

(By fax: 2869-6794)

Your Ref: CB1/BC/13/99

2nd June 2000

Ms. Leung Siu-Kum
Clerk to Bills Committee
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Sirs,

**Re: Bills Committee on Securities and Futures Legislation
(Provision and False Information) Bill 2000**

Having reviewed the matter, it is the view of the Bar that the Bill fills a loophole in existing securities legislation where specific sanctions are not present.

The Bar believes that the Bill is a necessary and desirable step which should lead to better disclosure by market participants, enhanced investor protection and more effective enforcement by regulatory bodies.

We note that the legislation applies in relation to the provision of information which is false, misleading or incomplete "in a material particular". While there may be concern as to the precise meaning of that phrase, we think that the generality at this stage is inevitable and hopefully the courts will work out its jurisprudence in time on the provisions.

We note that the offence extends to the voluntary provision of information. As a matter of fairness, we think that in view of the serious consequences, regulatory authorities should give proper warning to any informant as to their potential liability before information is provided to the authorities.

Yours faithfully,

Ronny Tong, SC
Chairman