



24 July 2003

**ADMINISTRATIVE ACTION AGAINST
HSBC SECURITIES (JAPAN) LIMITED, TOKYO BRANCH**

The Financial Services Agency (FSA) today issued orders against HSBC Securities (Japan) Limited, Tokyo Branch (HSBC Securities Japan) for the violation of “Act of soliciting business from any customer with a promise to provide any special benefit to the customer”.

In January 1997 and January 1998, HSBC Securities Japan solicited securities transaction from a certain customer (a securities investment advisor, which provides discretionary investment service) with a promise to make a payment to the customer under the pretext of advisory fee, in return for orders from the customer.

Based on the recommendation from the Securities and Exchange Surveillance Commission (SESC) on 17 July 2003, the FSA announced the following orders against HSBC Securities Japan.

- (1) Suspend [the brokerage businesses related to equities in HSBC Securities Japan.
- (2) Strengthen the internal control system, secure strict compliance, make preventive measures against recurrence of the above mentioned violation, and clarify locus of responsibility.

During the above suspension, no other department of HSBC Securities Japan and other entity operating in Japan is affected and will provide services to customers normally.

We very much regret the occurrence of this violation. We take regulatory compliance extremely seriously and will make every effort to ensure that this does not happen again by adhering to the highest possible regulatory standards and improved internal control systems.

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