

**Question 1: Should Corporate and Individual Professional Investors continue to be allowed to participate in private placement activities?**

Yes, we agree that Corporate and Individual Professional Investors should continue to have access to the private placement market solely by reference to wealth criteria as it is also adopted in some other overseas jurisdictions.

**Question 2: Do you think that the minimum monetary thresholds for Corporate and Individual Professional Investors should be increased?**

We do not agree to increase the minimum monetary thresholds for Corporate and Individual Professional Investors as the existing thresholds are comparable to other major jurisdictions.

**Question 3: Do you agree that intermediaries should observe the Code without exception when they deal with individuals?**

We disagree intermediaries to observe the Code without exception when dealing with individuals. This would incur a significant cost to many of the intermediaries. However, we accept that intermediaries may not be exempted from certain requirements like Suitability Requirement when Individual Professional Investors dealing with structured products. The reason being that these types of products are of higher risks. But for Individual Professional Investors dealing with products trading in exchanges, exemption should be allowed.

**Question 4: Do you agree that investment vehicles wholly owned by individuals and by family trusts should be treated on the same basis as individuals under the Code?**

We disagree that investment vehicles wholly owned by individuals and by family trusts should be treated on the same basis as individuals under the Code. We understand that a lot of these investment vehicles are managed by some professional firms like accountant, lawyer, etc. We believe that they are aware of the product and market risk and thus, sufficiently sophisticated to make investment decision in the relevant products / markets.

**Question 5: Do you agree that a principles-based Knowledge and Experience Assessment should dispense with bright line tests concerning dealing experience?**

We disagree that a principles-based Knowledge and Experience Assessment should dispense with bright line tests concerning dealing experience. The existing bright line test is a clear guideline for intermediaries to follow. Once replaced by the principles-based Knowledge and Experience Assessment, the assessment could be rather subjective. In this regard, intermediaries require a more quantified guideline, in particular for Corporate Professional Investors, for performing the assessment, e.g. the knowledge and experience of a corporate Professional Investor. Perhaps the SFC may consider applying the principles-based Knowledge and Experience Assessment for only the structured products. The bright line test should remain applicable for products trading in exchanges.

**Question 6: Do you have any views on the Suitability Requirement?**

We request the SFC to provide intermediaries with a clearer guideline on Suitability Requirement. For easier administration, the requirement should be quantified and simplified, in particular for products trading in exchanges, though it may be more comprehensive for structured products.

**Question 7: Do you agree with the above proposals in relation to the client agreement?**

We strongly disagree that Suitability Requirement be incorporated into client agreement. Since the Suitability Requirement is only a code which does not have the force of law. By compulsory inclusion of the Suitability Requirement, it may by-pass the legislative procedure for making this requirement as law. Moreover, the compulsory inclusion may interfere with the commercial arrangement between the intermediaries and their clients. As such, we believe that this will incur significant cost to most of the intermediaries as intermediaries would face substantial amount of potential undesirable litigation, being abused in personal interest from clients.