

Investor Education 2007 Ceremony
Short Speech
By Mr Eddy Fong
Chairman, Securities and Futures Commission
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Ladies and Gentlemen,

We are honoured to have your presence today to witness the launch of our investor education theme for 2007.

A Chinese adage states, “spring is the time to plan your year” (一年之計在於春). Naturally, the beginning of a new year is always the time for us to make resolutions and many investors review and reposition their investment portfolios in January. The SFC has therefore named January the Investor Education Month to highlight the importance of investor education.

This year, we have chosen “risk” as our investor education focus. You may wonder why we want to remind investors that it’s time to think about risk.

Well, firstly, the Hong Kong stock market was volatile in 2006. While the Hang Seng Index shot over 20,000 before the end of the year, it also dropped by 564 points in one single day, the largest daily decline since the 9/11 incident in 2001. Many investors, be they experienced or first-time players, might have found it easy to make quick profits in a bullish market which also had many IPOs last year. However, volatility is a double-edged sword and investors must always keep in mind the risks they are exposing themselves to, especially if they are also using gearing. While volatility may provide exceptional opportunities for profit, the downside can be equally steep.

Secondly, investment products in the retail market are becoming increasingly complex. While investors have more choices, it is equally important that they do not simply look at the nominally attractive returns without seriously considering their suitability and the downside risk. This is particularly so for warrant investors who have been very active over the past year. I hope that investors do not buy warrants if they don’t fully understand the complexity of a warrant’s pricing mechanism.

Thirdly, investors should not be overwhelmed by the ease of making profits and then forget the steps that they should take to monitor their accounts and stay vigilant against

misappropriation and unauthorised trading.

As a financial regulator, it is part of our job to give health warnings to investors. That's why we will focus our investor education efforts this year on enhancing investors' awareness of risk.

January is our Investor Education Month and we have organised a variety of activities over the next few weeks. For instance, a series of six, joint SFC / The Open University of Hong Kong risk education seminars started last Saturday 13 January, and will continue for several weekends. I am very pleased to see nearly all sessions filling up so quickly. These seminars are also videotaped for airing later on TV, with key messages also being published in the *Hong Kong Economic Journal*.

And, for the first time we have put some real-life stories about problems experienced by investors into TV dramas. We will show a preview of our TV programmes later today. Thanks to Cable TV for supporting our investor education work. The new TV programmes will be screened on the Cable TV Finance Channel, sometime next week.

Of course, our regular investor education initiatives, such as "Dr Wise's Column", workplace seminars, newspaper columns, and the InvestEd website, will also continue throughout 2007 to help investors learn more about risk management.

We have always tried to be proactive and innovative in our investor education work and will continue to be so. A number of new investor education programmes will be launched in 2007, including a financial radio quiz, e-learning modules on the InvestEd website, our investor education portal, and personal financial management courses for secondary school teachers who will teach a new subject, "Basics of Personal Financial Management", starting in September 2009.

Investor education is a huge task and it requires long-term commitment. The SFC, the HKEx, financial intermediaries, industry bodies, media and schools each has a role to play to enhance the financial knowledge of our investors. I look forward to working closely with all of you to improve the financial literacy of Hong Kong's people.

Thank you.