

**Bills Committee on  
Securities and Futures (Amendment) Bill 2005**

**Administration's response to Written Submissions from Deputations**

This paper sets out the Administration's response to written submissions from the following deputations.

**(a) *Hong Kong Securities & Futures Industry Staff Union***

	<b>Summary of Comments</b>	<b>Response</b>
1.	Supports the splitting proposal and urges that the proposal be implemented as soon as possible.	Noted. Subject to the scrutiny by the Bills Committee, we hope to complete the legislative process within the current legislative session for implementation of the proposal as soon as possible.
2.	Prefers candidates for the Chairman post to be local residents of Chinese nationality.	The suitable candidate for the post of the non-executive SFC Chairman should have good understanding about Hong Kong as well as some knowledge about our business environment and the securities market, in addition to integrity, commitment to serve the community, knowledge of the local and international financial markets, vision and leadership, ability to communicate with the public and relevant stakeholders and to establish a rapport with relevant bodies in other jurisdictions. We will bear this in mind in identifying candidates for the appointment.

**(b) *The Hong Kong Society of Financial Analysts***

	<b>Summary of Comments</b>	<b>Response</b>
1.	Supports the splitting proposal in the spirit of best practice and corporate governance.	Noted.
2.	The process of selecting the future Chairman and the qualifications required of the future Chairman should be articulated to the public.	<p>We have explained in our paper to the Legislative Council Panel on Financial Affairs (LC Paper No. CB(1)880/04-05(08)) that the Chairman will be appointed in accordance with the present appointment system for advisory and statutory bodies base on merit.</p> <p>We have also set out in the same paper the essential qualities we expected of the future Chairman, which include integrity, commitment to serve the community, knowledge of the local and international financial markets, vision and leadership, ability to communicate with the public and relevant stakeholders and to establish a rapport with relevant bodies in other jurisdictions.</p>
3.	The remuneration for the Chairman post should be competitive with other important public posts.	Please refer to paragraphs 20-21 in the Administration's paper on "Follow-up to the first meeting on 22 April 2005" issued to Clerk to Bills Committee on 12 May 2005.

(c) *The Law Society of Hong Kong*

	<b>Summary of Comments</b>	<b>Response</b>
1.	The issue of whether the Chairman of SFC should be executive or non-executive is a political matter rather than a legal one.	The proposal to split the Chairman post into a non-executive Chairman post and a Chief Executive Officer post is put forward for the purpose of further improving the SFC's governance structure in line with good corporate governance practice.

Financial Services Branch  
Financial Services and the Treasury Bureau  
18 May 2005