

**The Consumer Council's submission
on the Securities and Futures Bill**

The Consumer Council's submission on the Securities and Futures Bill raised three competition issues, as follows -

(a) market misconduct

As the definition of “market misconduct” in the Bill did not cover anti-competitive conduct, the Council suggested that the Bill could include provisions for drawing up a code of conduct to address competition issues.

The Council noted that the Government's Statement on Competition Policy, which was produced following extensive public consultation, said, among other things, that the Government would support the work of the Council in drawing up codes of practice that promote competition.

(b) minimum brokerage rule

In considering the issue of fixed minimum brokerage fees, the Council had regard to the views of consumers of financial investment services who have over the years approached the Council about the lack of price competition amongst brokers for their patronage.

(c) possible entry of competing local securities and futures markets in the future

The Council raised this issue having regard to views expressed in research materials to which it had access.

2. Generally, the Council has always adopted a very open and consultative attitude with regard to the reports and studies it produces. Moreover, the Council itself is made up of 22 persons drawn from the community at large, some of them are involved in financial sector in one way or another.

3. In the particular case of the Securities and Futures Bill, the Council's submission to the Financial Services Bureau was not a report initiated by the Council. The Council was responding to a request for its views. The Council understood that the Securities and Futures Commission would, at the same time as approaching the Council with regard to the views of consumers, seek input from the related sectors for their views.

4. The Council noted in this regard that the stock brokers associations, i.e. Hong Kong Stockbrokers Association, Institute of Securities Dealers and Hong Kong Securities Institute, did not approach the Council to seek the views of consumers on the competition issues raised in the Consultation Paper.

Consumer Council
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