



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
G16/1C

21 March 2011

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Circular Issued by the Securities and Futures Commission (SFC) Regarding Review of Readiness for Listed Renminbi (RMB) Securities Business

Further to my letter of 18 February 2011, I would like to draw your attention to the attached circular issued by the SFC on 17 March 2011 to SEHK Exchange Participants and CCASS Participants, providing a checklist to facilitate their review of readiness to conduct listed RMB securities business. AIs are encouraged to draw reference from the SFC circular and checklist in ensuring their readiness, and the readiness of any SEHK Exchange Participant or CCASS Participant that they plan to engage to be their trading and/or clearing agent, for listed RMB securities activities.

Intermediaries conducting trading / clearing activities in RMB securities to be listed on the SEHK without having ensured their readiness for conducting such activities shall be liable to regulatory scrutiny of their conduct. If an AI fails to ensure its own and its trading and/or clearing agent's readiness to conduct listed RMB securities business, it should refrain from engaging in such activities and should put in place measures to prevent inadvertent trading of, or acceptance of client trading instructions on, listed RMB securities. Please refer to the SFC circular for examples of such measures.

Yours faithfully,

Meena Datwani
Executive Director (Banking Conduct)

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