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SFC Reprimands Asia Insurance (Pensions Fund) Limited and Suspends Wong Kok Ho for Four Weeks for Breaches of Investment Restrictions by Bank Consortium Pooled Retirement Scheme

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The SFC has reprimanded Asia Insurance (Pensions Fund) Limited and suspended for four weeks the licence of Wong Kok Ho, its responsible officer. (Note 1)

Asia Insurance (Pensions Fund) Limited manages the Guaranteed Portfolio of Bank Consortium Pooled Retirement Scheme, an authorised ORSO pooled retirement fund. Bank Consortium Trust Company Limited (BCT) is the ORSO Scheme's trustee.

In breach of the ORSO Scheme's investment restrictions, Asia Insurance (Pensions Fund) Limited caused the Portfolio to (a) invest in certain investments without seeking BCT's necessary prior approval, and (b) enter into certain related party transactions in September 2002, again without seeking BCT's prior approval.

Asia Insurance (Pensions Fund) Limited did not take into consideration these investment restrictions. They did not consider other relevant compliance issues either, including possible conflicts of interest when entering into the related party transactions. Despite the express requirement under the Fund Manger Code of Conduct, Asia Insurance (Pensions Fund) Limited did not have a designated compliance officer. Asia Insurance (Pensions Fund) Limited admitted that the lack of a compliance officer was one of the causes of the breaches.

The SFC concludes that the fitness and properness of Asia Insurance (Pensions Fund) Limited has been called into question and decides to reprimand it. Wong Kok Ho's fitness and properness has also been called into question. He is the director responsible for compliance and supervision at Asia Insurance (Pensions Fund) Limited. He therefore bears direct responsibility for the failings. Considering all the circumstances, including that no harm to investors has crystallised, a suspension of his licence for four weeks is appropriate.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Fund managers manage large sums of money belonging to investors, including money invested in provident funds. There must be proper controls and supervision to prevent any abuse of the trust investors place in fund managers."

"A fund manager lacking proper internal controls to ensure compliance with basic matters, such as investment restrictions and avoidance of conflicts of interest, displays a disregard for compliance matters. Disregard for basic requirements of the regulatory regime harms the interests of investors and will meet with harsh sanctions," Mr Linning added.

Ends

Notes to Editor

1. Asia Insurance (Pensions Fund) Limited is a corporation licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Wong is its responsible officer, licensed to carry on Types 4, 9 and 6 (advising on corporate finance) regulated activities.

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