



SECURITIES AND FUTURES COMMISSION 證券及期貨事務監察委員會

8th Floor, Chater House, 8 Connaught Road Central, Hong Kong

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Andrew L T Sheng, SBS 沈聯濤
Chairman 主席

28 June 2005

Mr Kevin Ho, JP
Permanent Secretary for Financial Services
and the Treasury (Financial Services)
Financial Services & the Treasury Bureau
18/F, Admiralty Centre Tower 1
18 Harcourt Road
Hong Kong

Dear Kevin,

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

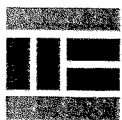
Thank you for your letters of 7 and 16 June 2005 regarding the above. At the Commission meeting on 20 June 2005, the Board discussed both letters.

Division of responsibilities

Members discussed your letter of 7 June, which asked for views from the Commission regarding the method and timing of formalising the division of responsibilities between the future SFC Chairman and the Chief Executive Officer (CEO) under the split proposal.

Firstly, it was noted that the Administration's intention was to retain the eight specific functions assigned to the Chairman in the Securities and Futures Ordinance (SFO) and vest them with the new non-executive Chairman.

Given that the future non-executive Chairman would not be involved in the day-to-day operational work of the Commission, the Board queried the appropriateness of vesting the following three functions (out of the eight specific functions mentioned above) with the non-executive Chairman:



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- to be the channel for consultation by the Chief Executive when the Chief Executive is contemplating issuing directions to the SFC under s.11 of the SFO;
- to sign the financial statements of the SFC under s.15 of the SFO;
- to sign the financial statements of the Investors Compensation Fund under s.240 of the SFO.

The Board was of the view that some of the eight functions as currently set out in the SFO should be amended in the Split Bill to give flexibility to the Board in its delineation of the roles and responsibilities as between the non-executive Chairman and the CEO.

As to the timing of when the Board should consider the matter, the Board agreed that the delineation of the roles and responsibilities should be decided after the Bill was passed.

Therefore, the Board would like to seek the Administration's views on whether there could be certain changes to the Split Bill as mentioned above so that the division of responsibilities between the Chairman and the CEO could be made clearer.

We look forward to receiving the Administration's views so that the Board may deliberate on the matter further.

Yours sincerely,

cc: AA/FS
AA/SFST
Clerk to LegCo Bills Committee (by fax)