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## **Enforcement Actions**

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26 May 2006

### **SFC Issues Restriction Notice on Whole Win Securities Limited**

The SFC has issued a restriction notice on Whole Win Securities Limited to preserve the assets of the company and its clients, and to protect the interests of these clients and the investing public.

#### Restriction notice

The restriction notice is issued today pursuant to sections 204 and 205 of the Securities and Futures Ordinance to prohibit Whole Win Securities from carrying on the business of dealing in securities and disposing of or dealing with any assets held by it or held on behalf of its clients without the SFC's prior written consent.

#### Protection of clients' assets

During a review of the liquid capital computation in the latest financial return of Whole Win Securities, which reported adequate liquid capital, the SFC identified certain suspicious entries. After discussion with the senior management of Whole Win Securities, Whole Win Securities admitted that there was actually a liquid capital deficit of \$28 million.

The SFC has serious concerns about Whole Win Securities' financial status. The SFC also found that the firm in fact had been operating its business almost entirely on financial resources from bank borrowings secured by client securities collateral and henceforth put its margin clients at a high risk. To protect the interest of the investing public, it is necessary for the SFC to issue a restriction notice.

The SFC will continue to look into the case to determine what further regulatory actions may be necessary. The SFC will issue further announcements on this matter when appropriate.

Clients of Whole Win Securities who have any enquiries in the meantime may

contact the SFC at its Investor Hotline at 2840 9333.

Ends

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