



G.P.O. Box 11391, Hong Kong

Room 525, S/F., Prince's Building, Central, Hong Kong  
Telephone: 2521 1160, 2521 1169 Facsimile: 2868 5035

Email: [hkab@pacific.net.hk](mailto:hkab@pacific.net.hk)

Website: [www.hkab.org.hk](http://www.hkab.org.hk)

香港郵政特准掛號信件

香港中環太子大廈5樓525室

電話：2521 1160, 2521 1169 圖文傳真：2868 5035

電郵：[hkab@pacific.net.hk](mailto:hkab@pacific.net.hk)

網址：[www.hkab.org.hk](http://www.hkab.org.hk)

28 March 2003

Ms Au King Chi  
Financial Services and The Treasury Bureau  
18/F Admiralty Centre Tower 1  
18 Harcourt Road  
Hong Kong  
By fax: 2866 9821

Dear Ms Au

**Consultation on Proposed Amendments to the Companies Ordinance to Facilitate Offers of Shares and Debentures**

Thank you for your letters dated 10 and 19 March. (3) (17)

We support the Government's initiative of amending the Companies Ordinance to streamline and update the prospectus regime.

We welcome the proposal to exclude specified categories of offers from the definition of "prospectus". We believe, however, that an additional exclusion should be introduced for offers of debentures issued by licensed banks.

As explained in our submission of 18 November 2002, the high standard of regulation being applied to AIs and the stringent disclosure and capital requirements with which they are required to comply should provide a high level of investor protection. We therefore see no policy reason why AIs should observe additional prospectus requirements when the borrowing is made by way of issuing debentures to the public. (1) in pt 3 of the file

**Chairman** The Hongkong and Shanghai Banking Corporation Limited  
**Vice Chairmen** Bank of China (Hong Kong) Ltd  
Standard Chartered Bank  
**Secretary** Rona Morgan, A.C.I.B.

**主席** 香港上海滙豐銀行有限公司  
**副主席** 中國銀行(香港)有限公司  
渣打銀行  
**秘書** Rona Morgan, A.C.I.B.



Another point, which was also raised in our previous submission and which we would request the SFC to further consider, is that the SFC should take the opportunity to clarify the definition of "debentures" in the Companies Ordinance so that the exemption should encompass those structured financial products constituting debentures.

We submit that the definition of "debentures" in the Companies Ordinance should exclude certificates of deposits which are issued by licensed banks, again on the basis that no additional prospectus requirement should be necessary when licensed banks conduct their deposit taking business by way of issuing certificates of deposit. For this purpose, there should be no need to distinguish between plain vanilla or structured certificates of deposit so long as these instruments are issued by licensed banks. While there may be investor protection concerns where certificates of deposit with complex structures are advertised to the public, such concerns are already addressed under the regime of the Securities and Futures Ordinance where certain advertisements, invitations or documents to be issued to the public are required to be authorised by the SFC.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rona Morgan".

Rona Morgan  
Secretary

