

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 117/02-03  
(These minutes have been seen  
by the Administration)

Ref: CB1/HS/1/01/1

**Subcommittee on draft subsidiary legislation  
to be made under the Securities and Futures Ordinance**

**Minutes of meeting  
held on Friday, 20 September 2002 at 8:30 am  
in the Chamber of the Legislative Council Building**

- Members present** : Hon SIN Chung-kai (Chairman)  
Hon Margaret NG (Deputy Chairman)  
Hon NG Leung-sing, JP  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon Henry WU King-cheong, BBS, JP
- Members absent** : Hon Albert HO Chun-yan  
Hon Eric LI Ka-cheung, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon James TO Kun-sun  
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon Ambrose LAU Hon-chuen, GBS, JP  
Hon Audrey EU Yuet-mee, SC, JP
- Public officers attending** : Miss Vivian LAU  
Principal Assistant Secretary for Financial Services and  
the Treasury (Financial Services)
- Mr Frank TSANG  
Assistant Secretary for Financial Services and the  
Treasury (Financial Services)
- Miss Emmy WONG  
Assistant Secretary for Financial Services and the  
Treasury (Financial Services)

Ms Michael LAM  
Senior Government Counsel

Ms Carmen CHU  
Senior Government Counsel

**Attendance by invitation** : Mr Ashley ALDER  
Executive Director, Corporate Finance, Securities and Futures Commission

Mr Andrew YOUNG  
Chief Counsel, Securities and Futures Commission

Mr Laurence LI  
Director, Corporate Finance, Securities and Futures Commission

Ms Tina SO  
Director, Investment Products, Securities and Futures Commission

Ms Annie CHAN  
Associate Director, Corporate Finance, Securities and Futures Commission

Mr Harold KO  
Senior Manager, Investment Products, Securities and Futures Commission

Ms Sandra KING  
Legal Consultant, Securities and Futures Commission

Mrs Mary AHERN  
Legal Consultant, Securities and Futures Commission

**Clerk in attendance** : Ms Connie SZETO  
Chief Assistant Secretary (1)4

**Staff in attendance** : Mr KAU Kin-wah  
Assistant Legal Adviser 6

Mr S C TSANG  
Senior Assistant Secretary (1)7

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Action

**I Consideration of draft subsidiary legislation**

- LC Paper No. CB(1) 2518/01-02(01) -- Securities and Futures (Stock Market Listing) Rules
- LC Paper No. CB(1) 2518/01-02(01) -- Securities and Futures (Transfer of Functions - Stock Exchange Company) Order
- LC Paper No. CB(1) 2518/01-02(02) -- Securities and Futures Ordinance (Amendment of Schedule 8) Order 2002

Members agreed that the Subcommittee would scrutinize the English version of the draft subsidiary legislation. The Legal Service Division (LSD) was requested to examine the Chinese version and follow up with the Law Draftsman on drafting and other technical matters. In the event that there were unresolved issues, LSD would raise them at meetings.

2. The Subcommittee deliberated (Index of proceedings attached at the **Annex**).

Admin 3. The Administration undertook to take follow-up actions as follows:

- (a) to provide the new Memorandum of Understanding (MOU) between the Securities and Futures Commission (SFC) and the Stock Exchange of Hong Kong which spelled out the administrative arrangements between the two bodies for implementing the Rules for reference of the Subcommittee as soon as it was ready;
- (b) it was suggested that sufficient time should be allowed for the market to study the new MOU before the commencement of the Rules;
- (c) SFC would enhance consultation and communication with market players in order to understand and address their concerns in the light of implementing the Rules; and
- (d) to conduct review and formulate long term measures regarding functions and responsibilities for approving listing applications in the light of the recommendations on listing matters put forward in the Report of the Panel of Inquiry on the Penny Stocks Incident.

**II Any other business**

LC Paper No. CB(1) 2518/01-02(03) -- Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) (Amendment) Notice 2002

4. Members noted the SFC's proposal to continue the current exemption granted in respect of mutual fund corporations authorized by it, from compliance with sections 38(1), 38(3), 342(1) and 342(3) of the Companies Ordinance, and the requirements under the Third Schedule to the Ordinance through the captioned Notice. The Notice was a subsidiary legislation under the Companies Ordinance and subject to negative vetting of the Legislative Council.

5. Members were informed of the following revised schedule of meetings for October 2002:

<u>Date</u>	<u>Time</u>
7 October 2002 (Monday)	8:30 am - 10:30 am
8 October 2002 (Tuesday)	2:30 pm - 4:30 pm
24 October 2002 (Thursday)	2:30 pm - 4:30 pm

6. There being no other business, the meeting ended at 10:30 am.

Legislative Council Secretariat

22 October 2002

**Proceedings of the meeting of the  
Subcommittee on draft subsidiary legislation  
to be made under the Securities and Futures Ordinance  
on Friday, 20 September 2002 at 8:30 am  
in the Chamber of the Legislative Council Building**

Time	Speaker	Subject(s)	Action required
000000 - 000034	Chairman	Opening Remarks	
000034 - 001042	Mr Henry WU Administration Securities and Futures Commission (SFC)	<p><b>Securities and Futures (Stock Market Listing) Rules</b></p> <p>Concern that the draft Rules which required dual filing of corporate information to the Stock Exchange of Hong Kong (SEHK) and SFC might discourage information disclosure</p> <p>The draft Rules were to strike a proper balance between interests of listing corporations and the investing public. The SFC would invoke investigatory powers under the Securities and Futures Ordinance (SFO) for suspected false or misleading information disclosure to the public. The Rules would complement the disclosure-based regulatory regime in Hong Kong and bring it in line with the international practice in enhancing quality disclosure of corporate information.</p>	
001042 - 001248	Mr Henry WU Administration SFC	Clarification on the definition of “application” under clause 2 and the documents to be included in support of a listing application	
001248 - 001901	Mr Henry WU Administration SFC	<p>Enquiry on the progress in working out the new Memorandum of Understanding (MOU) between SFC and SEHK which spelled out the administrative arrangements between the two bodies for implementing the Rules</p> <p>Request for a copy of the new MOU</p>	Admin

Time	Speaker	Subject(s)	Action required
		for Subcommittee's reference once it was available	
001901 - 002151	Mr Henry WU Administration SFC	<p>Concern that dual filing and vetting of information by SFC and SEHK might cause delay in the listing process and duplicate the efforts</p> <p>The 10-day period where SFC would require for further information would run concurrently with SEHK's vetting timetable. SEHK would consider further streamlining the vetting process.</p>	
002151 - 003102	Miss Margaret NG Administration SFC	<p>Concern about whether there was mechanism in place for exchange of views with market players on issues relating to the implementation of the Rules</p> <p>SFC maintained close liaison with SEHK on listing matters. It would continue to engage views from the market through established channels, including its Advisory Committee, and the Shareholders' Group, as well as its other working groups and committees.</p> <p>SFC would consider enhancing consultation and communication with market players in order to better understand and address their concerns in the light of implementing the Rules.</p>	Admin
003102 - 004254	Chairman Miss Margaret NG Mr Henry WU Administration SFC	<p>Enquiry about possible impact of the recommendations on listing matters put forward in the Report of the Panel of Inquiry on the Penny Stocks Incident (the Report) on the draft Rules</p> <p>The draft Rules had already taken into account the industry's concerns and were generally accepted by the market during the public consultation in</p>	

Time	Speaker	Subject(s)	Action required
		<p>May/June 2002.</p> <p>The Administration would conduct a review and formulate long term measures regarding functions and responsibilities of authorities for approving listing applications and surveillance of disclosure by listed corporations in the light of the recommendations of the Report.</p>	Admin
004254 - 010420	<p>Chairman Mr Henry WU Miss Margaret NG Administration SFC</p>	<p>Concern about resources implications on SFC for carrying out the disclosure regulatory function</p> <p>Concern about possibility that the two bodies would shift their responsibilities when there was oversight on the information provided by listed corporations or applicants</p> <p>The SFC and SEHK would cooperate closely to avoid duplication of regulatory efforts and would exercise due care to eliminate any oversight. The SFC would re-deploy internal resources and recruit for further market expertise where necessary to carry out the function.</p>	
010420 - 010701	<p>Chairman Mr Henry WU Administration SFC</p>	<p>The SFC should allow sufficient time for the market to study the new MOU before the commencement of the Rules.</p>	Admin
010701 - 011045	<p>Mr Henry WU ALA6 Administration SFC</p>	<p>Clause 2 - definition on documents "in support of or in connection with" listing applications</p>	
011045 - 011704	<p>Chairman Miss Margaret NG Administration SFC</p>	<p>Clause 6 - confirmation that SFC's notice to object a listing was subject to secrecy provisions under SFO</p>	
011704 - 012144	<p>ALA6 Administration</p>	<p>Part 4 - confirmation that the share registrars of listed corporations had to</p>	

Time	Speaker	Subject(s)	Action required
	SFC Chairman	be a member of an association of share registrars approved by the SFC	
012144 - 012324	Chairman Administration SFC	<b>Securities and Futures (Transfer of Functions - Stock Exchange Company) Order</b> Enquiry on fees payable to SEHK in relation to its performance of functions transferred under the draft Order	
012324 - 012742	Miss Margaret NG Administration SFC Chairman	Enquiry on the need for the draft Order to be made by the Chief Executive in Council	
012742 - 014510	Break		
014510 - 014647	Chairman ALA6 Administration SFC	<b>Securities and Futures Ordinance (Amendment of Schedule 8) Order 2002</b> Confirmation that the draft Order contained all the relevant SFC decisions to be made under subsidiary legislation of SFO that would be made "specified decisions" on commencement	
014647 - 014901	Chairman Administration SFC	<b>Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) (Amendment) Notice 2002</b>	
014901 - 014943	Chairman	Date of next meetings	

**Note: The audio records of the above proceedings are kept at the Legislative Council Library.**