

Questions and answers about the Repurchase Scheme offered by
Standard Chartered Bank (Hong Kong) Limited in relation to
Lehman Brothers-issued Equity Linked Notes

1. What is the Lehman Brothers-issued Equity Linked Notes Repurchase Scheme?

The Repurchase Scheme is contained in an agreement, under section 201 of the Securities & Futures Ordinance (Cap 571), between the SFC, the HKMA, and Standard Chartered Bank (Hong Kong) Limited (Standard Chartered) to resolve the regulatory concerns of the SFC. Under the Repurchase Scheme, Standard Chartered agrees to pay customers who purchased **not principal protected LB ELNs** in amounts exceeding 5% of their Available Assets (see FAQ 2) at Standard Chartered or who purchased **principal protected LB ELNs** in amounts exceeding 10% of their Available Assets an amount equal to:

- the total value of their investment:
 - less 5% of their Available Assets at the time of their purchase for not principal protected LB ELNs (or less 10% of Available Assets at the time of purchase for principal protected LB ELNs);
 - less the amount of coupon payments already made to them as a result of holding the relevant LB ELN; and
 - plus interest calculated in accordance with FAQ 6 below between the date of the investment and 31 March 2011.

Standard Chartered also agree to offer Top Up Payments to those customers included in the Repurchase Scheme who have previously settled with Standard Chartered in relation to purchases of LB ELNs.

2. What are the Available Assets referenced in the Repurchase Scheme?

Available Assets are the customer's total assets held at or with Standard Chartered as at the end of the month immediately preceding the purchase of the relevant LB ELN or the amount invested in the relevant LB ELN, whichever is the higher. Accordingly, if a person held no assets at Standard Chartered as at the end of the month before buying the relevant LB ELN, then the person's available assets would be the same as the nominal value of the LB ELN.

3. Are all LB ELNs covered in the Repurchase Scheme?

The Repurchase Scheme covers all LB ELNs that were outstanding (that is uncalled or unredeemed), at the time of the Lehman Brothers bankruptcy filing on 15 September 2008 are included. A list of the LB ELNs covered by the Repurchase Scheme can be found at http://www.info.gov.hk/hkma/eng/new/lehman/scb_faq_list.pdf

4. Who is eligible to participate in the Repurchase Scheme?

A Standard Chartered customer who fits the following description is eligible to participate in the Repurchase Scheme:

- (a) owns **outstanding not principal protected LB ELNs** purchased from Standard Chartered in amounts in excess of 5% of the customer's Available Assets; and/or
- (b) owns **outstanding principal protected LB ELNs** purchased from Standard Chartered in amounts in excess of 10% of the customer's Available Assets.

The Repurchase Scheme excludes corporations (other than corporations where the suitability assessment was based on an individual's circumstances rather than the corporation's, charities and not for profit organisations), professional investors, customers of The Standard Chartered Private Bank (the private banking division of Standard Chartered) and those who did not purchase LB ELNs from Standard Chartered. If the Repurchase Scheme is accepted by all those who are eligible, it will cover approximately 95% of all outstanding transactions in LB ELNs by Standard Chartered customers.

5. Are all investors who invested in LB ELNs covered by the Repurchase Scheme?

The Repurchase Scheme is open to all eligible customers who purchased LB ELNs through Standard Chartered.

6. How is the interest earned from fixed term deposit calculated?

The interest payment is calculated using the average of every 12 month fixed deposit interest rate which is the highest rate across different maturities for fixed term deposits, between the end of the month in which the relevant LB ELN was purchased and 31 January 2011, to be paid up to 31 March 2011.

7. How about customers who had previously settled with Standard Chartered in relation to LB ELNs?

A Top Up Payment will be offered to customers who had previously reached settlement with Standard Chartered in relation to LB ELNs, to the extent that such payments are needed to ensure those customers are treated in the same way as customers covered by the Repurchase Scheme.

8. On what terms can the Repurchase Offer/Top Up Payment Offer be accepted?

On accepting a Repurchase Offer or the Top Up Payment Offer, customers will be asked to give up all civil claims against Standard Chartered (including its present and past officers and employees) in relation to LB ELNs and withdraw complaints about LB ELNs lodged with Standard Chartered, the SFC, the HKMA, and the Consumer Council and discontinue legal proceedings against Standard Chartered (including its present and past officers and employees) in relation to LB ELNs.

9. What about investment transactions involving joint account holders?

For joint account holders who bought LB ELNs, the combined Available Assets of all account holders will be considered in determining the concentration of the LB ELN as a percentage of Available Assets for purposes of eligibility for Repurchase Offers/Top Up Payment Offers and for purposes of calculating the Available Assets reduction of Repurchase Payments/Top Up Payments.

10. Is it advisable to accept Standard Chartered's offer of the Repurchase Payment or Top Up Payment?

Customers receiving Standard Chartered's offer should carefully consider the terms of the offer, the conditions for acceptance, and their personal circumstances before deciding whether to accept the Repurchase Offer or Top Up Payment Offer. If necessary, they should consider seeking independent professional advice before accepting Standard Chartered's offer.

11. When will Standard Chartered issue the Repurchase Offers/Top Up Payment Offers?

Customers will receive an initial letter from Standard Chartered within 10 calendar days from today and the Repurchase Offers/Top Up Payment Offers will be sent out within 5 weeks after that.

12. How does a customer accept or reject Standard Chartered's Repurchase Offer/Top Up Payment Offer?

The steps for accepting or rejecting Standard Chartered's Repurchase Offer/Top Up Offer are set out in Standard Chartered's offer letter. Acceptance Forms and Rejection Forms will be enclosed with the offer letters.

A customer has 60 days to return the Acceptance Form or the Rejection Form to Standard Chartered. If no Acceptance Form or the Rejection Form is received by Standard Chartered by the due date, the customer is deemed to have rejected the Repurchase Offer/Top Up Payment Offer.

Customers may return the Acceptance Form or the Rejection Form to Standard Chartered via mail or deposit the Forms with any Standard Chartered branch office.

13. What is the deadline for a customer to accept or reject Standard Chartered's Repurchase Offer/Top Up Payment Offer?

Customers have 60 days from the date of the offer letter to consider Standard Chartered's Repurchase Offer/Top Up Payment Offer.

14. Will customers who invested in not principal protected LB ELNs in amounts less than 5% of their Available Assets (and/or principal protected LB ELNs in amounts less than 10% of their Available Assets) be notified?

Customers who invested in not principal protected LB ELNs in amounts less than 5% of their Available Assets (and/or principal protected LB ELNs in amounts less than 10% of their Available Assets) will also be notified that no Repurchase Offer/Top Up Payment Offer is extended to them.

15. What if the date for accepting Standard Chartered's Repurchase Offer/Top Up Payment Offer is missed?

If the customer decides to accept Standard Chartered's Repurchase Offer/Top Up Payment Offer, they should do so within the 60 day period. Otherwise, the Repurchase Offer/Top Up Payment Offer will lapse except for customers who can provide a valid explanation as to why he/she was prevented from accepting the offer within 60 days from the date of the offer letter.

If the customer can offer a valid explanation acceptable to Standard Chartered after the 60 days, Standard Chartered will treat the Repurchase Offer/Top Up Payment Offer as being open for acceptance for another 30 days. If the customer again fails to accept the Repurchase Offer/Top Up Payment Offer within the 30 day period, the offer will lapse permanently.

16. If customers accept the offer, when will they receive the Repurchase Payment or Top Up Payment?

Standard Chartered has agreed to make payments within 30 days from the day Standard Chartered receives a valid Acceptance Form from a customer and the payment will be paid into the customer's account with Standard Chartered or, in the case of persons who do not maintain an account with Standard Chartered, will be paid by cheque.

17. What is the currency of payment?

The payment will be made in Hong Kong Dollars, Australian Dollars or US Dollars, depending on the denomination of relevant LB ELN.

18. How does a customer contact Standard Chartered in relation to the Repurchase Scheme?

If a customer who purchased LB ELNs has any queries about the Repurchase Scheme (including his/her eligibility or the terms of the Repurchase Offer or Top Up Payment Offer) or any complaint about the way the Repurchase Scheme is administered, he/she should contact Standard Chartered through:

Hotline: (852) 2886 6212 (Monday to Friday 9.00 am – 5.30 pm; Saturday 9.00 am – 12.30 pm)

19. Can the acceptance contained in the Acceptance Form be qualified?

No, any qualifications made in relation to the Acceptance Form will be treated as a rejection of the Repurchase Offer/Top Up Payment Offer.

20. Can a customer accept Standard Chartered's Repurchase Offer/Top Up Payment Offer in relation to some but not all of the LB ELNS in which they invested?

No, the customer cannot accept the Repurchase Offer in respect of some but not all of the relevant LB ELNs. Any acceptance of the Repurchase Offer or the Top Up

Payment Offer in respect of some but not all of the relevant LB ELNs will be treated as a rejection of the offer.

21. What can a customer do if the offer is rejected?

A customer who rejects an offer made under the Repurchase Scheme will not receive a Repurchase Payment or Top Up Payment. The customer may complain or maintain a complaint with HKMA. HKMA will investigate or continue to investigate complaints made by customers who reject an offer or who are not eligible for an offer. However, HKMA has no power to order a bank to pay compensation. A customer who wants to take their own action against Standard Chartered should seek legal advice.