

**LegCo Panel on Financial Affairs
Meeting on 4 July 2005**

List of follow-up actions

Protection of credit card holders' personal data

1. The Hong Kong Monetary Authority (HKMA) is requested to provide the following information:
 - (a) The exact number of credit cards issued by Authorized Institutions (AIs) in Hong Kong which are potentially affected by the incident of data security breach by the CardSystems Solutions, Inc. in the United States happened in June 2005;
 - (b) The results of the following follow-up actions taken by HKMA:
 - (i) HKMA's request for AIs to re-assess the adequacy and effectiveness of controls over customer data security, retention and confidentiality (including AIs and their service providers);
 - (ii) HKMA's request for credit card companies, consumer credit bureau and debit card operators to assess and strengthen their security control systems; and
 - (iii) HKMA's liaison with the Office of the Privacy Commissioner for Personal Data.
 - (c) The up-to-date position of AIs in issuing EMV chip credit cards with a view to enhancing credit card security, and AIs' plans in upgrading their infrastructure for EMV chip migration.

Proposed introduction of a new category of "travel insurance agents"

2. Whilst expressing support for the Administration's policy to encourage Hong Kong people to take out travel insurance before they travel, members have

reservation on whether the proposal of introducing a new category of “travel insurance agents” to the Insurance Intermediaries Quality Assurance Scheme is the best option to achieve the policy objective. The Administration is requested to give further thought to the proposal and consider how the grave concern expressed by the insurance intermediaries could be addressed. It is agreed that the Panel would further discuss the proposal after the Administration has further consulted the insurance industry and travel industry and provided information on the following items:

- (a) Details of the proposed examination for the new “travel insurance agents”;
- (b) Training for existing staff of travel agents to sit for the proposed examination for the new “travel insurance agents”;
- (c) Regulation of the new “travel insurance agents”;
- (d) Monitoring measures to ensure that only registered “travel insurance agents” are deployed by travel agencies to sell travel insurance to their clients;
- (e) How the grave concern expressed by the insurance intermediaries could be addressed (i.e. concerns about similar relaxation to be given to other types of insurance and possible negative impact of the proposal on the professional image of the insurance profession); and
- (f) Alternative options considered by the Administration.

Rewrite of the Companies Ordinance

3. In finalizing the staffing requirements proposal for the rewrite of the Companies Ordinance (CO), the Administration is requested to critically review the need for creation of new directorate posts.
4. The Administration is requested to take into account members’ views in taking forward the rewrite exercise, as follows:
 - (a) In order to enhance the cost-effectiveness of the rewrite exercise, the Administration should closely monitor the implementation of the exercise and make reference to the developments on company law taking place in

other jurisdictions, in particular the company law reform of the United Kingdom commenced in 1998;

- (b) To expedite the rewrite exercise, the Administration should identify major areas for reform and develop proposals for public consultation in stages;
- (c) The Administration should involve the active participation of relevant stakeholders, such as the Standing Committee on Company Law Reform, in the rewrite exercise; and
- (d) The Administration should endeavour to introduce the New Companies Bill into the Legislative Council (LegCo) in the 2008-09 session so as to allow sufficient time for scrutiny of the bill within the LegCo term of 2008 to 2012.

Council Business Division 1
Legislative Council Secretariat
5 July 2005