

~~STRICTLY PRIVATE AND CONFIDENTIAL~~

Dated 2 June 2010

**MS AMY YIP'S RESPONSE TO LEGCO SUBCOMMITTEE
LETTER DATED 10 MAY 2010**

To the Subcommittee to Study Issues Arising from
Lehman Brothers-related Minibonds
and Structured Financial Products of the Legislative Council

Unless otherwise stated, capitalised terms in these submissions have the meanings ascribed in the Written Submissions of Ms Amy Yip, Chief Executive Officer of DBS Bank (Hong Kong) Ltd. dated 26 March 2010.

(a) **the number of complaints on which the Bank has ongoing discussions with the regulators;**

(b) **the aggregate investment amount involved in the complaints in (a);**

1.1 DBSHK does not know how many complaints concerning LB-related CLN Notes have been made by DBSHK customers to the regulators. The discussions in which DBSHK is currently engaged with the regulators have not been in relation to specific customer complaints. Consequently, DBSHK does not have the information requested in (a) and (b) of the Letter.

(c) **the nature and types of questions that the regulators have requested the Bank (or its staff members) to provide explanations/information; and**

1.2 The nature and types of questions in respect of which the regulators have requested the Bank to provide documents and information:

(a) distribution processes relating to CLN Notes and other LB-related structured products;

(b) due diligence and product assessment processes in respect of the CLN Notes and other LB-related structured products;

(c) suitability assessment processes for CLN Notes and other LB-related structured products;

(d) role of the board of directors of DBSHK in the distribution process;

(e) training of staff;

(f) supervision of staff;

(g) internal review or investigation processes;

(h) complaint handling processes;

(i) information relating to clients details;

(j) buyback or compensation arrangements;

(k) details of the structure of the CLN Notes; and

(l) details of the collateral of the LB-related CLN Notes.

(d) **the current position of the complaints in (a).**

1.3 In our letter dated 26 April 2010, we outlined the process, as we understand it, by which the HKMA refers matters to the SFC. From that description (specifically, the fact that DBSHK is not a party to the correspondence between the HKMA and the SFC nor to that between the HKMA and complainants), and given our response to request (a) above, you will appreciate that DBSHK is not aware of the status of specific complaints.