

For information

Legislative Council Panel on Financial Affairs

Regulation of Sale of Structured Investment or Derivative Products

Purpose

This paper sets out the responses of the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) to the Panel's concerns in relation to the regulation of sale of structured investment or derivative products.

Background

2. At the special meeting of this Panel on 28 April 2008 when members received a briefing on the work of the HKMA, some members expressed concern about the risks involved in structured investment or derivative products such as accumulator contracts. They were concerned that investors had not been properly apprised of the investment risks involved in these products when such products were recommended to them by the staff of the financial institutions concerned. They were also concerned about any possible conflict of interests as quite a number of banks were the issuers of such contracts. Members wanted to clarify the role of HKMA and the SFC in regulating new structured investment products as well as the trade practices of financial institutions in the sale of these products. They also wanted to know more about the work of HKMA and SFC in investor education.

Responses

3. Under the Securities and Futures Ordinance, the HKMA is the frontline regulator for banks in relation to their securities and futures businesses, including the sale of structured investment or derivative products such as accumulator contracts. On the other hand, the SFC is responsible for the supervision of non-bank intermediaries operating such businesses, and also the regulation of derivative products listed on the

Stock Exchange of Hong Kong. The Administration has invited HKMA and SFC to provide responses to the concerns raised by Members of this Panel and their detailed responses are set out in **Annexes A and B** respectively.

4. In general, regardless of who the client is, the sale process for all securities and futures products offered by banks regulated by HKMA or non-bank intermediaries regulated by SFC are both governed by the Code of Conduct for Persons Licensed by and Registered with SFC. The Code requires intermediaries to explain to the clients the products and the risks involved. In this connection, Members may wish to note that banks and their relevant staff carrying out securities and futures business are subject to the same regulatory standards and the same range of disciplinary sanctions as non-bank intermediaries in the event of breaches.

5. The Administration and our regulators have all along attached great importance to investor protection and education. We are well aware of the reports in recent months about structured investments such as accumulator contracts, and fully understand the concern of investors who may have made losses in such products. Where investors believe that there has been a breach of the regulations, they are encouraged to lodge a formal complaint with the HKMA or SFC. In choosing which products to invest, investors are strongly advised to first understand the product features, contract terms, tenors and potential risks of the products concerned. Our financial regulators will continue to actively carry out investor education activities to enhance investors' awareness of various investment products and the potential risks involved.

**Financial Services and the Treasury Bureau
June 2008**

**The Hong Kong Monetary Authority (HKMA)'s Response to
Questions from the LegCo Panel on Financial Affairs on the
Regulation of Sale of Structured Investment or Derivative Products**

(a) The general mode of operation of structured investment or derivative products, how they are usually packaged and the risks of such products

Mode of operation, packaging and risks

Structured investment or derivative products are products with investment returns linked to the performance of the underlying assets/instruments, which can be equities, funds, fixed incomes, commodities, interest rates, currencies, indices, credits and other derivatives. The basic structure can take various forms – deposit, note and other contract forms.

As in other investment products, structured investment or derivative products are driven by market demand and can be tailor-made for individual customers. They may range from a simple buy/sell of an option to complex structures that cater for specific investment objectives and circumstances. An example is that a product can be structured depending on whether an investor takes a positive (rising), negative (falling) or range (fluctuating within a range) view on the underlying asset.

The flexibility of these products permits a wide range of possible uses to meet the various needs of investors, including hedging, diversification and speculation purposes. Thus a structured investment or derivative product can add to or reduce the overall risk level borne by an investor, depending on his existing investment portfolio and market conditions.

Some structured investment or derivative products have a capital protection feature under specified circumstances. Products can also vary in terms of tenors; transaction sizes; degrees of leverage; margin requirements (if applicable); whether listed on exchange or only traded over-the-counter; whether authorised by the Securities and Futures Commission (“SFC”) to be offered to the public or only offered through private placement. The market, liquidity, credit and other risk factors vary accordingly.

It is important to note that a product being complex does not necessarily mean that the product carries high risks. The issue of whether a specific structured investment or derivative product is suitable for a particular investor should be put in the right context, taking into account such factors as the specific circumstances of the investor, the market conditions and whether the product will add to / reduce / diversify the risk of the investment portfolio.

Intermediaries' Operations

Intermediaries may develop structured investment or derivative products in-house or source such products from a third party. Based on the HKMA's recent survey with major private banks, most of them sell structured investment or derivative products of third-party providers, and only a small number of large international banks distribute in-house developed structured investment or derivative products.

In the selling of structured investment or derivative products, intermediaries are required to comply with relevant regulations and put in place adequate internal controls in respect of product due diligence (i.e. understanding product features and risks; assessing suitability to customers; preparation and approval of any marketing materials and product termsheets to disclose major features and risks; approval of product launch by management); addressing conflict of interests (such as disclosing whether it is acting as principal); and assuring themselves that the clients understand the nature and risks of the products and have sufficient net worth to assume the risks and bear the potential losses of trading in the products.

(b) The regulatory regime (statutory and/or administrative), if applicable, for such products (including the sale and marketing of such products)

The Securities and Futures Ordinance ("SFO") has established a robust regulatory regime over the selling of securities and futures products (including structured investment or derivative products). The major building blocks of the regime are the licensing / registration of fit and proper persons, the regulation of the business conduct of intermediaries and their relevant staff, and sanctions against violations of the regulatory requirements. All these are applicable to banks and brokers alike. The SFC and the HKMA are responsible for enforcing adherence to the relevant

requirements. As far as banks are concerned, the HKMA acts as the frontline supervisor on the day-to-day supervision applying regulatory standards stipulated by the SFC.

Licensing / Registration of Fit and Proper Persons

All intermediaries that conduct business in the selling of securities or futures products have to be licensed by, or for banks, registered with the SFC. Individuals who are engaged by intermediaries in this selling process are required to be licensed by the SFC or, for the relevant bank staff, registered with the HKMA.

All registered / licensed persons have to meet the fitness and properness standards stipulated by the SFC as an entry and on-going registration / licensing requirement. Moreover, banks that are registered with the SFC are subject to a statutory registration condition to ensure every registered securities staff member of the bank is a fit and proper person. According to the SFO, the fitness and properness of a person are determined with consideration of his/her financial status; qualifications and experience; the ability to carry on the regulated activity competently, honestly and fairly; and his/her reputation, character, reliability and financial integrity.

To remain fit and proper on an on-going basis, intermediaries and their registered / licensed staff are required to comply with the SFO and the SFC's regulations, and the staff concerned must undertake sufficient and relevant continuous professional training.

Regulation of the Business Conduct of Intermediaries and their Relevant Staff

All registered / licensed persons are governed by the Code of Conduct for Persons Licensed by or Registered with the SFC ("the Code") when selling securities or futures products to investors. In providing services in any derivative product or leveraged transaction, all registered / licensed persons are required to assure themselves that the client understands the nature and risks of the products and has sufficient net worth to assume the risks and bear the potential losses of trading in the products.

There are other provisions in the Code that are applicable to the selling of structured investment or derivative products, including those in relation to:

- (i) acting honestly, fairly, diligently and in the best interests of clients;
- (ii) ensuring that staff are fit and proper and adequately supervised;
- (iii) implementing proper internal control procedures to protect clients from financial loss arising from misconduct; and
- (iv) disclosure of conflict of interest and fair treatment of clients.

Supervision and Enforcement by Regulators

In accordance with the SFO and the supervisory co-operative framework underpinned by a Memorandum of Understanding, the HKMA and the SFC maintain close on-going communication and carry out reciprocal secondment of staff in order to ensure adoption of consistent standards in the supervisory process and disciplinary procedures.

As the front-line supervisor, the HKMA applies regulatory standards stipulated by the SFC in supervising the regulated activities conducted by banks. It performs on-site examinations on the conduct of regulated activities (including the sale of investment products) to ensure that banks have proper internal controls and management supervision in place and comply with the relevant legal and regulatory requirements.

Where the supervisory process or any complaint received reveals indications of mis-selling or other wrongdoing, the HKMA will look into the case and where necessary take appropriate action in consultation with the SFC.

The Role and Procedures of the HKMA in Securities Enforcement

Under the SFO, banks and their relevant staff engaged in securities business are subject to the same range of possible disciplinary sanctions as non-bank intermediaries. The HKMA is the front-line regulator of banks and their relevant staff. As far as securities enforcement is concerned, the procedures of the HKMA are modelled on those of the SFC. There are regular meetings between the HKMA and the SFC as well as formal

consultation on each and every disciplinary case under investigation to ensure consistency in the application of standards by both regulators.

(c) Measures, if any, to ensure that investors are properly apprised of the features and investment risks involved in such products

All registered / licensed persons are governed by the Code when selling securities or futures products to investors. In providing services in derivative products or leveraged transaction, registered / licensed persons are required to assure themselves that the client understands the nature and risks of the products and has sufficient net worth to assume the risks and bear the potential losses of trading in the products.

As the front-line supervisor of banks' regulated activities, the HKMA has a duty to ensure that banks comply with the requirements of the Code. This has been one of the HKMA's key supervisory priorities in the past few years in line with banks' growing securities business. Focussed on-site examinations have been performed since 2005 to review the sale of investment products by banks. These include examinations on retail wealth management activities and investment advisory activities (covering private banks as well as retail banks). The objectives of the examinations are to ensure that the examined banks have sufficient internal controls and management supervision in place and comply with the regulatory requirements. In conducting these on-site examinations, the HKMA has maintained close dialogue with the SFC to share the latter's supervisory experience and regulatory stance.

To increase the awareness of the banking industry on the regulatory requirements and good practices identified in the supervisory process, the HKMA issued circulars in 2006 and 2007 to share the findings of retail wealth management activities thematic examinations and investment advisory activities thematic examinations respectively. The HKMA also issued a circular in 2007 requiring banks to review the existing systems and practices in their wealth management and investment advisory activities to ensure compliance with the standards set out in the SFC's new guidance on suitability obligations.

In anticipation of the continued expansion of banks in the business, the selling of investment products will continue to be one of the key

supervisory focuses of the HKMA's supervision of banks and co-operation with the SFC in the forthcoming years.

(d) The rationale for designating certain investors as “professional investors” and the assistance and protection available to them

Please refer to SFC's response to this question at Annex B.

(e) The possibility of conflict of interests in cases where the banks / financial institutions are the issuers of such investment contracts; the measures, if any, to safeguard the interest of the investors

According to the HKMA's recent survey with the major private banks in Hong Kong, most of these banks acquire structured investment or derivative products from other counterparties and sell these products to their clients. In these circumstances, the banks' position is squared and they do not hold any open position against their clients.

There are only a small number of large international banks in Hong Kong which take on a dual role of being both the issuers and the distributors of structured investment or derivative products. These products are issued by the investment banking function of the bank and sold to clients by a different frontline function such as the private banking function. Such a situation is nevertheless regulated by the Code. The major requirements are –

- (i) The intermediary is required to act in the best interests of its clients. This is often implemented through offering not only in-house products but also third-party products to allow choices for clients. The frontline business unit obtains quotations from third-party product providers as well as in-house product providers, and advises the most favourable alternative to the clients.
- (ii) The intermediary should disclose whether it is acting as principal to the client and take all reasonable steps to ensure fair treatment of the client before advising or dealing in the product.

- (iii) The intermediary has to establish effective “Chinese Walls” between the frontline business function and the investment banking division so that the two functions interact on an arms’ length basis (i.e. dealing with each other in the same way as dealing with external counterparties).

In order to ensure banks adhere to the SFC’s requirements when they take on a dual role as issuer and distributor, the HKMA reviews the relevant controls, operations and organisational structure in on-site examinations. Any suspected violation of regulatory requirements to address conflict of interests would be properly assessed and investigated to see if any supervisory or disciplinary actions should be taken.

- (f) The plans, if any, to strengthen investor education to keep pace with the launch of new investment products from time to time**

The SFC is the lead regulator and the ultimate standards setter on SFO-related matters. The HKMA will continue to co-operate with the efforts of the SFC in investor education.

As set out in a statutory guideline issued by the HKMA, banks are encouraged to distribute the SFC’s investor education leaflets to customers and refer their customers to SFC’s InvestEd website for further information where appropriate.

Further information on SFC’s investor education efforts are set out in SFC’s response to this question at Annex B.

- (g) Any other information you consider appropriate**

Nil.

The Securities and Futures Commission (SFC)'s Response to Questions from the LegCo Panel on Financial Affairs on the Regulation of Sale of Structured Investment or Derivative Products

(a) The general mode of operation of structured investment or derivative products, how they are usually packaged and the risks of such products

Retail structured investments can take the form of listed and unlisted notes, investment contracts or agreements, funds, or deposits where the return is contingent upon the occurrence and/or absence of stipulated events and calculated by reference to, but does not necessarily fully reflect, the performance of the underlying assets.

All types of investments involve risks. It will be difficult to generalise on specific risks relating to retail structured investments as different types (e.g. credit linked notes vis-a-vis equity linked notes) and features of structured products carry different kinds and degree of risks. However, it suffices to say that (i) where retail structured products are not principal / capital protected, the offer documents will highlight the risk that investors may lose their entire investment amounts; and (ii) liquidity risks i.e. investors may not be able to realise their investments prior to maturity / expiry, are typically highlighted in offer documents.

The sale and distribution of structured notes, investment contracts, funds and deposits are undertaken by licensed or registered intermediaries who are required to comply with the Code of Conduct for Persons Licensed by or Registered with the SFC ("the Code").

(b) The regulatory regime (statutory and/or administrative), if applicable, for such products (including the sale and marketing of such products)

I. Regulatory Regime on Products

Regulatory focus for retail structured investments/products is primarily disclosure based rather than on the commercial merits of the investment.

Brief overview of regulation of public offerings of unlisted structured notes

If a company issues a prospectus offering unlisted structured notes to the public, the prospectus will have to comply with the requirements laid down in Part II (for Hong Kong incorporated companies) or Part XII (for companies incorporated outside of Hong Kong) of the Companies Ordinance (“CO”) including the prospectus content requirements in the Third Schedule to the CO. In essence, the law requires the prospectus to contain all information an investor would reasonably require for the purpose of making an informed investment decision.

Listed public offerings of structured notes and the Listing Rules

If the structured note offered to the public is also proposed to be listed on the Stock Exchange of Hong Kong Limited (“SEHK”), then in addition to satisfying the requirements in the CO, the issuer will need to comply with the provisions of Chapter 15A of the Main Board Listing Rules on structured products.

The SFC has published various guidelines on:

- (i) use of offer awareness and summary disclosure materials in offerings of shares and debentures under the CO (issued in March 2003);
- (ii) programme offerings under a "dual prospectus" structure (issued in February 2003); and
- (iii) marketing materials for listed structured products (issued in September 2006),

all with a view to facilitating public offerings in Hong Kong.

Brief overview of regulation of unlisted public offerings under the Securities and Futures Ordinance (“SFO”)

If what is being offered to the public is an equity linked investment agreement (“ELI”), the relevant offer document(s) will require authorisation under the SFO.

The SFO provides for certain authorisation requirements for document which contains an invitation to the public to enter into an investment agreement or to acquire securities unless it falls within one of the specified exemptions. Exemptions include the issue of a prospectus registered under the CO and offers to professional investors (as defined in Schedule 1 to the SFO and the Securities and Futures (Professional Investor) Rules (“the Rules”)).

There are no statutory requirements dealing with the contents or the level of disclosure in offering documents authorised for issue under the SFO. As ELIs and structured notes have broadly similar risk and reward exposure, we largely draw reference from structured note prospectuses for disclosures in public offer documents authorised for issue under the SFO.

For structured investments that take the form of funds which are offered to the public, we have to be satisfied that the relevant provisions in our product codes and guidelines, e.g. Code on Unit Trusts and Mutual Funds, are complied with before authorization under section 104 or 105 of the SFO can be granted.

Approval or eligibility requirements

Although there are no statutory approval or eligibility requirements (i) for issuers making unlisted public offerings of structured notes and ELIs and (ii) on underlying assets, the SFC adopts the same eligibility criteria for issuers and underlying assets as are applicable to listed structured products under Chapter 15A of the Main Board Listing Rules to ensure that there is an equally robust regulatory regime for unlisted retail structured products as its listed counterparts. Our approach also achieves regulatory equivalence and avoids regulatory arbitrage. Our consistent approach has often resulted in an issuer using the same well capitalised entity to issue, or having the same guarantor for the issue of, both unlisted and listed structured products e.g. each of Calyon, KBC, Société Générale and UBS uses the same group entity to issue both unlisted structured notes and listed derivative warrants.

Brief overview of regulation of marketing materials published in connection with unlisted public offerings

In addition to the prospectuses for retail structured note offerings, issuers will also need to submit all marketing materials for our authorisation under the CO and/or the SFO. This is because it is unlawful for “any person to publish ... an advertisement in relation to a prospectus or proposed prospectus ... in relation to shares or debentures of a company whether incorporated in or outside Hong Kong” unless an exemption applies.

Relevant exceptions to the advertising prohibition in the CO are (i) the publication of “an extract from or abridged version” of a prospectus; and (ii) the publication of an advertisement, invitation or document which has been authorised by the SFC under the SFO.

Emphasis of Marketing Materials

Marketing materials must not contain anything that is inconsistent with the information contained in offer documents. Their contents must also not be false, biased, misleading or deceptive.

The visual in an advertisement of a retail structured note or an ELI normally comes with a headline banner stating the maximum potential return. We require that the prominence given to this figure be balanced with the prominence given to the worst case scenario caption.

Where hypothetical examples are used in a marketing material, we require that they are balanced with emphasis on both the upside and the downside risk. We normally request the worst case scenario to be inserted, unless the structure of the particular note / investment contract is such that it makes no/little sense to have such a demonstration (e.g. where the note / investment contract is principal / capital guaranteed).

II. Regulatory Regime on Conduct of Licensed Intermediaries

The conduct of licensed intermediaries (including the sales and marketing of the product) is generally governed by the Code.

Specifically, paragraph 5.2 of the Code provides that the licensed intermediary should, when making a recommendation or solicitation,

ensure the suitability of the recommendation or solicitation for that client is reasonable in all the circumstances. To further enhance intermediaries' understanding as well as to assist them in meeting the suitability obligations under the Code, the SFC issued in May 2007 the suitability requirement guidelines in the form of questions and answers. In particular, the guidelines list the following specific matters that a licensed intermediary should have regard to when making a recommendation or solicitation:

- know their clients;
- understand the products they recommend to clients;
- provide suitable recommendations by matching the risk return and profile of each investment product with the personal circumstances of each client to whom it is recommended;
- provide all relevant material information to clients and help them make informed investment decisions;
- employ competent staff and provide appropriate training; and
- document and retain the reasons for each product recommendation made to each client.

Certain provisions of the Code (including the suitability requirement as noted above) may be waived if the investor is a professional investor for the purpose of the Code. Please see (d) below for further details regarding professional investor.

However, under paragraph 5.3 of the Code, a licensed intermediary providing services to a client in derivative products, including futures contracts or options, or any leveraged transaction should assure itself that the client (regardless whether he is a professional investor) understands the nature and risks of the products and have sufficient net worth to assume the risks and bear the potential losses of trading in the products.

(c) Measures, if any, to ensure that investors are properly apprised of the features and investment risks involved in such products

We require an issuer of retail structured notes and ELIs to disclose in its offer documents the features and attendant risks of the product including the worst case scenario e.g. that an investor may upon maturity / expiry receive physical delivery of the worst performing share or its cash equivalent the value of which may be substantially less than the amount originally invested. The latter is also required to be prominently disclosed

in the summary / at-a-glance section of the offer documents and on the front cover of the related marketing materials.

Under paragraph 5.3 of the Code, a licensed intermediary providing services to a client in derivative products, including futures contracts or options, or any leveraged transaction should assure itself that the client (regardless whether he is a professional investor) understands the nature and risks of the products and have sufficient net worth to assume the risks and bear the potential losses of trading in the products.

SEHK has a dedicated webpage called the “Derivative Warrants Resource Centre” containing information regarding listed derivative warrants issuers and their products, and certain related investor education articles.

The SFC has also published various investor education articles in respect of investments in structured products. Please also see (f) below.

It is ultimately the responsibility of prospective investors to obtain, read and understand the offer documents before investing in the structured product.

(d) The rationale for designating certain investors as “professional investors” and the assistance and protection available to them

Professional investors are generally regarded as being sufficiently sophisticated, and as having the requisite expertise and knowledge, to understand the risks of the investment products in which they intend to invest. It is therefore considered that a lighter regulatory regime should apply in relation to activities carried on by licensed intermediaries in conjunction with these investors. The basis for this approach is that professional investors should be able to protect their own interests. This is plainly correct in relation to professional investors such as banks, insurers and government agencies. In other cases, special rules apply to provide added safeguards.

In the case of individuals, a determination of whether a person is a professional investor essentially revolves around the issue of whether he or she is knowledgeable and has a portfolio of not less than HK\$8 million or its equivalent in any foreign currency. In addition, further criteria are required to be met, as more particularly described in the following paragraph. In 2002, the Commission proposed that the starting point for an

individual to be considered a professional investor should be that he or she has a portfolio of not less than HK\$16 million or its equivalent. Following consideration of public submissions, which urged for a lowering of this amount, a decision was made to adjust the amount to HK\$8 million so that Hong Kong was more closely in line with the approach taken in the UK (GBP250,000) and the US (US\$1 million). The amount of HK\$8 million was stipulated in the Rules in relation to individuals. The Rules also prescribe, trust corporations entrusted with total assets of not less than HK\$40 million or its equivalent, and any corporation or partnership having a portfolio of not less than HK\$8 million or total assets of not less than HK\$40 million or their equivalents, as professional investors.

It is important to note that even if, for example, an individual is a professional investor by virtue of having a portfolio of HK\$8 million, the Code requires licensed intermediaries to assess and be reasonably satisfied that he or she is knowledgeable and has sufficient expertise in the relevant products and markets. This involves a licensed intermediary having regard to the types of product the client has traded, the frequency and size of the trades (not less than 40 transactions per annum), the client's dealing experience in the relevant market (at least 2 years) and the client's awareness of the risks involved in trading in the relevant markets.

Furthermore, a licensed intermediary needs to provide a written explanation to the client explaining the risks and consequences of being treated as a professional investor. This written explanation should also inform the client that he or she has a right to withdraw from being treated as a professional investor.

The licensed intermediary also needs to obtain a signed declaration from the client confirming that the consequences of consenting to being treated as professional investor and the right to withdraw from being treated as such have been explained to him or her and that he or she wishes to be treated as a professional investor.

It is only when these requirements have been met that some of the obligations of a licensed intermediary under the Code no longer need to be complied with in relation to a client who is a professional investor.

However, not all of the obligations under the Code can be relaxed in this manner. Accordingly, irrespective of whether a client is a professional investor, licensed intermediaries providing services in relation to derivative products, including futures contracts or options, or any leveraged

transaction, must still comply with the requirements of paragraph 5.3 of the Code (i.e. ensuring that the client understands the nature and risk involved and that the client is of sufficient net worth to assume the risk and bear potential losses), as noted in (b) above.

(e) The possibility of conflicts of interests in cases where the banks / financial institutions are the issuer of such investment contracts; the measures, if any, to safeguard the interest of investors

Under the Code, General Principle 1 provides that a licensed intermediary should act honestly, fairly and in the best interest of its clients. Furthermore, General Principle 5 requires the licensed intermediary to make adequate disclosure of relevant material information in its dealings with its clients. Also, as noted in (b) above, the licensed intermediary when making a recommendation or solicitation, should ensure the suitability of the recommendation or solicitation for that client is reasonable in all the circumstances.

Where conflicts arise, paragraph 10.1 of the Code provides that the licensed intermediary should neither advise nor deal in relation to the transaction unless he has disclosed that material interest or conflict to the client and has taken all reasonable steps to ensure fair treatment of the client.

(f) The plans, if any, to strengthen investor education to keep pace with the launch of new investment products from time to time

As a responsible regulator, the SFC has always been proactive to help investors gain a better understanding of the investment environment including market mechanics, new product features and risks, and how players interact.

When new product types targeting retail investors are introduced to the market, we normally run thematic campaigns involving different initiatives e.g. investor leaflets, print media articles, radio segments and on-line educational resources on the InvestEd website (SFC's own investor portal). They aim to help investors gain a general understanding of the key features and risks of these products and the important issues to consider before making an investment decision.

The SFC has significantly increased its budget for investor education in the new fiscal year starting April 2008 with a new dedicated team to handle investor education work. The overall budget is HK\$20 million, which includes manpower costs and other overheads of the new investor education team.

With more resources on investor education, we will continue to closely monitor the development and trends of the market and roll out different initiatives to enhance retail investors' understanding of various investment products, including structured products. We will make use of all available media (e.g. TV, radio, print, Roadshow, Internet) and outreach programmes to reach out to the public. Both conventional (e.g. leaflets, newspaper columns, seminars) and innovative non-conventional (e.g. quiz, story telling competitions) approaches will be adopted.

(g) Any other information we consider appropriate

Nil.

**Securities and Futures Commission
June 2008**