



14 January 2010

Circular to Intermediaries licensed for dealing in securities

Some brokers have recently expressed interests in placing the Offer Shares¹ of the United Company Rusal Limited ("the Company") and providing margin financing to their clients to subscribe for or purchase the Offer Shares. This circular reminds intermediaries of the need for prudent risk management and compliance with applicable requirements set out in the conditions that the SFC is imposing on the listing of the Company ("Conditions").

Intermediaries who provide margin financing to their clients to subscribe for or purchase the Offer Shares are reminded of the existing requirements to prudently manage their risks. In particular, the intermediaries should:

- a) Set a prudent credit limit for each client taking into account the financial situation of the client;
- b) Assign a prudent margin ratio on the Offer Shares and collect adequate margin from each client; and
- c) Monitor the overall financial risks arising from the provision of margin financing on the Offer Shares and manage the aggregate exposure to the Offer Shares.

Intermediaries placing the Offer Shares should also familiarize themselves with all the Conditions, including requirements on the eligibility of placees and compliance by the intermediaries with the suitability requirements under paragraph 5.2 of the Code of Conduct as more fully described in the Conditions. Firms are expected to put in place adequate systems and procedures so as to ensure that all the applicable requirements set out in the Conditions are fulfilled.

Imprudent risk management and breaches of the requirements under the Conditions by intermediaries will be viewed seriously by the SFC.

Should you have any queries regarding the contents of this circular, please contact Ms Seine Luk on 2842 7696.

Intermediaries Supervision Department
Securities and Futures Commission

End

SFO/IS/001/2010

¹ As defined in the prospectus dated 31 December 2009 issued by the United Company Rusal Limited.