

**Bills Committee on  
Financial Reporting Council Bill**

**Seventeenth meeting on 22 May 2006**

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

New clause 51A – Protection of informers

1. On the proposal to substitute the expression “is not obliged to” in the new clause 51A(2) with “shall not”, the legal adviser to the Bills Committee is of the view that given that the amendment is no more than stating the position at common law, the proposed change may not ensure the protection of the identity of an informer as it has no sanction for any breach, but may affect the completeness of the evidence a witness may give in court due to the prohibition of disclosing the identity and particulars of relevant persons and in view of the wide scope of the definition of “relevant person” in the new clause 51A(6)(a) and (b). Further, the new clause 51A is an adaptation of section 30A of the Prevention of Bribery Ordinance (Cap. 201) which was drafted purely to prevent the identity and particulars of an informer from being elicited in cross-examinations. The amendment proposed by the Administration would not provide any comprehensive protection. The legal adviser considers that balancing the pros and cons of the effect of the proposed amendment, it may be preferable to retain the original wording of the new clause 51A(2) for this Bill, and that the Administration should consider, outside the context of this Bill and from a policy perspective, how, in the context of good corporate governance, the system for the protection of whistle blowers could be enhanced. Members accept the legal adviser’s views and request the Administration to follow up accordingly.

Section 2 of Schedule 2 – Tenure of appointed members of the FRC

2. Section 2 of Schedule 2 provides that an appointed member of the FRC is to be appointed for a term not exceeding three years and on the expiry of his period of appointment or reappointment, the member is eligible for reappointment. Given the Administration’s policy intent that members of statutory bodies should not hold office for more than six consecutive years, a member considers that such policy intent should be clearly set out in this Bill. In this connection, the member points out that the Administration has agreed to move Committee Stage amendments (CSAs) to the Construction Industry Council (No. 2) Bill to this effect. She requests the Administration to propose similar CSAs to this Bill and provide a written response (*Extracts from the Report of the Bills Committee on Construction Industry Council (No. 2) Bill with the relevant CSAs are in LC Paper No. CB(1)1589/05-06(02)*).

Section 5 of Schedule 2 – Removal of appointed members of the FRC

3. Given that clause 7 of the Bill provides that the Chief Executive (CE) shall give notice of appointment of members of the FRC by notice published in the Gazette, some members request the Administration to amend section 5 of Schedule 2 to the effect that the CE shall give notice of removal of members of the FRC by notice in the Gazette as soon as possible after the removal has been made. The Administration agrees to consider the members' request.

Section 6 of Schedule 2 – Meetings and proceedings of the FRC

4. A member considers that the FRC should make a set of rules of procedures covering the procedures of its meetings and proceedings. The Administration is requested to consider the member's view.

Section 7 of Schedule 2 – Transaction of business by circulation of papers

5. To prevent abuse of the provision of section 7 of Schedule 2 for the transaction of business of the FRC by circulation of papers, a member requests the Administration to amend the provision to the effect that any member of the FRC may, upon receipt of a paper issued to him by circulation, request that a meeting be convened for the purpose of discussing the subject matter, and the Chairman shall convene the meeting accordingly. In this connection, the member of the Bills Committee points out that the Administration has agreed to move CSAs to the Construction Industry Council (No. 2) Bill to this effect. She requests the Administration to propose similar CSAs to this Bill and provide a written response (*Extracts from the Report of the Bills Committee on Construction Industry Council (No. 2) Bill with the relevant CSAs are in LC Paper No. CB(1)1589/05-06(02)*).

Remuneration for members of the FRC/AIB/FRRC

6. A member considers that the Administration should review, in the light of the operation of the FRC, whether members of the FRC/AIB/FRRC should be offered remuneration commensurate with their work. The Administration is requested to consider the member's view.