

3 October 2008

Circular to issuers of retail investment products

This circular is directed to issuers of retail investment products, including retail collective investment scheme products authorised under section 104 of the Securities and Futures Ordinance (“SFO”) and retail investment products the offering documents and marketing materials of which are authorised under section 105 of the SFO or authorised for registration under the Companies Ordinance.

In light of the widespread public concern over the offering and selling of retail structured products in the aftermath of the collapse of Lehman Brothers Holdings Inc., retail investment products issuers are reminded of their duty to ensure their offering documents continue to be up-to-date and to contain sufficient information necessary for investors to make an informed investment decision given the new circumstances. In addition, marketing materials issued must be clear, fair and present a balanced picture with adequate and prominent risk disclosure in compliance with all applicable regulations.

Retail investment product issuers should ensure that in their marketing materials, there are upfront, prominent and adequate warnings of all the risks associated with their products, including any new risks that may have emerged in the prevailing market circumstances, before these marketing materials are issued or remain in issue.

Going forward, issuers seeking SFC authorisations are urged to conduct a careful review of their applications to ensure that their applications and related offering documents and marketing materials contain clear upfront explanations of the product and risks with sufficient prominence and clarity. Those whose applications have been submitted may wish to revise their documents in light of the recent market events.

Please contact the relevant case officers in charge in case of doubt.

Securities and Futures Commission