

## PRESS RELEASE IN RESPECT OF HONG KONG'S LISTED STRUCTURED PRODUCTS' MARKET

The Stock Exchange of Hong Kong Limited ("**Exchange**") today issued its Guide on enhancing the regulation of listed derivative warrants and callable bull/bear contracts market in Hong Kong. The Guide (and the attached Industry Principles that govern liquidity provision) are the product of a consultation conducted by the Exchange with the 17 structured product issuers ("**Issuers**") listed below and the Securities and Futures Commission ("**SFC**").

The Issuers welcome the Guide and the Industry Principles. The Issuers are committed to working with the Exchange and the SFC to implement the new measures as stipulated in the Guide in stages by 31 December 2012.

The measures are comprehensive, impose high standards across the market and are designed to promote investor confidence.

Standards have been tightened in a number of key areas:

- streamlined listing documents – Issuers have agreed on a range of pro forma and user-friendly listing documents. Investors will be able to compare similar products issued by different Issuers more easily
- tightening of liquidity service levels – Issuers will respond to quote requests made by investors within the same response time, for larger quote sizes and within the same spreads (for most Issuers, the response time is sooner, and the spreads are tighter, than their existing practice).

For the first time, Issuers will commit to post active quotes (without the need for an investor to make a request) within tight spreads for listed structured products with an actively traded underlying. The Industry Principles include a detailed description of when active quotes will be provided and circumstances when active quotes may not be continuous

- enhancing internal controls and systems – Issuers have agreed new standards which aim to enhance the accuracy of listing documentation
- adopting a plan to deal with credit rating downgrades – any Issuer that relies on a credit rating in order to be eligible to list structured products will keep the market informed if it is downgraded to below a top three investment grade awarded by Moody's and Standard & Poor's
- improving investor communication – Issuers will publish answers to the questions most frequently asked by investors in order to enhance investors' understanding of listed structured products

Please refer to the Guide and the Industry Principles for further details.

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27 July 2012

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**Issuers:**

*The Bank of East Asia, Ltd.*

*Barclays Bank plc*

*BNP Paribas Arbitrage Issuance B.V.*

*BOCI Asia Ltd.*

*Citigroup Global Markets Holdings Inc.*

*Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International)*

*Credit Suisse AG*

*Daiwa Capital Markets Hong Kong Limited*

*Goldman Sachs Structured Products (Asia) Ltd.*

*The Hongkong and Shanghai Banking Corporation Limited*

*J.P. Morgan Structured Products B.V.*

*Macquarie Bank Limited*

*Merrill Lynch International & Co. C.V.*

*Nomura International plc*

*SGA Société Générale Acceptance N.V.*

*Standard Chartered Bank*

*UBS AG*