SECURITIES AND FUTURES COMMISSION

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

From: e-workflow/IR/SFC@SFC
Date: 08/12/2009 12:54 PM

Subject: Consultation Paper Comment - Consultation Paper on Proposals to Enhance Protection for the Investing Public (Ref: 20091208.1254.41848)

From :

Other Name :

Title :

I would like to remain anonymous : Y

Phone :

Fax :

Email :

Address1 :

Address2 :

Address3 :

Country :

Q1 :

Q2 :

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Q5a :

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Q10 :

Q11 :

Q12 :

Q13 :

Q14 :

Q15 :

Q16 :

Q17 :

Q18 :

Q19 : .

Q20 :

Q21 :

Q22 : For Q22-25:
I don't think disclosing commission can resolve the conflict of interest because it always exists. To get a balance among interests of practitioners and clients more depends on the ethics but not the system. We should think in another way, practitioners receiving commission is kind of incentive to provide good service and advice to his clients. Disclosing the commission may eventually decrease the remuneration practitioners can receive. This in some sense seems to be good to the clients. However, it also discourages those practitioners who have high education level and professional qualification, which may in effect lower the standard of the industry. Just like the market of property agents, I don't think now disclosing the commission rate can eliminate the conflict of interest or fraud.

Another issue is the privacy issue of practitioners. It seems that no one shows any care about protecting the privacy of the practitioners, instead, just trying to find a way to disclose as much information as possible, which is seen to be unfair to the industry.

Q23 :

Q24 :

Q25 :

Q26 :

Q27 :

Q28 : I think making audio recording is practically not applicable, especially when the meeting is not conducted in office. Honestly, having record is to protect the practitioners more than clients. I think making record in paper form such as meeting notes are generally enough

Q29 : For Q29-30:
The implementation of cooling off period will definiely increase extra cost to the product providers, which in effect to the investors. I agree that it may cause negative effect such as causing the investors less vigilant or even abusing it. Taking the case of Lehman Brother mini-bond as an example, even there existed cooling off period, it could not protect those

investors. The problems were discovered after months. I think it's not feasible to have cooling off period talking about half year or one year. The point is not whether the investors having enough time to digest those sophisticated products, the point is whether the intermediaries are delivering the correct and suitable message and advice. I think the current implementation of cooling off period is sufficiently enough.

Q30 :

Q31 : It will create moral hazard to the product providers, the investors may have chance to abuse it. Think of an example, an investor may want to sell back the product to the providers after he suffers a loss due to market activities. I think the product providers are responsible to provide the correct and right information to clients. If the intermediaries are proved to deliver untrue information to the clients, the contract could be reversed. Otherwise, the providers should not be responsible to the loss to the investors.

Q32 :

Attachment :