

12 July 2002

Securities and Futures Commission
12/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong
Attn: Financial Resources Rules

Dear Sirs

Re: Consultation Document – The Draft Securities and Futures (Financial Resources) Rules (the “draft Rules”)

We refer to the above consultation paper issued by the Commission on 14 June 2002 and provide our comments as follows:

The draft Rules require asset managers that are not subject to the specified licensing condition to maintain a minimum liquid capital at HKD3m and paid up share capital of not less than HKD5m. We would appreciate if the Commission could clarify the circumstances under which the licensing condition would be granted for the deemed license when the Securities and Futures Ordinance become effective.

We welcome the transitional 3 months period proposed by the Commission for exempt dealers and exempt investment advisers. However, we consider that this should be extended to investment advisers who are not exempt dealers. They also need sufficient time to institute the capital and system changes.

Under Section 58(2)(b)(ii), an asset manager is required to submit a return to the Commission with an analysis of the assets under its management. We would request that further information on the format of the required analysis be provided as the extent of the analysis and information required may affect system requirements.

Should you have any queries on the above, please feel free to contact myself at 2978 7127.

Yours faithfully,

MURIEL SUNG
Compliance