

Follow-up to the Legislative Council
Panel on Financial Affairs Meeting on 28 February 2008

Response to items 3(a) and 3(b) regarding the Securities and Futures Commission (SFC) Budget for the Financial Year 2008-09

Question 3(a) – provide statistics on the number of enforcement cases investigated and completed by the SFC as well as relevant information on performance indicators/pledges regarding its enforcement capabilities.

Number of SFC's enforcement cases from April 2007 to February 2008

New inquiries	172 (a total of 3,722 inquiry letters had been issued to brokers)
New investigations commenced	118
Investigations completed *	107
Investigations completed within 7 months** (percentage of cases)	72%

* The number includes investigations started in 2006-2007

** This performance indicator was used in 2007-2008 and will continue to monitor the efficiency of SFC's investigation work. It includes investigations that led to enforcement action (either criminal, civil or disciplinary) being taken as well as investigations which did not.

Question 3(b) – provide statistics/breakdown on the number of complaints received and investigated by the SFC which involve the provision of inaccurate or misleading information by financial advisors and intermediaries to their clients with regard to various derivatives and financial products.

Number of complaints on mis-selling of financial products received by the SFC from April 2007 to February 2008

Total number of complaints on mis-selling received by the SFC	23
<u>Breakdown by target type:</u>	
SFC-licensed investment advisers	6
Investigations completed	5
Awaiting further information from complainant	1
Banks (cases had been referred to the Hong Kong Monetary Authority for follow-up)	3
Insurance brokers/Insurance agents (cases had been referred to the Office of the Commissioner of Insurance for follow-up)	14

Securities and Futures Commission
March 2008