

**SECURITIES AND FUTURES COMMISSION**

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

From: e-workflow/IR/SFC@SFC  
Date: 30/12/2009 12:02 PM

Subject: Consultation Paper Comment - Consultation Paper on Proposals to Enhance  
Protection for the Investing Public (Ref: 20091230.1202.02269)

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From :

Other Name :

Title :

I would like to remain anonymous : Y

Phone :

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Address1 :

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Country :

Q1 : To avoid any confusion, it should be explicitly stated in the Handbook that it is inapplicable to investment products which are not sold to the public (i.e. sold to professional investors only or sold by private placement).

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 : We are not in favour of the addition of sub-paragraph 15.3(d) to the Code of Conduct. The sub-paragraph will effectively limit investors who have -specific knowledge and expertise in the relevant products- to those employed in the finance industry. We doubt that high-net-worth investors will be willing to submit themselves to formal product related training. Furthermore, there is no reason for the sub-paragraph to exclude those high-net-worth investors who have been trading the same or similar products actively.

Q21 : We are not in favour of any substantial increase in the professional investor threshold because this will adversely affect the private placement activities in Hong Kong. If there is any increase, the increased threshold should be in line with those adopted by other major financial centers. Otherwise, Hong Kong will lose its competitiveness.

Q22 : Options 1.1 will lead to revelation of sensitive commercial information. The provision of a percentage band or ceiling under Option 1.2 will not make investors understand the risks of their investments better. Investors will be adequately protected if they understand the existence and nature of the monetary benefits that distributors are to receive. Therefore, Option 1.3 will be sufficient.

Q23 :

Q24 : Options 2.1 will lead to revelation of sensitive commercial information. Option 2.2 will be sufficient.

Q25 : Options 3.1 will lead to revelation of sensitive commercial information. Option 3.2 will be sufficient.

Q26 :

Q27 : Professional investors should be exempted from complying with the -Sales Disclosure Document- requirement.

Q28 :

Q29 : The SFC should clarify that the -cooling off- requirement will not apply to investment products which are sold to professional investors only. We are not in favour of any delay in execution of trade during the cooling off period as this will create disputes. Furthermore, it is important that all losses and expenses incidental of the cancellation of trade, including

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but not limited to market losses and administration costs, should be borne by investors.

Q30 :

Q31 :

Q32 :

Attachment :