

**Subcommittee on the Securities and Futures (Professional Investor)
(Amendment) Rules 2011**

- Q5** In relation to the minimum portfolio requirement for a high net worth investor to be classified as a “Professional Investor” under the Professional Investor Rules, provide:-
- (a)** reasons for maintaining the minimum portfolio requirement of not less than HK\$8 million (or the equivalent in foreign currency) which has remained the same since 2001;
 - (b)** a comparison with the minimum portfolio thresholds adopted in other jurisdictions; and
 - (c)** information on whether and when SFC has reviewed and consulted the industry and the public on the minimum portfolio requirement, and the feedback received in this regard.
- A5** (1) The minimum portfolio requirement of HK\$8 million under the Securities and Futures (Professional Investor) Rules (“PI Rules”) formed part of the public consultation on Proposals to Enhance Protection for the Investing Public in Q4 2009. The majority of respondents who gave views on the minimum portfolio requirement opined that the minimum portfolio requirement should be maintained at HK\$8 million. Many respondents were concerned about the adverse impact that any increase in the minimum portfolio amount would have on the private placement market in Hong Kong. It was also noted that the minimum portfolio requirement of HK\$8 million is comparable to other jurisdictions (e.g. higher than that in the United Kingdom and lower than that in Australia and Singapore).
- (2) Subsequent to the public consultation, it was concluded that the existing minimum portfolio requirement under the PI Rules should remain unchanged and the Consultation Conclusions were published in May 2010.
- A5(b)** The minimum portfolio requirement of HK\$8 million is comparable to other jurisdictions (e.g. higher than that in the United Kingdom (EUR 500,000) and lower than that in Australia (AUD 2.5 million) and Singapore (SGD 2 million)).
- A5(c)** Please refer to A5(a) above.