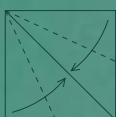




# Education

In the world of Nature, the young learn from their parents and their siblings. However, their parents also need to be alert to the ever-changing environment to update their own skills as well as protect their young. Education of investors supplements these natural cycles using multiple communication channels and targeting investors across all demographic groups.







In early 2008, we decided to substantially increase the resources devoted to investor education as part of a long-term plan to expand our services in this area. As a result, we increased both the depth and breadth of our investor education efforts. During the reporting period, we utilised more media channels and developed new formats, including a new TV commercial, a TV game show and a photo competition. All these were designed to broaden the reach and raise awareness of our investor education programmes and messages. We have been encouraged by the public's reception to our initiatives and we will develop these further in the coming months.

The past year has been challenging for most investors. Hong Kong has not been immune to the negative effects of the global financial tsunami and nearly all asset classes have fallen in value. While the extent of the financial downturn and its impact on investments could not be predicted, the nature of the losses incurred by investors has reinforced the need for investor education (IE) and has also highlighted areas where additional effort would be beneficial. This has given additional impetus to plans that were already in place to deliver our IE messages more effectively as described in last year's report.

Over the past year, we have raised our IE expenditure in the securities and futures sectors considerably. However, we have also been discussing with the Government the possibility of broadening our IE mandate. We are continuing these discussions and plan to bring proposals to the public for comments later this year. Our objective is to establish a body that can provide IE covering all regulated products, and not just those regulated under the Securities and Futures Ordinance, which will be much more beneficial to investors and much more aligned with their real-life needs.

As a prelude to our more ambitious plans to establish an IE body covering the entire financial sector, we have established a dedicated team focusing solely on IE activities and also substantially increased the funding available to them to develop and deliver IE programmes. As the financial turmoil intensified in the second half of the year, we were pleased that we had put these additional resources in place. Besides continuing with activities that were proven successful in the past, we were able to take a more comprehensive approach to some of our key programmes and also add some brand new initiatives. Above all, we have increased media exposure substantially to raise public awareness of investment risks, our IE role and the IE resources that are available.

In light of the challenging economic conditions, we have focused on explaining risk management skills and preparing investors for market volatility. In addition, we have reminded investors that to make appropriate investment decisions, they need to understand the nature and risks of the products they invest in. Apart from raising awareness of product features and associated risks, we have also promoted a proper (and realistic) investment attitude.



## Mass-media, thematic approach

Mass media is the most effective way to deliver IE messages to the general investing public and specific investor segments that we target. It is, however, extremely expensive. The additional funding allocated to IE this year has allowed us to develop an expanded media plan to deploy television (TV), radio, newspaper, video shows on buses and outdoor TV to reach as wide an audience as possible.



Buses and trams take our IE messages all over Hong Kong.

“Know your risks” was our IE theme for calendar year 2008. As an extension of this theme, “Be Smart, Ask First” is the focus for this calendar year. For the first time, a year-long, multi-media advertising campaign has been developed and this was rolled out in mid-January 2009. Our TV and radio commercials use a catchy Canto-pop song from the 1970s to echo the importance of

a questioning attitude. At the launch, 60-second and 30-second spots were shown on prime-time TV. To sustain the impact and extend the reach of our educational messages, other media platforms, including radio, poster displays at MTR stations and bus stops, the body of a bus and a tram, outdoor TV as well as on-line media are being used.

To encourage public interaction, we have invited the public to participate in an on-line quiz to answer simple questions and to come up with slogans based on what they have learned from the campaign. The on-line programme drew 570 entries.

We have also secured media collaboration to allow the launch of these other programmes:

- From November 2008 to February 2009, we ran a series of 15 interviews entitled “Special Investor Education TV Programmes” on now Business News Channel in which representatives from the SFC, Hong Kong Exchanges and Clearing Ltd, academia and the securities industry explained to investors a broad spectrum of topical issues ranging from financial markets to risks associated with various investment products, as well as ways to select investment funds and brokerages.
- Drawing on the wide-ranging topics of our Dr Wise column, we launched an interview programme and Dr Wise Education Tips segments, on Metro Finance Radio and Metro Information Channel from November 2008.
- For the Putonghua-speaking audience, eight Putonghua radio segments were broadcast on Radio Television Hong Kong (RTHK) to discuss various investment products, including, funds, derivative warrants and structured products from February to April 2009.

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- Since July 2008, we have been airing a series of 22 short videos that are repeated hourly on 1,600 buses, highlighting different messages.



The 'Ask First' signboard flashes out IE messages at high-traffic locations.



### Interactive campaigns

Once again, January 2009 was designated the IE Month. Using a number of activities that invited investor participation, we spread the message that understanding risks is a prerequisite to making informed investment decisions. The campaign stresses that to make smart investment decisions investors must ask the right questions and do their homework before investing. Below is a summary of the activities:

- Our Investor Day on 10 January, organised jointly with the Open University of Hong Kong, attracted 785 attendees from the public. Entitled "Riding out the Financial Tsunami", the full-day IE event aimed to equip investors with more knowledge to rethink their investment strategies during a period of high market volatility. Topics for seminar sessions included an economic overview, analysis of risks for the year ahead and investment psychology. Lessons learnt from the financial tsunami and ideas on the way forward also were shared.

- The Second Investment Triathlon, a financial knowledge competition, kicked off with quizzes published in the Hong Kong Economic Times. This was followed by contests based on radio dramas in the "Investment Era" programme on RTHK Radio One and the competition concluded with a grand finale broadcast on Cable TV on 18 January. The event drew over 560 entries from the public.

"Investors have had an extraordinary year in 2008. . . I believe that some of them simply did not have a clear idea how some of the investment products worked; nor did they have a good grasp of the risks involved. While it doesn't take 10,000 hours of hard work to win the Investment Triathlon, it is virtually a must to keep learning about investing to ensure a smooth ride in the market."

Mr Mok Yu Chiu, champion of Investment Triathlon 2009

- A weekly short chat-show entitled "Understanding Financial Knowledge" started airing on RTHK Radio One from early January to discuss topical issues such as counterparty risks and boiler-room scams. An on-line game was launched at the InvestEd website to support this programme to further engage the audience.
- From late January to mid April, a TV programme offering 20 episodes of education tips and eight weekly live interview segments was aired on TVB's HD Jade Channel to explain products and market risks.



Market experts engage in a discussion on Investor Day.



- In March, we launched our first-ever TV game show, “Outsmart”, aired on the TVB Jade Channel. This 10-episode programme was developed following consistent responses to SFC surveys that showed the vast majority considered TV as their primary source of financial information. In the show, industry professionals made live appearances to share their financial knowledge with artistes, who competed for various prizes by answering questions drawn from case studies. Topics highlighted included basic investment knowledge, rights of investors as well as product features and risks. The programme was re-run on TVB.com until 15 May 2009 and an on-line quiz was held concurrently to reinforce the educational messages.

“Outsmart delivers excellent investor education content in a game-show format that has much stronger appeal to most retail investors than the traditional lecture-style programme.”

Mr Richard Mak, Director of Hong Kong Society of Financial Analysts

- The first-ever IE photo competition, “Picture your investment dream,” was launched in March to encourage the public to think about why they were investing, e.g., to fund their retirement or to support a child’s education. Using their investment objective as theme, photography fans submitted work that captured different situations in their life and explained why they had invested. We have now received over 1,000 applications.

## Product risks explained

One of our priorities has always been to warn investors to focus on investment risks. The subprime crisis has highlighted, in particular, the risks associated with counterparties and issuers. We have therefore stepped up our efforts in this area.

Firstly, we have posted more material online and published new investor leaflets to explain the counterparty risks associated with index-tracking exchange-traded funds (ETFs), guaranteed funds, bonds, credit-linked notes and equity-linked instruments. Additionally, we have alerted investors that all assets underlying the investment options of investment-linked assurance schemes are owned by the issuer and not the policyholders.

We also made use of newspaper and magazine columns, on-line newsletters and frequently asked questions to highlight the major features and risks of new investment products such as gold ETFs when they were launched.



Celebrities at TV game shows help get IE messages across.

## Lessons from real life

We took an interactive approach to promote a proper investment attitude among the public and to promote understanding that a “punt” is not an investment. Lessons from real life are always easier to remember. In our second essay competition entitled “My Investment Story” organised with Commercial Radio One and Sing Tao Daily as media partners, we invited retail investors to share their investing experience with others, be it a success or a failure.

### Compliments from users

In December 2008, Mr Leung commended us for the articles on our InvestEd website about investment-linked assurance schemes. He said they were useful in helping him gain a better understanding of the product.

In August 2008, Mr Trevor Carolin of South Africa thanked us for the Alert List, saying it prevented him from falling prey to an unlicensed entity, Granite Consolidated, which was on our Alert List.

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Out of over 50 entries, 10 were selected as winning entries for the various lessons that they highlighted. To help disseminate the key messages, including investing within one’s means and for the longer term, a series of publicity activities were staged, starting with an award presentation dinner for the winners. Subsequently, the winning entries were published in newspapers, aired on radio and posted on the SFC’s InvestEd website (www.InvestEd.hk).



At bus shelters, the public is reminded to ask questions before investing.

## Enhanced cyber initiatives

The Internet provides an effective 24-hour platform for our IE work. The InvestEd website, our investor portal, is a repository of all our IE materials available to the public around the clock.

In 2008, the InvestEd website underwent a facelift as well as a major structural revamp. The new, improved website is easier to navigate and features more interactive content, useful links, e-learning programmes and flash animation videos. In addition, information has been categorised to target different groups of investors while hot issues of general interest are prominently displayed on the homepage. With these new features, investors will find it easier to learn and conduct their own research about

different investment products, such as stocks, funds, derivative warrants and unlisted structured products.






Separately, the InvestEd website contains an “Alert List” to warn the public against dealing with entities about which we have received information indicating that they may not be wholly legitimate, e.g. those who have been soliciting investors without having been appropriately licensed in Hong Kong.

## Understanding investor needs

Over the years, investor surveys have helped us prioritise our IE efforts. In the Retail Investor Survey 2008, a comprehensive assessment of individuals’ investment knowledge and attitude, we found that many did not buy products they were familiar with. Two-thirds of the investors surveyed knew very little about at least one of the products they had invested in. Also, almost half of the investors did not have realistic expectations about returns and risks and often expected an investment yield that was disproportionate to the level of risk they were willing to accept.

The findings of our survey indicated that many investors did not have a good understanding of investment basics – they are not aware of the fundamentals of investing. Our current IE campaigns therefore shift the focus back to basics. Concurrent with the release of the survey findings, we produced a “Five Elements” calendar card reminding investors to ask some basic but critical questions before making investment decisions.

The media campaign described above was launched shortly afterwards to reinforce the message of the importance of a questioning attitude when considering investment decisions.

-  為甚麼我要投資？  
Why am I investing ?
-  哪些產品適合我？  
What product meets my needs ?
-  我理解這產品嗎？  
Do I understand the product ?
-  損失最高是多少？  
What is my maximum loss ?
-  怎樣才可取回我的資金？  
How can I get my money back ?



<b>Other investor education activities</b>	
<b>Mass media</b>	
Apr 2008 – Mar 2009	Educational messages were published in Headline Daily's weekly column "Learn before You Invest" with a quiz every Thursday.
Apr 2008 – Mar 2009	Five articles were published in Consumer Council's Choice magazine.
Apr 2008 – Mar 2009	The Dr Wise column was published in Sing Tao's Investment Weekly magazine every month.
11 May – 26 May 2008	A series of weekly column "Understanding ELI", "Risks of ELI" and "Reading Offer Documents of ELI" were published in Sing Tao's Investment Weekly magazine.
Aug 2008	Excerpts of IE seminars co-organised with the Hong Kong Society of Financial Analysts were published in Ming Pao and Hong Kong Economic Journal.
Feb 2009	Excerpts of the Investor Day co-organised with the Open University of Hong Kong were published in Hong Kong Economic Journal and broadcast on now Business News Channel.
<b>Outreach activities</b>	
Apr 2008 – Mar 2009	Over 7,600 people attended the 60 talks, seminars and workshops held in 2008. These targeted different groups including secondary school students, university students, teachers, civil servants and community groups.
<b>InvestEd site</b>	
Apr 2008 – Mar 2009	Dr Wise appeared in his column every month, offering advice on many different subjects ranging from boiler-room scams to credit risks. In addition, 48 articles were published in our e-newsletter – "Monthly Focus".
<b>Souvenirs</b>	
Oct 2008	New souvenirs carrying IE messages, including magnets and banner pens, were produced for public distribution.
<b>Leaflets</b>	
Apr 2008 – Jan 2009	Leaflets on guaranteed funds, index-tracking ETFs, making a complaint, and the InvestEd website – were produced for public information.