

立法會
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Legislative Council
Panel on Financial Affairs

Minutes of special meeting held on
Monday, 16 September 2002 at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon Ambrose LAU Hon-chuen, GBS, JP (Chairman)
Hon Henry WU King-cheong, BBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon NG Leung-sing, JP
Hon Bernard CHAN, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Emily LAU Wai-hing, JP
Hon MA Fung-kwok, JP

Non-Panel members : Hon Kenneth TING Woo-shou, JP
attending Ir Dr Hon Raymond HO Chung-tai, JP
Hon Martin LEE Chu-ming, SC, JP
Hon Fred LI Wah-ming, JP
Dr Hon LUI Ming-wah, JP
Hon Margaret NG
Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, JP
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, JP
Hon Miriam LAU Kin-yee, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Michael MAK Kwok-fung
Hon WONG Sing-chi
Hon LAU Ping-cheung
Hon Audrey EU Yuet-mee, SC, JP

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- Members absent** : Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon Eric LI Ka-cheung, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon James TO Kun-sun
Dr Hon Philip WONG Yu-hong
Hon Jasper TSANG Yok-sing, GBS, JP
- Public officers attending** : Mr Antony LEUNG
Financial Secretary
- Mr Frederick MA
Secretary for Financial Services and the Treasury
- Mr Tony MILLER
Permanent Secretary for Financial Services and
the Treasury (Financial Services)
- Mr Howard LEE
Administrative Assistant to Financial Secretary
- Clerk in attendance** : Ms Anita SIT
Chief Assistant Secretary (1)6
- Staff in attendance** : Mr Jimmy MA
Legal Adviser
- Ms Pauline NG
Assistant Secretary General 1
- Mr CHENG Pak-nin
Senior Assistant Secretary (1)8
- Ms Rosalind MA
Senior Assistant Secretary (1)9
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I Briefing by the Financial Secretary on the report of Panel of Inquiry on Penny stocks Incident and other related matters

(LC Paper No. CB(1)2497/01-02 — Report of the Panel of Inquiry on Penny Stocks Incident and its executive summary)

Briefing by the Financial Secretary and the Secretary for the Financial Services and the Treasury

At the Chairman's invitation, the Financial Secretary (FS) spoke on the Penny Stocks Incident (the Incident) and the report of the Panel of Inquiry on the Incident (the Report). FS expressed regret for the way the Incident was unfolded, and admitted that the handling of the Incident was not without much to be desired. He also expressed regret about a remark he made before the media on 29 July 2002, which had given the impression that the Administration was reluctant to take responsibility for the mishap. In hindsight, he considered that he could have done better.

2. ES pointed out that there was definitely room for improvement in the way the consultation document of the Hong Kong Exchanges and Clearing Limited (HKEx) was prepared and published, but it did not mean that there was structural problem in the present three-tiered regulatory framework. The independent operation of the financial regulatory framework with minimum intervention by the Government was the outcome of the vigorous discussion after the 1987 stock market crisis. In this respect, FS gave an account of the Government's role vis-à-vis those of the Securities and Futures Commission (SFC) and the HKEx under the current regulatory framework.

3. ES further explained to members that in handling the Incident, the Administration had aimed to achieve the following objectives -

- (a) keeping the impact of the Incident to the minimum and within the shortest time;
- (b) identifying the problem areas; and
- (c) exploring improvement measures.

4. ES said that it was against this background that the Panel of Inquiry of the Incident was appointed. The Panel of Inquiry had fully addressed the problem areas in its Report. Although the purpose of the Inquiry was not to find out how far the individuals concerned were responsible for the Incident, the Report did analyze the role played by the concerned parties in Chapter 12. The Report also proposed a number of improvement measures on the delineation of roles and division of responsibilities of individual parties. FS in particular referred to the Panel of Inquiry's findings on the delineation of responsibilities

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between FS and Secretary for Financial Services and Treasury (SFST) under the current administrative arrangements. He stressed that SFST would only act on behalf of FS in exercising those powers relating to public finances and not others. SFST was not entrusted to exercise FS's statutory functions in respect of securities and futures trading and monetary affairs.

5. ES informed members about his decision to appoint an expert group to review the operation of the three-tiered regulatory framework. The expert group would listen to the views of the public and those of the industry. As for other recommendations in the Report, the Government, SFC and HKEx would work together to follow up on each recommendation.

6. SFST reiterated his commitment to follow up the recommendations in the Report. He said that the Financial Services and the Treasury Bureau would study the recommendations in collaboration with SFC and HKEx with a view to mapping out the implementation plan in a co-ordinated manner. (The relevant paper was tabled at the meeting and issued to members vide LC Paper No. CB(1)2537/01-02(02) after the meeting.) Referring to the criticism on him over the role he played in the Incident, SFST remarked that this aspect was addressed at length in the Report. In fact, he had all along maintained a responsible attitude throughout the Incident, including reacting promptly to the Incident for the protection of investors. He regretted that there was misunderstanding and confusion over the sequence of events and the way information in the consultation document was put to him. SFST stressed that after the release of the Report, he had openly accepted the criticism on him and apologized to the public on 11 September 2002. In his concluding remark, SFST reassured members that the Administration and the regulatory authorities would make the best endeavour to improve the operation of the securities and futures market and prevent the recurrence of similar incidents.

(Post-meeting note: The speaking notes of FS and SFST were tabled at the meeting and issued to members after the meeting vide LC Paper No. CB(1)2537/01-02(03) and (04) dated 17 September 2002.)

Discussion with Members

Assessment of responsibilities

7. Mr LEE Cheuk-yan opined that the Administration should critically review its role and responsibility in the Incident, lest similar incidents would recur in future. He said that the public was mainly concerned whether FS and SFST had done what they should have done to avert the mishap rather than what they had done/would do after the Incident. He asked FS and SFST to give a self-assessment of their own responsibilities in the Incident; whether they had erred in the Incident and if so, what these errors were. Mr LEE further said that FS should not use the Report as a shield to evade the responsibility issue, as even in its report, the Inquiry Panel had admitted that its discourse on the issue of

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political responsibility was subject to the caveat about its terms of reference, the exigencies of time and the relative lack of expertise of the Inquiry Panel.

8. ES said that the Inquiry Panel had deliberated in detail with clear conclusions about the roles and duties of relevant individuals and whether they had duly discharged their duties in the incident. As stated in the Report, the Inquiry Panel did not find that FS and SFST had failed to discharge their responsibilities in the incident. Having that said, ES acknowledged that the Administration's handling of the Incident was not fully satisfactory, which in a way was a lesson to be learned.

9. SFST said that the allegation that he had allowed the Incident to come by because he had not read the Consultation Paper or the summary papers from HKEx and SFC promptly was unjustified. It was a misconception that the Administration should have a role to play in the preparation and release of the Consultation Paper. Under the current regulatory framework, it was not necessary nor appropriate for the Government to be involved in the preparation and release of the proposals on the Listing Rules for market consultation.

10. Mr LEE Cheuk-yan expressed disappointment with the answers of FS and SFST. He said that it was absurd that SFST was not expected to read documents relating to the release of market sensitive proposals if the Government was "the watchdog to the watchdog". In the present circumstance, the public were clearly denied of a good explanation as to what had in fact gone wrong and what responsibility the relevant principal officials should bear. He reiterated his question of whether FS and SFST had not duly perform their duties commensurate with the Administration's role as the watchdog to the watchdog for the securities and future industry.

11. In response, ES said that following the 1987 stock market crisis, the then expert group highlighted the lack of expertise within the Administration to perform the role of the industry's regulator, and recommended the establishment of an independent regulatory body. Hence, the independence of SFC and HKEx in performing their regulatory functions was a key feature of the existing regulatory framework. The Administration however would take position on the policy direction of the proposals from SFC and HKEx. In this incident, the Administration had expressed support for the establishment of an effective delisting mechanism. It was the responsibility of HKEx to draw up relevant proposals, and that of SFC to advise HKEx on such proposals based on established regulatory principles and policies. It would in fact contravene the spirit of the regulatory framework if the Administration were to intervene in the preparation and release of the consultation proposals. This was also in congruence with Members' view expressed during the scrutiny of the Securities and Future Bill that the Administration should refrain from intervening SFC's work and decisions. That said, the Administration had the political responsibility to put in place a good governance. In this regard, the Administration had taken prompt actions in the Incident to minimize the impact

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of the Incident; to identify the cause of the Incident, hence the appointment of the Inquiry Panel; and to implement measures to prevent the recurrence of similar incidents.

12. SFST said that the Administration's role should be one of a "facilitator" and a "coordinator", but not a regulator, as highlighted in the Report. The Administration would definitely have failed its responsibility if in the light of the market reaction on 26 July 2002, it had not come forward to make clarifications and take remedial actions to contain the impact of the incident.

13. Ms Emily LAU stressed that it was hoped that, through the deliberations of the Panel on Financial Affairs, that problems inherent in the Incident could be identified and addressed, hence help restoring the public's and investors' confidence in Hong Kong's financial market. Ms LAU noted that the Inquiry Panel had made it clear that the inquiry should not be taken as a fault-finding exercise. However, the Inquiry Panel had ventured to discuss the political responsibility of concerned parties/individuals in the Incident, with a full chapter, Chapter 12 of the Report, to set out its views in this respect. While acknowledging that this attempt was subject to the caveat about its terms of reference, exigencies of time and its members' relative lack of expertise, the Inquiry Panel put forth four broad categories of responsibilities to facilitate its discourse. Ms LAU recalled that these categories of responsibilities had never been suggested during LegCo's deliberation on the proposed Accountability System for Principal Officials. She questioned the validity of these categories and asked if it was the Administration's intention to use such parameters for assessment of the responsibilities of principal officials under the Accountability System.

14. ES said that the Accountability System was something still very new to Hong Kong. The four categories of responsibilities as suggested in the Report were used by the Inquiry Panel for the purpose of the Incident only, and were not meant to serve as a golden rule to define responsibility in the context of the Accountability System. He said that the Administration, while accepted the findings and recommendations of the Report, would not necessarily accept the four categories of responsibilities as parameters for assessment of responsibilities under the Accountability System.

15. Ms Emily LAU opined that the discussion in Chapter 12 of the Report was inadequate, and that there should be an open and fair mechanism for the assessment of responsibilities, in which the parties concerned would be given the opportunities to defend themselves. However, the terms of reference of the Inquiry Panel had restrained it from providing such a mechanism. She said that the setting up of a select committee by LegCo might be necessary to look into the responsibilities to be shouldered by the various parties concerned.

16. Mr CHEUNG Man-kwong said that although the Accountability System was new to Hong Kong, there was a gazetted Code for Principal Officials

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under the Accountability System, which could serve as a guide for conduct. He opined that there were three guiding principles in the code which might be applicable to SFST's conduct in this incident, namely:

- (a) Principal officials shall be dedicated to their duties (which Mr CHEUNG considered should include reading the papers issued to them);
- (b) Principal officials shall observe the highest standards of personal conduct and integrity at all times; and
- (c) Principal officials shall give accurate and truthful information to the Legislative Council and correct any error at the earliest opportunity.

Mr CHEUNG said that SFST had all along stressed that he did not receive the relevant papers prior to the Incident. SFST had attributed the cause of the confusion to the existence of three separate sets of papers. In fact, the contents of the papers were broadly the same. Receiving one of which was tantamount to receiving all three. Mr CHEUNG cited from Annex 7.1 of the Report that on 26 July 2002, SFST told his Administrative Assistant that he had not received anything in writing about the delisting proposals. His Administrative Assistant then pointed out that a copy of the SFC Summary Table had been submitted to him earlier on and produced a copy to him. Mr CHEUNG said that in other words, SFST had definitely become informed of the delisting proposals by 26 July. Yet on 29 July, SFST still emphasized in a radio programme that he had not been informed of the proposals prior to the release of the Consultation Paper. Likewise on 31 July at the meeting of this Panel, SFST emphasized he had not received the Consultation Paper prior to their release by HKEx. He queried if SFST had spoken the whole truth, or had just spoken part of the truth to cover up his failure to read the papers. He suspected that FS had been misled into believing that SFST had not received the papers.

17. In reply, SFST contended that he was not saying on radio on 29 July that he had not been informed of the delisting proposals at all. He was making the point that the Administration had played no part in the consultation process, nor had received the Consultation Paper. At the Panel meeting on 31 July, his purpose was to explain the Government's role and responsibilities in the Incident and give an account of the Incident. In response to a Member's question, he took the initiative to inform members that he discovered from his staff on that day that HKEx had sent a summary to his office prior to the release of the Consultation Paper.

18. Mr CHEUNG Man-kwong pointed out that SFST had said on radio that HKEx and SFC had never discussed the matter with him ever since he had assumed the post of SFST. In fact, he was aware of the papers provided to him via his assistant. SFST maintained that, as attested in the Report, he had not

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been consulted beforehand.

19. Ms CHAN Yuen-han opined that SFST had yet to come to grips with the Accountability System. In her view, SFST's attitude had been one of avoidance of responsibility, which was not the spirit of the system. SFST emphasized categorically that he had all along been forthcoming in accepting his responsibilities in regard to the Incident.

20. Mr Fred LI said that the problem with the communication between SFST and his bureau staff had not been addressed by FS nor SFST. He noted from Annex 7.1 of the Report that on 10 July, Miss Saline YAN, a subordinate of SFST had received the papers. However, it took seven days for the papers to land on the in-tray of SFST's office on 17 July. SFST was out of town from 17 to 22 July. SFST was aware of the receipt of the papers on 26 July. He opined that SFST, as an integral part of the three-tiered system, should bear the responsibility for failing to look at the papers. However, the Administration had maintained that there was no need for it to be consulted on HKEx's proposals although it regarded itself as the first tier of the three-tiered regulatory framework.

21. SFST admitted that there were problems with his communication with his bureau staff as pointed out in the Report. The Administration had put in efforts to improve this aspect. He also emphasized that the summary papers provided by SFC and HKEx were for his information only and his failure in reading such papers was not the contributory factor to the Incident.

22. Mr Andrew WONG said that the Report was a mistake from the outset in that it was a premature product and was produced by a panel appointed by FS himself. The terms of reference of the Inquiry Panel also left much to be desired in that it was not tasked to uncover the whole story but mainly to recommend the remedial measures. He pointed out that although the Administration was not in a position to regulate the regulators as such, the Administration had the reserve power to exercise influence or control if it found the circumstances so dictated. He considered that the Inquiry Panel should have looked into the origin of the delisting proposals. It was possible that the proposals might have been initiated by the Administration. If such were established, it was likely that SFC had been under pressure to require HKEx to implement the proposals. Mr WONG further said that since both FS and SFST were the most senior officers responsible for finance and financial matters, they should be answerable to all mishaps within their purviews. This was the way political responsibility should be realized in its true sense, and any attempt to shirk responsibilities would be futile and would not be seen as a move in the public interest.

23. In reply, ES explained that the Administration had the responsibility to ensure that the right system was in place and when problems occurred, to minimize the damage. He considered that the Report had dealt with in depth

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and comprehensively the circumstances leading to the Incident and the roles of the parties and individuals concerned under the three-tiered regulatory framework. In preparing the Report, the Inquiry Panel had contemplated different views including those expressed by LegCo Members and the public. The parties concerned had also been given the chance to provide their views on the key issues arising from the incident. He considered that the Inquiry Panel had given fair assessments on the parties and individuals involved and made sound recommendations. He accepted the Report in its entirety and that there was not much point to conduct further investigation into the incident.

24. Mr Henry WU declared his interest as a market intermediary regulated by SFC; a representative of the financial services sector in the Legislative Council; a member of the Disciplinary Appeals Committee of the Stock Exchange of Hong Kong; and the Permanent Honorary President of the Hong Kong Stockbrokers Association. He disagreed with some of the findings of the Report. In his view, the role of SFC was as significant as HKEx, hence the Chairman of SFC had to shoulder the same level of responsibility as the Chief Executive of HKEx. In addition, he considered the executive summary of the Report over-simplistic and somehow misleading. He queried why FS had not allowed the Inquiry Panel more time for the preparation of the report. He also enquired about the timing of the release of the Chinese version of the Report.

25. In reply, ES said that whether the executive summary was over-simplistic was a matter of opinion. He would advise readers to read through the full report which was comprehensive, thorough and fair. Readers would then be able to form their own opinion on the issue of responsibilities. He advised that the Administration was looking at measures to prevent the recurrence of similar incidents, and ways to implement the recommendations in the Report. Meanwhile, the Administration would be happy to report any new developments to the LegCo Panel on Financial Affairs. On the timing of the release of the Chinese version of the report, he expected that it would be ready soon.

26. Mr Kenneth TING said that the proposals were formulated with the joint effort of SFC and HKEx. As it transpired in the Report, the latter had taken much of the blame whilst the former had emerged largely unscathed. He noted from paragraph 11.35(b) and (c) of the Report that the SFC had expressed a strong preference for a threshold of \$1/\$5 with a view to bringing the Hong Kong stock market in line with accepted international practices. He urged that the Administration and the regulatory authorities should not be misguided but should have regard to the local market situation.

Implications due to the reserved power of the Government

27. Ms Margaret NG opined that the Inquiry Panel had adopted a double standard in its inquiry. Its attitude towards HKEx was both meticulous and strict, which was correct, whilst its attitude towards the principal officials of the Administration was cursory and lenient. She referred to footnote 19 on page 16

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of the Report, by which reference was made to a speech she made at the LegCo meeting on 13 March 2002 on her proposed amendment to Clause 11 of the Securities and Futures Bill. Ms NG emphasized that she had objected strongly to the inclusion of the proposed reserved power of the Chief Executive as the regulatory authority must not only be independent, but clearly seen to be independent of any intervention by the Government. It was inappropriate to describe the relationship of the Government, the SFC and HKEx as a "three-tiered structure". It would give the perception that HKEx was responsible to the Government via SFC; and conversely the Government was supervising the work of HKEx via SFC. Under this kind of "three-tiered" structure, the Government would be held responsible for the actions taken by HKEx. Ms NG recalled that in discussing the Accountability System, Members had urged the Administration to define clearly the delineation of powers between FS and SFST before proceeding to implement the system. The Administration, however, took no heed of Members' view.

28. Ms Margaret NG then made reference to Chapter 12 on the "roles of individuals", and paragraph 12.6 and 12.7 in particular, and opined that as the most senior official overseeing the financial arena in Hong Kong, FS should be held responsible for the Incident, and SFST obviously had not fulfilled his duties as an aide to FS.

29. ES concurred with Ms Margaret NG about the need to ensure the independence of the regulatory authority. On the issue of reserved power, ES assured members that there was no cause for alarm as the reserved power would be exercised only in contingencies. On the division of responsibilities between FS and SFST, ES said that the current division of responsibilities was largely in line with that already in place before the implementation of the Accountability System. FS would oversee the broad fiscal and monetary policies, whereas SFST was responsible for the formulation of concrete policy measures and coordination of the implementation of the policies.

Market Sensitivity

30. Mr NG Leung-sing commented that the principal officials in charge of the securities and futures market should have apologized to the investors earlier. He considered it premature to say that the Incident was caused by problems within the system or to apportion responsibilities. It would have been better if the Listing Division of HKEx could have drawn the Listing Committee's attention to the possible reactions of the market, or if the Listing Committee or SFC could have envisaged the possible reactions of the market. He asked if the Administration agreed that the Incident was caused by an underestimation of market reaction, what lessons had been learned from the Incident in this regard, and what follow up measures would be taken by the Administration.

31. ES opined that the incident was the outcome of a combination of factors, and it was difficult to put a finger on any single event. The Report had

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shed light on the circumstances leading to the Incident, including an already weak market, a misunderstanding of the proposed 50 cent threshold for shares consolidation which was mistaken as the threshold for delisting, the lack of an exit mechanism for holders of delisted shares, etc. The Administration had already undertaken to take on board the improvement measures recommended in the Report. The Administration would work closely with SFC and HKEx in reinforcing the quality of the staff responsible for market regulation, especially at the middle level.

Compensation to Investors

32. Mr MAK kwok-fung enquired if any compensation would be paid to the investors affected by the incident. ES replied that the Administration had no plan to provide compensation to any party affected in the incident.

Expert group to review the operation of the three-tiered regulatory framework

33. Referring to FS's remark that he would appoint an expert group to review the operation of the securities and futures market regulatory structure, Mr Bernard CHAN enquired about the timetable for the review. He hoped that the review could be completed expeditiously such that a robust regulatory system could be reinstated within a short period of time. He remarked that Hong Kong was facing rising challenges from other financial markets and thus the whole sector should look ahead and make concerted efforts to promote the development of Hong Kong's financial markets.

34. Mr Howard YOUNG said that Members of the Liberal Party accepted the findings of the Report and SFST's public apology. He asked if there were qualified experts in Hong Kong to join the expert group and whether improvement and reform measures would be put on hold pending completion of the review by the expert group.

35. ES replied that basically, the three-tier regulatory framework had been established under sound principles and he did not see the need to dismantle the entire framework. However, there might be a need to improve the operation of each of the tiers especially in regard to listing matters. ES said that there was no rigid timetable for the review of the expert group at present. He would try to set up the expert group shortly. It was his intention to invite overseas experts to join the expert group. Hopefully, the expert group would complete its task in less than one year. He stressed that the work to improve and strengthen the securities and futures market would continue and would not be held up because of the review. The Administration would continue to work closely with SFC and HKEx to take through those reform measures supported by the market.

36. Mr CHAN Kam-lam relayed the views of some market participants that the Administration should not intervene excessively in the market. He enquired about the actions taken by the Administration to ensure that the revised

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proposals on the continuing listing eligibility criteria, scheduled to be released in October 2002, would not cause any chaos to the market. SFST replied that he was given to understand that HKEx would be consulting extensively and incorporating views as appropriate before releasing the proposals for consultation. Mr CHAN suggested that the next consultation exercise should be widely publicized, with particular regard to the possible reaction and concerns of small investors. SFST noted his suggestion and undertook to relay his views to HKEx.

37. Mr Abraham SHEK considered the Report well-balanced and comprehensive. He agreed that SFST had not acted erroneously. Yet his public apology was a move in the right direction. He asked if the review by the expert group would cover the operation and performance of the regulatory bodies, the communication problem amongst the parties and the excessive power vested in SFC.

38. Ms Miriam LAU opined that under the three-tiered structure, the Administration was not apt to do anything to prevent the occurrence of the Incident. The Government was not supposed to be consulted on the proposals of the regulatory bodies under the present framework. In her view, the parties concerned in drawing up the delisting proposals had been deficient in crisis alertness. The consultation process had not been well thought out in the first place and the possible market reaction to the \$0.5 consolidation threshold had not been adequately addressed. She asked if the expert group would look into these issues in its review.

39. ES affirmed that he would ask the expert group to look into these issues and would see to it that any identified problems in the operation of the regulatory structure would be adequately and satisfactorily addressed.

40. Mr SIN Chung-kai said that he was perplexed to learn that an expert group would be appointed to review the regulatory framework when in fact the whole matter had been thoroughly and intensively deliberated when LegCo scrutinized the Securities and Futures Bill. He highlighted that following a study of the operation of overseas financial markets, some members in the Bills Committee had proposed to establish in SFC a consumer panel and a practitioner panel to improve SFC's ability in gauging market sentiments, but unfortunately, the proposal was rejected by the Administration. Now that the Securities and Futures Bill was passed, the Administration intended to review the framework again. He opined that the Administration was giving Members confused signals on the way forward and this would not be conducive to Members' deliberation on the subsidiary legislation to be made under the Securities and Futures Ordinance. ES assured members that Mr SIN's point and members' proposals would definitely be revisited by the expert group.

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SFST's apology on 11 September 2002

41. Ms Emily LAU questioned why on 11 September 2002, the Administration had only arranged for the electronic media to cover SFST's public apology. Some reporters of local newspapers who were outside the Central Government Officers at that time were refused entry. She considered that the arrangement was unacceptable and was in contradiction to the spirit of accountability.

42. SFST explained that it was his subordinates who decided to invite the electronic media to the press briefing for an exclusive coverage on the consideration that the information could be disseminated more expeditiously. He fully concurred that the arrangement was very inappropriate. He therefore took the opportunity to apologize to the media.

II The way forward

43. Members agreed to hold two additional meetings to further discuss the issues arising from the Penny Stocks Incident. For the first meeting, the Chairman of SFC, the Chief Executive of the HKEx and practitioners from the trade would be invited. For the second meeting, members would discuss whether and how to follow up the various issues. The first meeting would be held in the afternoon of Friday, 20 September 2002.

III Any other business

44. There being no other business, the meeting ended at 4:59 pm.