

**Bills Committee on Securities and Futures and Companies
Legislation (Structured Products Amendment) Bill 2010**

**Comparison between the Banking Ordinance and
the Securities and Futures Ordinance on investor protection
with regard to unlisted investment products sold by
authorized institutions and not regulated
under the Securities and Futures Ordinance**

Purpose

At the 20 January 2011 Bills Committee meeting, Members requested the Administration to provide information to contrast the protection afforded by the Banking Ordinance (BO) for investors of unlisted investment products sold by authorized institutions (AIs) and not regulated under the Securities and Futures Ordinance (SFO) with the protection afforded by SFO for investors of unlisted investment products regulated under SFO. This paper sets out the Administration's response.

The Administration's response

2. We have set out the regulatory actions taken by the Hong Kong Monetary Authority (HKMA) on the sale of unlisted investment products by AIs in paper no. CB(1)968/10-11(04) and provided information on the legal backing for the HKMA's regulatory actions in paper no. CB(1)1093/10-11(01) submitted to Members earlier.

3. We note Members' views on the importance of affording the same protection to investors with regard to the sale of unlisted investment products by AIs regardless of whether the sale of such products is regulated under the BO or the SFO. The HKMA will review the adequacy of its regulatory actions on the sale of unlisted investment products by AIs having regard to its regulatory experience and market development, and identify any need for amending the BO to enhance investor protection.