

Ref : LC-02/008

January 24, 2002

Ms Au King-chi, JP
Deputy Secretary for Financial Services
Financial Services Bureau
18th Floor, Tower 1, Admiralty Centre
18 Harcourt Road
HONG KONG

By fax and by post

Dear

Upon a closer look at the recent CSA on the use of the term “*engaged by*” as against “employed by” authorized institutions in the Securities and Futures Bill and the Banking (Amendment) Bill 2000 (“the Bills”), initially it may seem appropriate as similar structure is applicable to some “runners” in the securities and futures industry. However, it must be noted that, unlike the securities and futures industry, those “*engaged by*” the authorized institutions would NOT be required to be licensed by the Securities and Futures Commission. Please confirm if above is correct.

I am deeply concerned that the inclusion of “*engaged by*” authorized institutions in securities and futures activities would be unfair to the securities and futures industry, would be confusing and could easily be abused of. Please advise what measures are being taken to avoid such unfairness and the likely consequences that may arise. If no appropriate solutions could be found, it may only be proper that the term “*engaged by*” authorized institutions should be reverted as “employed by”.

Thank you very much for your kind attention and I look forward to your reply soon.

Yours sincerely,

Henry K. C. Wu

c.c. Clerk to the Bills Committee

/pc