

SECURITIES AND FUTURES COMMISSION

To: consult/SFC@SFC CEOO Ext :
cc:

From: e-workflow/IR/SFC@SFC
Date: 08/12/2009 12:42 AM

Subject: Consultation Paper Comment - Consultation Paper on Proposals to Enhance
Protection for the Investing Public (Ref: 20091208.0042.51875)

From : K C LO

Other Name :

Title : 0

I would like to remain anonymous : N

Phone :

Fax :

Email :

Address1 :

Address2 :

Address3 :

Country :

Q1 :

Q2 :

Q3 :

Q4 :

Q5a :

Q5b :

Q5c :

Q5d :

Q6a :

Q6b :

Q6c :

Q7 :

Q8a :

Q8b :

Q9 :

Q10 :

Q11 :

Q12 :

Q13 :

Q14 :

Q15 :

Q16 :

Q17 :

Q18 :

Q19 :

Q20 :

Q21 :

Q22 : I would DISAGREE with any kind of commission disclosure. Whether an investment product is suitable to a client or not depends on whether the features of the product, e.g. its risk level, level of liquidity, potential return etc. matches the requirements of the client. This should be determined by the client-s risk tolerance profile, his intended investment horizon, his age, his investment experience etc.

Introducing commission disclosure will only create confusion to the investing public. A member of investing public, in most cases without sufficient investment knowledge to determine whether a product really suits his financial situation, will simply consider a product with a lowest commission rate is the -best- product to him. In reality, this is generally not true.

The likely consequence is that those products with the lowest commission rates, regardless of its suitability to the investing public, will become most popular. In the extreme cases, these products will dominate the market. This would only limit the choices available to the investing public, and is unhealthy for the development of the Hong Kong financial market.

Q23 : I would DISAGREE with any kind of commission disclosure. Whether an investment product is suitable to a client or not depends on whether the features of the product, e.g. its risk level, level of liquidity, potential return etc. matches the requirements of the client. This should be determined by the client-s risk tolerance profile, his intended investment horizon, his age, his investment experience etc.

Introducing commission disclosure will only create confusion to the investing public. A member of investing public, in most cases without sufficient investment knowledge to determine whether a product really suits his financial situation, will simply consider a product with a lowest commission rate is the -best- product to him. In reality, this is generally not true.

The likely consequence is that those products with the lowest commission rates, regardless of its suitability to the investing public, will become most popular. In the extreme cases, these products will dominate the market. This would only limit the choices available to the investing public, and is unhealthy for the development of the Hong Kong financial

market.

Q24 : I would DISAGREE with any kind of commission disclosure. Whether an investment product is suitable to a client or not depends on whether the features of the product, e.g. its risk level, level of liquidity, potential return etc. matches the requirements of the client. This should be determined by the client-s risk tolerance profile, his intended investment horizon, his age, his investment experience etc.

Introducing commission disclosure will only create confusion to the investing public. A member of investing public, in most cases without sufficient investment knowledge to determine whether a product really suits his financial situation, will simply consider a product with a lowest commission rate is the -best- product to him. In reality, this is generally not true.

The likely consequence is that those products with the lowest commission rates, regardless of its suitability to the investing public, will become most popular. In the extreme cases, these products will dominate the market. This would only limit the choices available to the investing public, and is unhealthy for the development of the Hong Kong financial market.

Q25 : I would DISAGREE with any kind of commission disclosure. Whether an investment product is suitable to a client or not depends on whether the features of the product, e.g. its risk level, level of liquidity, potential return etc. matches the requirements of the client. This should be determined by the client-s risk tolerance profile, his intended investment horizon, his age, his investment experience etc.

Introducing commission disclosure will only create confusion to the investing public. A member of investing public, in most cases without sufficient investment knowledge to determine whether a product really suits his financial situation, will simply consider a product with a lowest commission rate is the -best- product to him. In reality, this is generally not true.

The likely consequence is that those products with the lowest commission rates, regardless of its suitability to the investing public, will become most popular. In the extreme cases, these products will dominate the market. This would only limit the choices available to the investing public, and is unhealthy for the development of the Hong Kong financial market.

Q26 :

Q27 :

Q28 : No, no use. Making it a mandatory requirement to audio record a client-s risk profiling process and the advisory or selling process for investment products cannot effectively protect the investors.

Since July 2009, retail banks have started audio recording customer risk profiling and investment selling process. Practically, the bank staff would first -pre-sell- and -explain- the features of an investment product without audio recording. Once a customer decides to subscribe a product, the customer will be requested to -listen- again the bank staff-s standard script with audio recording.

This not only creates extra administration works for the distributors, but more importantly -wastes- the time of the investors. In fact, introducing mandatory audio recording seems to protect the distributors, rather than the investors, when a dispute comes up.

In addition, certain members of the investing public would like to keep their conversation with the distributors CONFIDENTIAL, esp. regarding his

financial situation and personal thoughts. Introducing mandatory audio recording would only encourage the investor to hide his real situation, resulting the distributors failures to recommend appropriate products.

The current practice of requesting an investor for a written acknowledgment on his risk profile, his financial risk analysis, his understanding of the investment product etc. shall be sufficient for the purpose of investor protection.

Q29 :

Q30 :

Q31 :

Q32 :

Attachment :