

**Subcommittee on Securities and Futures (Professional Investor)
(Amendment) Rules 2018**

**List of follow-up actions arising from the discussion
at the meeting on 1 June 2018**

1. The Administration is requested to provide:
 - (a) a table listing out the circumstances under which a holding company and the subsidiaries of a holding company can be qualified as a professional investor ("PI"), including a corporation as defined under existing paragraph (i) of the definition of PI under Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);
 - (b) information on the procedures an intermediary is required to take in ascertaining whether a corporation is qualified as a PI (e.g. how an intermediary can determine the investment experience and investment objectives of a corporation, the parties involved in the suitability assessment, etc.);
 - (c) a table comparing the differences in investment choices between a PI and a non-PI;
 - (d) information on the measures adopted by the Administration and the Securities and Futures Commission to enhance investor protection (in respect of PIs and non-PIs) after the Lehman Brothers incident (e.g. enhancement in the know your client procedures); and
 - (e) clarification on whether, and if so how, the portfolio under an investment linked insurance product owned by an individual would be taken into account in calculating the individual's portfolio when ascertaining whether he/she meets the monetary threshold as a PI.

2. The Administration is requested to provide response to a member's view that a holding company should not be regarded as PI only if it wholly owns another corporation which has been ascertained to have met the asset or portfolio threshold to be qualified as PI because the shareholding structure of the holding company may not be the same as its wholly owned subsidiary.