

NOTICE UNDER SECTION 205 OF THE
SECURITIES AND FUTURES ORDINANCE (Chapter 571)
(‘The Ordinance’)

It appears to the Securities and Futures Commission (‘the Commission’), for the reasons set out in the Statement of Reasons of even date, that the Commission should exercise the powers conferred by section 205 of the Ordinance.

THE COMMISSION HEREBY GIVES NOTICE THAT:—

1. Except with the prior written consent of the Commission, such consent to be granted by any two Executive Directors of the Commission, pursuant to section 205(1) of the Ordinance, China Securities Holdings Limited (‘the Specified Corporation’) is prohibited from:—
 - (a) disposing of any client assets (as defined in the Ordinance) or dealing with any client assets in any manner; and
 - (b) assisting, counselling or procuring another person to dispose of any client assets or deal with any client assets in any manner.
2. Pursuant to the provisions of section 217 of the Ordinance, an application may be made to the Securities and Futures Appeals Tribunal for a review of the decision to impose the prohibitions imposed by this Notice. Such application must be made within twenty-one days after the day on which this Notice is served on the Specified Corporation. Further, pursuant to section 208 of the Ordinance, the Specified Corporation may apply to the Commission for the prohibitions imposed by this Notice to be withdrawn, substituted or varied.

This Notice takes effect at the time of service upon the Specified Corporation.

Dated this 27th day of May 2016.

For and on behalf of
Securities and Futures Commission
Brian HO *Acting Chief Executive Officer*

STATEMENT OF REASONS
PURSUANT TO SECTION 209(2) OF
THE SECURITIES AND FUTURES ORDINANCE (Chapter 571)
(‘the Ordinance’)

1. China Securities Holdings Limited (‘the Specified Corporation’) is a corporation licensed under the Ordinance to carry on Type 1 regulated activity. The Specified Corporation was formerly known as Vermont Securities Company Limited.
2. It appears to the Securities and Futures Commission (‘the Commission’) that:—
 - (a) Property of the Specified Corporation’s clients might be dissipated, transferred or otherwise dealt with in a manner prejudicial to the interest of any of its clients.
 - (b) The Specified Corporation is not a fit and proper person to remain licensed or to carry on any regulated activity for which it is licensed.
 - (c) The licence of the Specified Corporation may be revoked on the grounds set out in 195(1)(c) and (d) of the Ordinance.
 - (d) The imposition of the prohibitions set out in the Notice issued by the Commission of even date under section 205 of the Ordinance is desirable in the interest of the investing public and/or in the public interest.
3. The Commission has reached this view on the basis of the following matters:—
 - (a) The Specified Corporation had ceased to operate its business since 31 December 2012. The Specified Corporation has had no responsible officer (as defined in the Ordinance) since 12 August 2013 and no director since 10 September 2013.

- (b) On 3 January 2013, the Specified Corporation requested the Commission to revoke its licence pursuant to section 195(1)(d) of the Ordinance. However, as the Specified Corporation is still holding substantial unclaimed client assets (as defined in the Ordinance), its licence has not yet been revoked pending the return or appropriate handling of such client assets.
- (c) The unclaimed client assets that the Specified Corporation is holding belong to clients who could not be contacted by the Specified Corporation. Such client assets are being held by and/or in the custody of, a former member of management of the Specified Corporation.
- (d) The Commission has concerns regarding the safekeeping of the unclaimed client assets because:—
 - (i) the Specified Corporation does not have any director or responsible officer who is answerable for the safekeeping of the client assets;
 - (ii) the client assets are in the sole custody of a former responsible officer of the Specified Corporation, who does not presently have any official role within the Specified Corporation; and
 - (iii) the sole registered shareholder of the Specified Corporation has refused to appoint a director or trustee to handle the unclaimed client assets.
- (d) In the circumstances, the Commission considers it desirable in the interest of the clients of the Specified Corporation, and more particularly in the interest of preserving their assets, and in the wider interest of the investing public or in the public interest, that the Specified Corporation be subject to the prohibitions imposed by and contained in the Notice.

Dated this 27th day of May 2016.

For and on behalf of
Securities and Futures Commission
Brian HO *Acting Chief Executive Officer*