

**Bills Committee on
Securities and Futures Bill and Banking (Amendment) Bill 2000**

Proposed Work Plan

Introduction

This paper seeks to set out the proposed work plan to take forward the Securities and Futures Bill (SFB) and the Banking (Amendment) Bill (BAB) for Members' consideration.

Proposed arrangements

2. There is an urgency to process the SFB and the BAB as quickly as possible to maintain and enhance Hong Kong's competitiveness as a major international financial centre and for better investor protection. A flexible and pragmatic approach in examining the two Bills may be needed without compromising the quality of the legislation. We welcome Members' views as to how this can best be achieved. We have attempted to set out some proposed arrangements as follows for Members' consideration –

- (a) The Administration will produce a working paper for each Part of the SFB, outlining the major provisions of that Part, particularly those which are new. A derivation table will also be prepared, showing where the provisions of the SFB are derived from, i.e. reference to the specific provisions in existing ordinances, if applicable.
- (b) Members will be invited to discuss the policy proposals in each Part of the Bill and raise comments on provisions therein before moving on to another Part.
- (c) Members may wish to invite deputations to present their views on the SFB and the BAB. In the light of the intensive market consultation exercises already conducted on the reform, we propose that deputations be asked to submit their written views in, say, a month's time, so that Members may receive the deputations early.

- (d) Corresponding provisions of the BAB will be dealt with when relevant provisions of the SFB are discussed. The relevant parts of the SFB are Parts V, VI, IX, XI and XVI.
- (e) Draft Committee Stage Amendments (CSAs) will be produced in parallel in response to comments made by Members. They will be submitted by batches to Members for consideration. If Members have comments on the proposed CSAs, they may wish to advise the Administration as soon as possible or in the overall review as referred to in (g) below, whichever is appropriate.
- (f) In parallel to Members' deliberations, an overall action checklist will be produced to track the progress in preparing CSAs.
- (g) There will be an overall review of all draft CSAs on completion of scrutiny of all Parts of the SFB and the BAB.

Proposed timetable

3. For the purpose of facilitating discussion with Members, we have set out below a tentative schedule for considering the Bill on a Part by Part basis. This will of course be subject to Members' comments and reviewed from time to time in light of progress made by Members.

Matters to be discussed	Suggested timing¹
Proposed work plan Part I ² : Preliminary Schedule 1 : Interpretation and general provisions	8 December 2000 (confirmed)
Part II : SFC objectives, functions, etc. Schedule 2 : same	[Week of 10 December 2000]

¹ Schedule of Bills Committee meetings is subject to progress of deliberations of the SFB and Members' time schedule.

² Unless otherwise specified, the "Parts" appearing in this paper refer to those Parts under the SFB.

Matters to be discussed	Suggested timing¹
Part III : Regulation of exchange companies, clearing houses, etc. Schedule 3 : same	[Week of 18 December 2000, before LegCo Christmas break]
Part IV : Offers of investment Schedule 4 : same Schedule 5 : Offers by securities dealers or advisers	[1st week of January 2001]
Review public comments at hand (see paragraph 2(c) above)	[2nd week of January 2001]
<i>Licensing regime</i> Part V : Licensing and exemption Schedule 6 : Regulated activities Part VI : Capital requirements, client assets, records and audit Part VII : Business conducts, etc. Corresponding provisions in BAB	[mid January to mid February 2001]
<i>Supervision of licensees</i> Part VIII : Supervision and investigations Part IX : Discipline, etc. Corresponding provisions in BAB	[Before end February 2001]
Part X : Powers of intervention and proceedings	[Before end February 2001]
Part XI : Securities and Futures Appeals Tribunal Corresponding provisions in BAB Schedule 7 : same Part XII : Investor compensation	[March 2001]

Matters to be discussed	Suggested timing¹
<p><i>Market misconduct : civil and criminal regimes</i></p> <p>Parts XIII and XIV and Schedule 8 : Market Misconduct Tribunal (proceedings and sanctions); market misconduct (types of misconduct, mens rea, safe harbours, etc.)</p>	[March 2001]
Part XV : Disclosure of securities interests	[March 2001]
Part XVI : Miscellaneous Corresponding provisions in BAB	[April 2001]
Part XVII : Repeals and related provisions Schedule 9 : Transitional arrangements and consequential amendments	[April 2001]
Overall review – Revisit draft CSAs	End April 2001

Advice sought

4. Members are invited to comment on the proposed arrangements and timetable set out above with a view to finalising the modus operandi of the Bills Committee.

Financial Services Bureau
8 December 2000