

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

**List of follow-up actions arising from the discussion  
at the meeting on 1 November 2011**

The Administration/Securities and Futures Commission (SFC) is requested to: --

1. Provide information on how regulators in jurisdictions other than Hong Kong (such as the United Kingdom, the United States, Australia and Singapore) define "Professional Investors", including the qualifying criteria for Professional Investors, the assets and/or portfolio thresholds, and other relevant evidential and/or procedural requirements;
2. In respect of enforcement to safeguard the interests of Professional Investors:-
  - (a) explain the regulatory role of SFC;
  - (b) provide a copy of the circular regarding the annual confirmation exercise of Professional Investors issued by SFC in March 2011;
  - (c) advise whether and when the Hong Kong Monetary Authority (HKMA) has issued the circular to banks or drawn their attention to the circular;
  - (d) provide details on the courses of action taken by HKMA in respect of enforcement to ensure compliance; and
  - (e) advise whether standard practice and/or procedures were in place for bank staff to explain to clients the risks and consequences of being treated as a Professional Investor.
3. On the number of Professional Investors in the market:-
  - (a) advise whether banks have provided the number of clients ascertained and treated as Professional Investors to HKMA;
  - (b) provide figures of (a) if available; and
  - (c) provide the number of Professional Investors involved in complaint cases arising from the incident of Lehman-Brothers bankruptcy.

4. With respect to the sale of investment products by banks and other intermediaries, provide information on the different legal and regulatory requirements imposed on banks/intermediaries or their sales staff in dealing with Professional Investors and non-Professional Investors.
  
5. In relation to the minimum portfolio requirement for a high net worth investor to be classified as a "Professional Investor" under the Professional Investor Rule, 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.

Council Business Division 1  
Legislative Council Secretariat  
8 November 2011