

~~STRICTLY PRIVATE AND CONFIDENTIAL~~

Dated 5 August 2010

**WRITTEN RESPONSE OF
MR CHU REN-YEE, ALEXANDER, COUNTRY EXECUTIVE, HONG
KONG, THE ROYAL BANK OF SCOTLAND N.V. TO A REQUEST FOR
INFORMATION DATED 14 JULY 2010**

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

GENERAL REMARKS

I refer to the summons issued by the Subcommittee to me on 26 May 2010 under the Legislative Council (Powers and Privileges) Ordinance (Cap 382) (“**Summons**”) and to my written statement dated 17 June 2010 (“**Written Statement**”), given in response to the Summons. This statement supplements my Written Statement.

Unless otherwise defined, capitalised terms used in this submission have the meanings given to them in my Written Statement.

RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION

1 Sample audio recordings

- 1.1 **Item 1** provides a sample set of audio recordings (“**Sample Recordings**”) involving a customer (“**Relevant Customer**”) who has complained to the Bank in connection with the purchase of Lehman Products from the Bank. These recordings involve three separate telephone calls.
- 1.2 **Item 2** provides a transcript of the audio recordings.
- 1.3 Personal data has been redacted from both the Sample Recordings and the transcript. The Bank has also redacted one short section of the Sample Recordings that was irrelevant to the conversation between the Relevant Customer and the RM concerned (“**Concerned RM**”). It was irrelevant because it recorded an unrelated incoming call on another line (of less than 10 seconds) picked up by the Concerned RM.

2 Factual information that is relevant to the Sample Recordings

- 2.1 The Sample Recordings form part of a sales process relating to the Relevant Customer’s purchase of Minibonds (“**Sample Transaction**”). However, it is important to note that not all interactions between the Relevant Customer and the Concerned RM in relation to the Sample Transaction were audio recorded. For example, the Bank did not audio record physical meetings held within the Bank’s premises. As a consequence, the Sample Recordings do not paint a complete portrait of the entire Sample Transaction.
- 2.2 The table set out in **Item 3** provides additional factual information that the Bank believes provides context to, and is relevant to the Subcommittee’s consideration of, the Sample Recordings. Certain information has been generalised to assist in protecting the anonymity of the individuals involved.