

10 June 2002

Securities and Futures Commission

12/F, Edinburgh Tower

The Landmark

15 Queen' s Road Central

Hong Kong

Attn: Supervision of Markets Division

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**Consultation Paper on the Securities and Futures (Short Selling Exemption and Stock Lending) Rules**

I refer to the captioned document and would like to submit my comments.

I support the Commission' s proposed exemptions to the reporting requirement in relation to short selling and stock lending that would reduce compliance burdens of industry participants and facilitate timely execution of transactions.

However, I would like the Commission to clarify the application of section 3(2)(c) of the Rules. It is unclear that what circumstances would constitute “the Securities Market Maker acquires the right to vest the security in the purchaser of them before the end of the trading date following the day of the sale” .

Yours faithfully

Calvin Lee