

5 May 2011

Legislative amendment on structured products to take effect

The Securities and Futures and Companies Legislation (Structured Products Amendment) Ordinance 2011 (the Amendment Ordinance) will be gazetted on 13 May 2011 and take effect on the same day.

The Amendment Ordinance transfers the regulation of public offers of structured products in the form of shares or debentures from the prospectus regime of Companies Ordinance (CO) to the regime for public offers of investments under the Securities and Futures Ordinance (SFO).

The following will take place on 13 May 2011:

- The issue of advertisements and offer documents for structured products (be they in the form of shares or debentures, or any other legal form) must be authorized by the Securities and Futures Commission, unless otherwise exempted by the SFO.
- The safe harbours in the 17th schedule to the CO will no longer be available to structured products in the form of shares and debentures; instead the exemptions in Section 103 of the SFO will apply (Note 1).

The legislative amendment was the result of a two-month consultation conducted in 2009, during which the public generally supported the proposal to transfer the regulation of structured products to the SFO.

End

Note:

1. The commonly relied on safe harbours are: (a) an offer in respect of which the minimum denomination of, or the minimum consideration payable by any person for the shares or debentures is not less than \$500,000; and (b) an offer to not more than 50 persons. Upon commencement of the Amendment Ordinance, these safe harbours will no longer be applicable to offers of structured products in the form of shares and debentures.