



Circulars

09 Jan 2009

Report of the HKMA on Issues Concerning the Distribution of Structured Products Connected to Lehman Group Companies

Our Ref.: B1/15C

9 January 2009

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Report of the HKMA on Issues Concerning the Distribution of Structured Products Connected to Lehman Group Companies

As you will be aware, the Financial Secretary (FS) published the reports of the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission on the sale of structured products related to Lehman Brothers on 8 January 2009 (http://www.hkma.gov.hk/media/chi/doc/other-information/lehman_report.pdf). Given the implications these reports have on the future sale of structured investment products to retail investors, I urge your institution to study them carefully.

Registered institutions (RIs) should note in particular the 19 recommendations in the HKMA's report aimed at strengthening the existing regulatory regime and investor protection framework. As a matter of fact, the HKMA has already asked RIs to carry out a number of these recommendations in our previous communications with them. In view of the latest developments, the HKMA expects all RIs to:

1. implement those HKMA's recommendations set out in [Annex 1](#) in accordance with the timetable specified in the annex; and
2. formulate a plan on how to implement those HKMA's recommendations set out in [Annex 2](#) for discussion with the HKMA by end of March 2009.

If you have any questions on the above, please get in touch with your usual supervisory contact at the HKMA.

Yours faithfully,

YK Choi

c.c. Chairman, Hong Kong Association of Banks
Chairman, The Deposit-taking Companies Association

Encl. [Annex 1](#) (PDF file, 130KB)
 [Annex 2](#) (PDF file, 424KB)

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