



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Conduct Department

銀行操守部

Our Ref: B1/15C
G16/1C

2 November 2010

The Chief Executive
All Registered Institutions

Dear Sir / Madam,

**Circular Issued by the Securities and Futures Commission (SFC) Regarding
Monitoring of Operational Capability**

I am writing to draw your attention to a circular issued by the SFC on 1 November 2010 ("the SFC Circular"). The SFC Circular reminds intermediaries to closely monitor their operational capabilities in the light of an increase in market turnover and the recent announcement of significant rights issue planned by some listed companies and where appropriate to put in place contingency arrangements to cope with any increase in the volume of their business and the handling of such corporate action activities.

Registered institutions are also reminded to put in place procedures to timely communicate material information to their clients and handle clients' instructions in the event of announcement of rights issue on clients' stocks.

A copy of the SFC Circular is attached at **Annex**.

Yours faithfully,

Meena Datwani
Executive Director (Banking Conduct)

Encl.

c.c. SFC (Attn: Mr Stephen Po, Senior Director of Intermediaries Supervision)
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