

Our Ref.: B1/15C

5 March 2009

The Chief Executive  
All Registered Institutions

Dear Sir / Madam,

**Fair and reasonable arrangements for settling complaints related to the selling of investment products**

I understand that a number of registered institutions (RIs) have entered into, or are currently in the process of negotiating settlements with, some of their customers in relation to complaints including those involving the sale of Lehman Brothers related investment products. The HKMA supports this approach and encourages RIs to resolve any customer disputes as quickly as possible subject to proper procedures.

In this connection, I would like to point out that RIs should be mindful about their obligations to deal with all complaints honestly and fairly. Specifically, when your institution handles customers' complaints and discusses settlement arrangements with customers, it should ensure that:

- the process is conducted in a fair and reasonable manner;
- sufficient time is given to the customers to consider the terms of the settlement proposed by the RI;
- the customers are given a reasonable opportunity to seek advice from third parties, such as relatives, friends, legal or other professional advisors; and
- the settlement agreement should not prohibit disclosure of information to the SFC, the HKMA or other law enforcement agencies for the purpose of any investigations.

Yours faithfully,

Nelson Man  
Executive Director  
(Banking Supervision)

