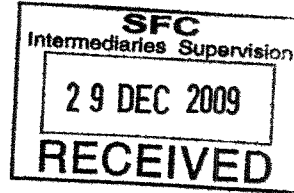


24 December 2009

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



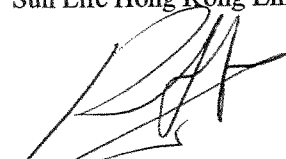
Attention: Consultation on proposals to enhance protection for the investing public

Dear Sirs,

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

We attach our comments to the Commission's consultation on proposals to enhance protection for the investing public.

Yours faithfully,
For and on behalf of
Sun Life Hong Kong Limited,


Roger Steel

Chief Executive Officer

SFC Consultation Paper on Proposals to Enhance Protection for the Investing Public (the “Consultation Paper”)

Response from : Sun Life Hong Kong Limited (“SLHK”)

Notes : With regard to Questions in the Consultation Paper which not listed in the table below, SLHK has no comments.

No.	Question	SLHK Comments
16	<p>Do you have any comments on each of the following :</p> <p>(1) The Product “Key Facts Statement”</p> <p>(2) The enhanced disclosure requirements on “with-profit” features and internal funds,</p> <p>(3) The deletion of Chapters 5, 8 and 9 of the current ILAS Code</p> <p>(4) The codification of the existing practices regarding the computation of surrender values and the notification requirements on scheme changes?</p>	<p>(1) In explaining the nature of ILAS, we believe that “...scheme participants do not have any rights or ownership over the underlying assets...” could be better phrased by saying “...scheme participants have ownership of the life insurance policy, the value of which is linked to the underlying assets”.</p> <p>(2) We believe it should be clarified that this section is only concerned with Class “C” policies (not Class “A”).</p> <p>(3) No comment</p> <p>(4) We agree with allowing for a shorter notice period (of less than 1 month) if scheme changes are not significant.</p>
17.	<p>Do you agree that the proposed approach to implementation of the revised ILAS Code as acceptable and practicable, taking into account the needs and circumstances of various stakeholders?</p>	<p>We agree in general with the proposed approach. However, taking into account the needs and circumstances of various stakeholders, we would like to share with the SFC, a high level structural idea on “enhancing protection for the investing public” where ILAS products (or investment products) are concerned, which might be of interest. We believe that thought should be put to considering whether banks should become brokers, instead of acting as corporate agents of insurers or the product manufacturer. This would pave the way for “open architecture” concept for bancassurance. Further, with fiduciary duties imposed on banks (as brokers, they act for the client), this would ensure that they act in the best interests of their clients and source the best product for them. Perhaps application of this “fiduciary duties” principle could also avoid future instances of the Lehman minibonds problem.</p>
22.	<p>Where a distributor and/or any of its associates explicitly receives or will receive monetary benefits from a product issuer (directly or indirectly), which of the following three disclosure options would be more appropriate? Please explain your views.</p> <p>Option 1.1 – disclosure of dollar amount percentage</p> <p>Option 1.2 – disclosure of percentage bands or ceiling (ie. “x% to y%” or “up to y%”)</p> <p>Option 1.3 – generic disclosure</p>	<p>Option 1.3 is preferred (generic disclosure). Regarding options 1.1 and 1.2, the Investor may be “distracted” by high monetary benefits given to the distributor on certain products such that he/she may not listen to the real benefits of the product itself.</p>
23	<p>Do you have any suggestions as to how the percentage bands referred to in Question 22 should be set?</p>	<p>We support Option 1.3.</p>
26	<p>Do you consider it appropriate to restrict distributors from offering investors supermarket gift coupons, audio visual</p>	<p>We believe that product issuers should be allowed the flexibility of offering gifts, as long as such gifts do not create a “frenzied” atmosphere by distracting the client from the contents of the</p>

	equipment and other kinds of gifts having monetary value (except discount of fees and charges) in promoting a specific investment product to investors?	product in question. Such gifts promote goodwill and helps to build good customer relationships in the longer term.
28	Do you think audio recording of the client risk profiling process and the advisory or selling process for investment products should be made mandatory or the current record keeping requirements are sufficient?	For the insurance industry, audio recording will be highly impractical as insurance intermediaries carry out "field sales". We believe that the HKFI's requirements on the sale of ILAS products, has enhanced customer protection by requiring, inter alia, Financial Needs Analysis, Risk Profile Questionnaire, Applicant's Declaration forms to be used on a mandatory basis; and for vulnerable customers to be identified.
29	Do you believe that a cooling off period would generally be beneficial for investors or do you believe that costs associated with its implementation would outweigh the benefits for investors?	Yes, we believe this is beneficial to investors. Cooling off period has been in place for many years where insurance products are concerned and if this is extended to investment products, it could provide a useful safety net for investors at the beginning of their purchase.

= End =