

Transcript of remarks by SFST at media session

Friday, December 5, 2008

Following is the transcript of remarks (English portion) by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session after attending the Finance Committee meeting at the Legislative Council today (December 5):

Reporter: What is the latest development regarding the Lehman minibonds?

Secretary for Financial Services and the Treasury: My understanding is, of course, the Hong Kong Association of Banks' Task Force has been working very hard to address the legal challenge that was thrown in by the Lehman liquidators. I think they are working on all possible legal solutions to address the legal challenge.

Reporter: Are you hopeful that they will be successful?

Secretary for Financial Services and the Treasury: Of course, if there were a legal challenge, the banks need to address that legal risk. They would have to take some actions in order to mitigate the legal risk. I am waiting for their proposed solutions.

Reporter: What is the sort of risk-mitigation actions that might be the options?

Secretary for Financial Services and the Treasury: I would have to wait for their response.

Reporter: Can you tell us what is the legal challenge that has been thrown in and what the implication might be for reaching a solution?

Secretary for Financial Services and the Treasury: Well, I think what the liquidators were doing was to ask the trustee to stop any actions regarding the collaterals. This, of course, will throw some challenges into the

process of the buy-back, and the banks have to address the challenge before they can proceed, I suppose.

(Please also refer to the Chinese portion of the transcript)

Ends