
Enforcement News

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20 September 2008

SFC meets Lehman Minibonds holders

The Securities and the Futures Commission (SFC) and representatives of the Hong Kong Monetary Authority (HKMA) today held a meeting with investors who had bought Lehman Minibonds to understand their concerns.

During the week, the SFC has been in daily contact with the Trustee of the Minibonds and representatives of the Lehman Brother's Group to work out the best way to protect the interests of these note holders.

Immediately after today's meeting, the SFC met with representatives of the Trustee – an HSBC entity.

We have repeated our request for the Trustee to make a public announcement as soon as possible and to communicate with distributors to address the concerns of the investors.

Investors should be aware that the collateral of these Minibonds is kept separately from Lehman's liquidation assets, and the Trustee is required to act in the best interest of the investors. However, the amount that investors will recover could be less, or substantially less, than their original investment amount (Note 1).

The SFC has issued a circular yesterday reminding all regulated persons involved in distributing retail structured products, including credit-linked notes, to play a more proactive role by handling investors' complaints in a timely manner, and take steps to investigate and respond promptly to complaints (Note 2).

The SFC also wants to remind intermediaries that it is their responsibility to offer products which are suitable to their clients.

Investors are encouraged to contact their banks or investment advisors so that they can receive advice specific to the particular investment which they have purchased.

In the meantime, the SFC in cooperation with the HKMA, will continue to work with the distributors and the Trustee to ensure that all parties are aware of and are carrying out

their responsibilities to investors.

Where investors believe their distributors are not properly fulfilling their responsibilities, we encourage them to file a complaint with us or the HKMA as appropriate.

We are following up the complaints we have received and will pursue them vigorously.

End

Notes:

1. Please see SFC's [press release](#) on Minibonds dated 17 September 2008 and the [circular](#) issued dated 19 September 2008.
2. Please see SFC's [press release](#) dated 19 September 2008.

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