

Hon CHAN Kam-lam, SBS, JP  
Chairman of Financial Affairs Panel  
Legislative Council of Hong Kong  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

By email and hand: panel\_fa@legco.gov.hk

29 November 2011

Dear Chairman

**Securities and Futures (Professional Investor) (Amendment) Rules 2011  
("PI Amendment Rules")**

We refer to the letter sent to you yesterday on the proposed PI Amendment Rules from the Hong Kong Association of Banks (the "HKAB Letter").

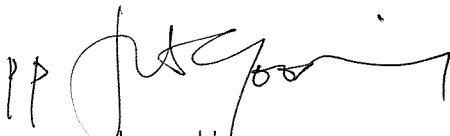
We are writing to endorse strongly the position set out in the HKAB Letter. The professional investor exemption constitutes a key element of the regime governing private placements in Hong Kong and is relied upon both domestically and internationally.

In summary, we believe:

- Incorporating the proposed amendments into the Rules would limit the current scope of the professional investor exemption, making it problematic to comply with and difficult to enforce. The exemption has been a key feature of Hong Kong's financial markets since 2003.
- Hong Kong as a financial centre will lose credibility and competitiveness in the international arena as a result of implementing an unworkable and unnecessarily restrictive private placement exemption. The exemption is currently relied upon (and is clearly understood by) by international participants in the Hong Kong market.
- The proposed amendments will severely limit the market for IPOs, unauthorised collective investment schemes and structured products in Hong Kong.
- Changing the law in this regard would not improve standards of investor protection. This goal, to the extent required, would be better served by recommending changes to the existing regulatory guidance, and in particular, the SFC's Code of Conduct.
- A proposal of this nature should not be adopted without a full market consultation, which would be required of the Securities and Futures Commission under section 398 of the Securities and Futures Ordinance.

Should you have any queries, please do not hesitate to contact the undersigned.

Yours sincerely  
CREDIT SUISSE AG Hong Kong Branch



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Managing Director  
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- cc. Hon Jasper Tsang Yok-sing, GBS, JP, President, Legislative Council  
Professor K.C. Chan, Secretary for Financial Services and the Treasury Bureau  
Mr. Norman Chan, Chief Executive, the Hong Kong Monetary Authority  
Mr. Ashley Alder, Chief Executive Officer, Securities and Futures Commission  
Dr. the Hon David K.P. Li, GBM, GBS, JP, Member of the Legislative Council