily available at their office premises; and
- Send out information about IP and SSA services including application forms to clients together with monthly statements of accounts.

Where clients have shown interest in understanding these services, brokers should as far as possible provide their clients with the most up to date information and also explain to them the nature of such services.

Furthermore where clients are interested in availing themselves of either the IP or the SSA services, brokers should provide all reasonable assistance so that clients may avail themselves of such services with a minimum of fuss.

The Commission will not look favourably upon those brokers who either refuse to provide interested clients with the related information on the IP and SSA services, or who actively or tacitly discourage clients from availing themselves of such services. The Commission would regard such firms as not acting in the best interest of their clients. Should such conduct come to light they would be required to provide the Commission with an explanation for their action.



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For further information about IP and SSA services, please refer to the following hyperlinks to HKEx's website.

IP account: http://www.hkex.com.hk/invacct/acctsvc_page.htm

SSA: <http://www.hkex.com.hk/segacct/acctsvc/state%20leaflet-pdf-eng.pdf>

Should you have any queries regarding the contents of this circular, please contact Ms Lorraine Chan at 2842-7751.

Intermediaries Supervision Department
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Securities and Futures Commission