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via email PIRules@sfc.hk

Securities and Futures Commission
8/F, Chater House,
8 Connaught Road Central,
Hong Kong

Dear Sirs,

Re : Submission to Consultation Paper on the Evidential Requirements under
the Securities and Futures (Professional Investor) Rules

Please find our submission on the above matter:

Question 1

Do you agree that the proposed approach is the best way to serve the purpose of providing flexibility? Please explain your view.

Do you have any other suggestions?

We generally agree to the proposed approach to relieve the evidential requirements to prove the status of professional investor. It could provide flexibility to investors and firms to satisfy the evidential requirements so as to speed up the investment process without lowering the threshold of satisfying professional investor status.

Such move is considered to be the right response to the market's wants as the existing evidential requirements are considered to be too difficult to satisfy and many investors cannot take advantage of the exemption.

The responsibility now falls on the firms which keep records of assessment process used for meeting the threshold and exercise professional judgment to determine whether a client meets the requirement. The firms should ensure such records are properly kept through inspection. Since very wide flexibility will be granted to the market, we recommend the SFC to provide guidelines on recommended assessment method to the market so as to remove the concern of the lack of direction and any disputes over the records required during the SFC on site inspection on the firms.

We agree with the SFC that the proposed approach will facilitate market transactions and fulfill its role as a facilitator.

Question 2

Do you agree that the existing methods set out in sections 3(a) to 3(c) of the Professional Investor Rules (as outlined in paragraph 7 above) should be

preserved?

Please explain your view.

Do you have any other suggestions?

The preservation of the existing methods could be transitional. And as the SFC is granting flexibility to market, there is no reason why the existing methods should be abolished. Keeping the existing rules could ensure greater market acceptance as some firms might have established system for satisfying the evidential requirements and might not wish to change at the moment.

We agree that the existing methods set out in section 3(a) to (c) of the Professional Investor Rules should be preserved.

Question 3

Do you agree that the “relevant date” should be used as the time reference for ascertaining whether a high net worth professional investor meets the relevant assets or portfolio threshold? Please explain your view.

Do you have any other suggestions?

The principle should be by the time the investment is made known to the investor, the investor should have been qualified as a professional investor. The proposed rules include when advertisement, invitation or document is issued or possessed, a call is made, an offer is made, or an obligation under the Securities and Futures Ordinances (SFO) is required to be complied with. That should be able to ensure that the investor qualifies as a high net worth professional investor before he/she knows about the investment opportunities.

We agree that the “relevant date” should be used as the time reference for ascertaining the satisfaction of the relevant assets or portfolio threshold.

Question 4

Do you agree that section 3(d) of the existing Professional Investor Rules should be extended so that any corporation which is wholly owned by one or more individuals or corporations/partnerships where each of those individuals or corporations/partnerships would qualify as a professional investor under section 3(b) or section 3(c) (as the case may be) of the Professional Investor Rules, will qualify as a professional investor? Please explain your view.

Do you have any other suggestions?

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Since it is common to set up a corporation or partnership company to hold investment, the extension would grant flexibility to investment made by corporations. The sole owner, or owners if it is a partnership, is ultimately the one who makes the investment decision on behalf of the corporation. It would then be unnecessary if the corporation is also required to satisfy the evidential requirements to qualify as professional investor when the sole owner or owners already qualified.

Therefore, the extension could effectively promote trade and avoid redundant processes. We would agree to the extension.

Question 5

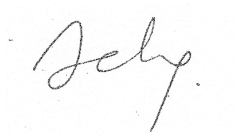
Do you have any comments on the indicative draft of the proposed amendments to the Professional Investor Rules in Appendix A? Please explain your view.

Do you have any suggestions on alternative wordings for the proposed amendments?

If so, please give your suggestions and explain your view.

We agree to the proposed amendments to the Professional Investor Rules in Appendix A. The wordings as proposed are able to reflect and incorporate the proposed changes.

Yours faithfully,



Josephine Chung
Director
CompliancePlus Consulting Limited