

## MESSAGE

To: consult/SFC@SFC  
cc:

CEO Ext :

From:  
Date: 01/10/2009 10:57 PM

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

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

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

Sirs,

I refer to your 'Consultation Paper on Proposals to Enhance Protection for the Investing Public' dated 25th September 2009 (the 'Paper') and write to seek your assistance in relation to question (3), one of the many that the public are invited to comment on. The question (3) read as follows:

What are your views on the requirement for Issuers to provide ongoing disclosure of the types of information set out in 7.6 of the SP Code throughout the term of a structured product? Please explain the reasons for your views. Are there any other matters which you think an issuer should be obliged to disclose to investors on an ongoing basis?

2. In paragraph 68 of the Paper to which the question is related you also advise that structured products are usually issued under a programme whereby 'the offering document in respect of a particular structured product issue may consist of more than one document which, when read together as a whole, comprise the offering document for that issue'. Therefore, you go on to say that the Issuer 'must ensure that the overall presentation in multiple documents would not confuse or mislead investors or otherwise impede an investor's understanding of the risks and nature of the structured product.' (page 27)

3. With respect to certain structured products that remain outstanding, I have been trying to ascertain from the distributing banks if they have in their possession the offer documents relating to the collaterals of the 'collateralised structured products' as described in paragraph 53 of the Paper. After a month of enquiries, I only receive ambiguous responses from the banks who refuse even to confirm or deny if they have such documents in their possession, let alone addressing my request for inspection.

4. I wrote to the SFC a few weeks ago seeking its advice on the uncooperative approach of the banks in this regard but it has been ignored thus far. Presumably, the SFC is either powerless or indifferent towards such conduct of the banks. Maybe the banks are under no duty to let the note-holders know the details contained in such documents. The situation is chaotic as the market seems to operate without any clear rules over issues that are said to be important, but such importance seems to exist in words only without any substance commensurate with the assertion.

5. In view of the opportunity provided by the consultation, I wonder if the SFC would consider assisting the public to access to the relevant documents so that they would know what are the existing disclosure practices commonly adopted by the issuers and what the SFC should be recommended to consider. The public could only render meaningful and relevant comments if they have access to such documents.

6. In view of the time constraint and the importance of the matter to investor protection, I would like to urge you to expedite your reply and afford me with the access facility.

Yours faithfully  
Philip Chiu

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