

Banking Services Complaint Unit  
Hong Kong Monetary Authority  
55th Floor, Two International Finance Centre  
8 Finance Street, Hong Kong

29 September 2008

To: Hong Kong Monetary Authority

The Civic Party has been receiving requests for assistance from citizens who have purchased the Lehman Brothers financial products. They fear that they would suffer financial losses from the bankruptcy of Lehman Brothers Holdings.

As the Government authority in Hong Kong responsible for maintaining monetary and banking stability of the banking system, HKMA is responsible for the day-to-day supervision of the carrying on of regulated activities by registered institutions.

On the Lehman Brothers' related financial products, we have the following enquiries:

1. Before the sale of the financial products, have the banks undertaken the risk as principal before passing them on to their clients?
2. Do the banks encourage their staff to sell the financial products by means of commission or other incentives? Do the banks set sale targets and urge their staff to sell a certain quantity of the products in order to meet the sale target or requirement of the performance assessment? If that is true, will this give rise to a conflict of interest and duty towards the customers?
3. Please confirm that the Hong Kong Monetary Authority has been carrying out audit or compliance checks in relation to the selling

of these products. Thus it should not take long to investigate the current complaints.

4. According to information, the financial institutions in Singapore have appointed “independent companies” to study complaints of mis-selling and “fast track” investigations. Will the HKMA consider fast tracking investigations since many of the complainants are extremely anxious having had a large portion of their life savings tied up in these Lehman Brothers financial products?

Civic Party has been receiving continuous requests for assistance from the citizens and we look forward to your prompt reply. For enquiries, please contact our Chief Project Officer, Au Yeung Chi Fei, at 6117 6320.

The Civic Party Limited