



APPENDIX 1

Glossary of Terms

Abbreviations used in this Paper	Full name
2006 Survey	The Structured Product Investor Survey conducted for the SFC by the Social Sciences Research Centre of the University of Hong Kong in 2006
"bank" or "RI"	An authorised financial institution which is registered with the SFC to carry on one or more regulated activities under s.119 of the SFO. The term used in the SFO is "registered institution".
"BO"	The Banking Ordinance (Cap 155)
"broker"	A corporation which is licensed by the SFC to carry on one or more regulated activities under s.116 of the SFO. The term used in the SFO is "licensed corporation".
"CLN"	Credit-Linked Notes
"CO"	Companies Ordinance (Cap. 32)
Code of Conduct	Code of Conduct for Persons Licensed by or Registered with the SFC
"ELN"	Equity-Linked Notes
"executive officer"	Persons responsible for directly supervising the conduct of regulated activities of banks. Under s.125 of the SFO they have to be approved by the HKMA under s.71C of the BO before the bank commences a regulated activity.
"FMDTF"	The Financial Market Development Task Force established in December 2001
"FLN"	Fund-linked Notes
"HKMA"	The Hong Kong Monetary Authority
"intermediaries"	Registered institutions and licensed corporations
"ICG"	The Management, Supervision and Internal Control Guidelines dated April 2003
"IE"	Investor education
"Lehman"	Lehman Brothers Holdings Inc. (the US parent company for



the Lehman group of companies) and its subsidiaries.

"licensed corporation"	A corporation licensed by the SFC to carry on one or more regulated activities i.e. a broker
"MOU"	The memorandum of understanding between the HKMA and the SFC dated December 2002
"prospectus"	There is a complex definition in s.2(1) of the CO but normally it means a document offering shares or debentures in a corporation to the public, or calculated to invite offers for such shares or debentures. There is a list of 12 categories of document expressly excluded from the definition of "prospectus" in the 17 th Schedule to the CO
"regulated activity"	There are 9 types of regulated activity under the SFO - Type 1 : dealing in securities; Type 2 : dealing in futures contracts; Type 3 : leveraged foreign exchange trading; Type 4 : advising on securities; Type 5 : advising on futures contracts; Type 6 : advising on corporate finance; Type 7 : providing automated trading services; Type 8 : securities margin financing; Type 9 : asset management.
"relevant individual"	There is a complex definition in s.20(10) of the BO but essentially they are individuals engaged by registered institutions in a regulated activity. Their names appear on the register of relevant individuals maintained by the HKMA under s.20 BO
"representative"	Persons who are licensed by the SFC as licensed representative of a broker
"responsible officer"	Persons responsible for directly supervising the conduct of regulated activities of brokers. They have to be approved by the SFC under s.126 SFO.
"SFC"	The Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Cap. 571)
"SSRC"	Social Sciences Research Centre of the University of Hong Kong