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SFC's Subrogation Rights Concerning C. A. Pacific Securities Limited

2 Sep 2003

Today the SFC issued a legal and general notice reminding the public of the exercise of its subrogated rights concerning compensation payments made to clients of C. A. Pacific Securities Ltd (In Liquidation). The SFC will exercise its subrogated rights to obtain shares allocated to the SFC by the CAPS Liquidators and will sell such shares to reimburse the Unified Exchange Compensation Fund. This follows the share distribution arrangements ordered by the Court in the CAPS winding up.

Ends



Legal and General Notices

Reminder about Subrogated Rights of the Securities and Futures Commission (SFC) concerning Payments from the Unified Exchange Compensation Fund (Compensation Fund) to Claimants in respect of C.A. Pacific Securities Limited (CAPS) (In Liquidation)

When the SFC makes a payment from the Compensation Fund to a claimant, the SFC on behalf of the Fund is subrogated to the claimant's rights and remedies against CAPS in the same amount as the compensation payment made. The SFC made payments to 3,922 claimants against CAPS totaling \$300,431,484. Under the CAPS share distribution plan ordered by the Court in the CAPS winding up, the CAPS Liquidators have allocated shares to the SFC proportional to the SFC's subrogated rights. For examples: where the SFC has paid a claimant in full, all the claimant's shares are allocated to the SFC; where the SFC has paid only one-half of a claimant's loss, the shares are allocated equally between SFC and the claimant. Amounts recovered under the SFC's subrogated rights will be used to replenish the Compensation Fund.

The CAPS Liquidators wrote to claimants on 30 June 2003 informing them of the share distribution plan and the claimants' and SFC's allocations of shares by the CAPS Liquidators. This mailing included a letter from the SFC informing claimants of an option to repay voluntarily the amount of compensation made to them, which would remove the SFC's rights to allocated shares. Since 30 June 2003, claimants have been informing the CAPS Liquidators whether they intend to take up the option to repay the SFC. Claimants are reminded that in cases where the claimants indicate they will not repay the SFC or where the claimants take no action by 28 October 2003, the SFC may exercise its subrogated rights to obtain SFC's allocated shares from the CAPS Liquidators.

The SFC now intends to pay processing fees to the CAPS Liquidators and take delivery of a wide spectrum of listed shares as a result of our subrogated rights and the Court-ordered distribution. The SFC will instruct a broker to sell the shares in its careful discretion and to endeavor to avoid impacting the market. The proceeds of sale will be used to replenish the UECF and do not affect the SFC's own resources.

2 September 2003

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