

HEINBRO GROUP

09 Mar 2023

SFC Circular - SFC reprimands and fines City International Futures (Hong Kong) Limited \$100,000 for regulatory breaches

The Securities and Futures Commission (SFC) has reprimanded and fined City International Futures (Hong Kong) Limited (CIFHKL), now known as VERCAP Financial Services Limited, \$100,000 for failures in complying with anti-money laundering and counter-terrorist financing (AML/CFT) and other regulatory requirements between March 2016 and October 2018.

The SFC's investigation found that CIFHKL did not conduct any due diligence on the customer supplied systems (CSSs) used by 16 clients for placing orders. As a result, CIFHKL was not in a position to properly assess and manage the money laundering and terrorist financing (ML/TF) and other risks associated with the use of such CSSs by its clients.

In addition, the SFC identified that the amounts of deposits made into two client accounts were incommensurate with their declared financial profiles. Although CIFHKL claimed that it conducted daily monitoring on client accounts' fund movements and was aware of the substantial deposits in the two client accounts, it failed to demonstrate that it had conducted proper enquiries on the deposits and satisfactorily addressed the associated ML/TF risks.

The SFC further found that CIFHKL failed to put in place an effective ongoing monitoring system to detect suspicious trading patterns in client accounts as there were frequent, and large number of, trades in the two client accounts, and in many instances buy and sell orders for the same futures contracts were placed by the same client in the same second at the same price.

The SFC is of the view that CIFHKL's systems and controls were inadequate and ineffective, and failed to ensure compliance with the AML Guideline and the Code of Conduct.

In deciding the disciplinary sanctions against CIFHKL, the SFC took into account that:

- CIFHKL's failures to diligently monitor its clients' activities and put in place

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adequate and effective AML/CFT systems and controls are serious as they could undermine public confidence in, and damage the integrity of, the market;

- CIFHKL's senior management has changed after the relevant period;
- CIFHKL's financial position, its cessation of business and request to the SFC to revoke its licence;
- a strong deterrent message needs to be sent to the market that such failures are not acceptable;
- CIFHKL cooperated with the SFC in resolving the SFC's concerns; and
- CIFHKL's otherwise clean disciplinary record.

中文版本

證監會譴責都城國際期貨(香港)有限公司違反監管規定並處以罰款100,000元

證券及期貨事務監察委員會（證監會）譴責都城國際期貨(香港)有限公司（都城國際期貨）（現稱和昇金融服務有限公司）並處以罰款100,000元，原因是該公司在2016年3月至2018年10月期間沒有遵守打擊洗錢及恐怖分子資金籌集（打擊洗錢／恐怖分子資金籌集）規定和其他監管規定。

證監會的調查發現，都城國際期貨沒有對16名客戶用以發出交易指示的客戶自設系統進行任何盡職審查，以致未能妥善評估並管理與其客戶使用該等客戶自設系統相關的洗錢及恐怖分子資金籌集（洗錢／恐怖分子資金籌集）風險和其他風險。

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此外，證監會識別到存入兩名客戶帳戶內的款項與他們所聲明的財政狀況並不相稱。儘管都城國際期貨聲稱它有每日監察客戶帳戶內的資金流動及知悉兩名客戶的帳戶內有大量存款，但卻未能證明其曾就有關存款進行適當查詢，並妥善處理相關的洗錢／恐怖分子資金籌集風險。

證監會更發現，都城國際期貨沒有設立有效的持續監察系統以偵測客戶帳戶內的可疑交易模式，原因是兩名客戶的帳戶曾進行頻繁而大量的交易，及在許多情況下，同一客戶在同一秒內以相同價格對同一期貨合約發出買賣指示。

證監會認為，都城國際期貨的系統及監控措施並不足夠及成效不彰，且該公司沒有確保《打擊洗錢指引》和《操守準則》獲得遵守。

證監會在決定對都城國際期貨採取上述紀律處分時，已考慮到：

- 都城國際期貨沒有勤勉盡責地監察其客戶活動，以及沒有設立充足而有效的打擊洗錢／恐怖分子資金籌集制度和監控措施，乃屬嚴重缺失，因為這可能會損害公眾對市場的信心和破壞市場的廉潔穩健；
- 都城國際期貨的高級管理層於有關期間後已被撤換；
- 都城國際期貨的財務狀況，以及其已停止營業和要求證監會吊銷其牌照；
- 有需要向市場傳遞具阻嚇力的強烈訊息，以示有關缺失不可接受；
- 都城國際期貨與證監會合作解決其提出的關注事項；及
- 都城國際期貨過往並無遭受紀律處分的紀錄。

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