

Supplementary Note to Annex 3
to Paper No. CSA01/01
dated 9 November 2001

SCHEDULE 2

[ss. 3, 7 & 10 &
Schs. 1 & 9]

SECURITIES AND FUTURES COMMISSION

PART 1

CONSTITUTION AND PROCEEDINGS
OF COMMISSION, ETC.

¹Chairman and members of Commission

1. The Commission shall consist of a chairman and such number ~~(not being less than 7)~~ of ~~other members~~ executive directors and non-executive directors as is determined by the Chief Executive, all of whom shall be appointed by the Chief Executive as follows-

(a) the number of members of the Commission shall not be less than 8; and

(b) the majority of the members of the Commission shall be appointed to be non-executive directors of the Commission, and the remainder shall be appointed to be executive directors of the Commission; and.

¹ Members considered Paper No. CSA01/01 dated 9 November 2001 at the Bills Committee meeting on 4 December 2001 and made no comment on this clause. We accept the technical drafting comment of the Legal Service Division of the Legislative Council made outside the meeting and propose to further refine the drafting accordingly.

~~2.(b)~~ The chairman of the Commission shall, by virtue of holding that office, be regarded as an executive director of the Commission ~~appointed under paragraph (a).~~

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**Deputy chairman and vacancies in office of
chairman or deputy chairman**

8. A designation under section 7 ceases to have effect when -
- (a) it is revoked by the Financial Secretary;
 - (b) where the designation is under section 7(a), an appointment is made under section 4; or
 - (c) where the designation is under section 7(b), the deputy chairman appointed under section 4 is ~~no longer unable~~ able to act as chairman ~~due to illness, absence from Hong Kong or any other cause~~², whichever is the earlier.

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² We accept the drafting comment of the Legal Service Division of the Legislative Council and accordingly propose this further minor amendment.

PART 2

NON-DELEGABLE FUNCTIONS OF COMMISSION

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(77) to borrow, or to charge any investments by way of security, under section 230(2)(a)³ of this Ordinance;

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Financial Services Bureau
Securities and Futures Commission
31 December 2001

³ Further technical amendment consequential to the amendment to clause 230 considered by Members at the Bills Committee meeting on 17 September 2001.