

**香港證券學會**

Hong Kong Securities Professionals Association

31 December 2009

Securities and Futures Commission
8th Floor, Chater House
8 Connaught Road Central
Hong Kong

By post and by fax
Fax no. : 2293 5722
Total no. of pages : 2 (inclusive)

Attention: Consultation on proposals to enhance
protection for the investing public

Dear Sirs,

**Re: Consultation Paper on Proposals to Enhance Protection for the Investing Public
("Consultation Paper")**

As our members are participants of the Stock Exchange, we hereby submit our comments on the Consultation Paper from the perspectives of licensed corporations within the meaning of the SFO ("Licensed Corporations"). Our comments on the Consultation Paper are set out below by adopting the numberings as used in the Consultation Paper:

Consultation
question no.

18 Agree.

Listed investment products are subject to the approval of the Listing Committee of the Stock Exchange which already has a set of comprehensive rules and procedures governing the listing of such investment products.

Unlike the unlisted investment products which are very complicated with low liquidity, listed investment products (including derivative products) have the characteristics of high transparency with high liquidity. The nature and characteristics of derivative products listed on the Stock Exchange are much simpler and easy to understand by general investors. As in the case of ETF and bull-bear warrants, the Stock Exchange also takes up the role of educating the general public before approving the listing of any new investment products on the Stock Exchange.

22 We agree with option 1.3 as this can strike a balance with trade secret and confidentiality.

24 Option 2.2 is preferred for the reason stated in the reply to question 22 above.

25 Option 3.2 is preferred for the reason stated in the reply to question 22 above.

28 Disagree.

The Lehman Brother's issues are caused by the malpractice of the sales staff of banks which are not related to the current tape recording system / practice of securities firms

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which are sound and effective.

We concur with the Commission's concern on protection of investors but the new requirements should not be too stringent as this may have adverse impact on the growth and development of Hong Kong financial sector. Also, investors should also be responsible for their investment decisions and they should not be encouraged for blaming others when they incur any investment loss.

All in all, we consider that the existing tape recording system of securities firms is sufficient and can serve the purpose effectively.

- 29 Agree, we consider that a cooling-off period for unlisted investment products would generally be beneficial for investors and the costs associated with its implementation would not outweigh the benefits for investors.

During the cooling-off period, if an investor decides to cancel a sales contract, the relevant financial institute should refund the commission paid by such investor. But in order to cover the administration expenses of such financial institute and to avoid abuse of the cooling-off period by investors, the financial institute should be allowed to deduct certain amount (may be a fixed percentage) as handling charges out of the commission to be refunded to the investor.

Should you have any queries, please contact the undersigned at 9095 1655.

Yours faithfully,
For and on behalf of
Hong Kong Securities Professionals Association


Jeanne Lee Sai Yin
Executive Vice Chairman