

Dated 18 June 2010

To the Subcommittee to Study Issues Arising from
Lehman Brothers-related Minibonds and
Structured Financial Products of the Legislative Council

**RESPONSE TO THE SUBCOMMITTEE'S LETTER DATED 4 JUNE 2010 FROM
MR HUNG PI-CHENG, BENJAMIN, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE
OFFICER,
STANDARD CHARTERED BANK (HONG KONG) LIMITED (SCBHK)**

FOLLOW-UP TO THE HEARING ON 4 JUNE 2010

INFORMATION (INCLUDING RELEVANT DOCUMENTS AND RECORDS, IF ANY) ON THE FOLLOWING ISSUES

1. As stated in item 4 of F(SCB)5, there were 4 sales staff of SCBHK who had completed 20 or more transactions of investment products during the period 18 to February 2008. In respect of the transactions of each of these 4 staff, please provide a breakdown of the number of customers involved in these transactions, their investment experience and whether they were "repeat" customers as mentioned by Mr Benjamin HUNG at the hearing on 4 June 2010.

	Total Investment Products Transactions (A)	Total Series17 Transaction	No of customers involved in (A)	Customer with investment experience in SCB	Customer with structured Notes experience in SCB (Repeated customers)
Staff A	22	17	21	17	10
Staff B	21	2	11	10	1
Staff C	21	21	21	19	14
Staff D	20	1	11	10	0
Total	84	41	64	56	25

2. It is noted from paragraph 1.2 of F(SCB)3 that the total number of investment products distributed by SCBHK during the period August and 5 June 2008 was 61. As mentioned by Mr Benjamin HUNG at the hearing held on 4 June 2010, the number referred to the types of product. Please provide the total number of the specific investment products (in series, where appropriate) distributed in the relevant period, and the number of specific products launched per week.

2.1 Please see item 1 attached.

3. As stated in paragraph 8.3 of F(SCB)4, out of the 246 customers assessed by SA tool as unsuitable for LB ELN, 22 cases have been settled and 2 cases are in the course of settlement. Please provide, preferably in the form of a table, a breakdown of such settled cases by broad reasons that led to SCBHK's approval of settlement.

3.1 The Bank reviewed each of the complaints properly and thoroughly in accordance with the enhanced complaints handling process and considered settlement on a case by case basis taken into consideration of a number of factors including hardship, documentation, information gathered from staff and the complainant and other circumstantial evidence. The reason for settling or not settling in each case is dependent on legal advice and is therefore subject to a claim of legal professional privilege. It is inappropriate for the Bank to comment any further.

4. In respect of the staff and the bank branch that had received the highest number of complaints (paragraphs 5.1 and 5.2 of F(SCB)5), please provide the following information:

(a) the bank branch where the staff with the highest number of complaints worked during the relevant period;

4.1 The staff with the highest number of complaints worked in 2 branches during the relevant period. 12 complaints were from Fo Tan branch and 15 complaints were from Tai Wai branch.

- (b) **the number of complaints received in relation to the bank branch in (a);**
- 4.2 The number of complaints received from Fo Tan branch and Tai Wai branch were 38 and 16 respectively.
- (c) **out of the 27 complaints received by the concerned staff, the number of cases settled; and**
- 4.3 The Bank reviewed each of the complaints properly and thoroughly in accordance with the enhanced complaints handling process. Following this process, none of these cases has been settled
- (d) **out of the 55 complaints received by the Tsuen Wan Branch, the number of cases settled.**
- 4.4 The Bank reviewed each of the complaints properly and thoroughly in accordance with the enhanced complaints handling process. Following this process, 3 of these cases were settled.
5. **With reference to the tables set out under paragraph 8.1 of F(SCB)4, please provide the information in the enclosed Table 1.**
- 5.1 The completed Table 1 is attached.