

**Bills Committee on
Financial Reporting Council Bill**

Fifteenth meeting on 28 April 2006

List of follow-up actions to be taken by the Administration

Clause 51 – Preservation of secrecy

1. Having noted the Administration's draft proposed Committee Stage amendments (CSAs) to clause 51 (Annex A to LC Paper No. CB(1)1364/05-06(02)), members consider that the draft proposed CSAs should be refined to address the concern that the Official Receiver (OR) may, through the disclosure gateway under subclause (3)(b)(ix), obtain information from the Financial Reporting Council (FRC) about the solvency situation of a company which is under investigation by the FRC ("Company A") and then use the information to facilitate the performance of his duties as the liquidator of another company ("Company B"), which is one of the creditors of "Company A", thus gaining an unfair advantage over other creditors of "Company A". The Administration is requested to make it clear in clause 51 that the OR should not use the information disclosed to him by the FRC under subclause (3)(b)(ix) to facilitate the performance of his statutory duties as the OR in the capacity of a liquidator/provisional liquidator under the Companies Ordinance (Cap. 32).
2. Clause 51(2)(c) sets out the condition under which a specified person may disclose information to counsel, a solicitor or other professional adviser, and clause 51(5) provides that the person to whom the information is disclosed or any other person obtaining or receiving the information from that person shall not disclose the information to any other person. However, pursuant to clause 51(6)(c), the counsel or solicitor or professional adviser to whom the information is disclosed may disclose the information to any other person if the disclosure is for the purpose of seeking advice from, or giving advice by, counsel, a solicitor or other professional adviser. A member requests the Administration to explain the policy intent of these provisions at the next meeting to be held on 12 May 2006.

Remuneration arrangement for members of FRC/Audit Investigation Board (AIB)/Financial Reporting Review Committee (FRRC)

3. To facilitate the Bills Committee's consideration of the funding arrangement for FRC in due course, the Administration is requested to provide written response to members' views and concerns, as follows:
 - (a) Members reiterate their concerns raised at the meeting on 7 October 2005 that given the complexity of the issues involved in FRC's investigation or enquiry, it may be necessary for members of FRC/AIB/FRRC to spend considerable time and efforts on FRC's work, and consideration should therefore be given to providing these members with remuneration; and
 - (b) Whether remuneration is provided for the members of the Insider Dealing Tribunal; and if yes, the amount of remuneration.

Council Business Division 1
Legislative Council Secretariat
3 May 2006