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2869 9244
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5 January 2006

Mr Joseph YAM, GBS, JP
Chief Executive
Hong Kong Monetary Authority
55th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Dear Mr YAM,

Panel on Financial Affairs

Meeting on 6 February 2006

On behalf of Hon Bernard CHAN, Chairman of the Panel, I write to invite you to attend the meeting to be held on **Monday, 6 February 2006 for Agenda Item IV to be held from 9:05 am to 10:40 am in the Chamber of the Legislative Council Building** to brief the Panel on the work of the Hong Kong Monetary Authority (HKMA). The agenda for the meeting is attached for your information.

You are invited to cover the following subjects in your briefing:

- (a) Closure of local branches by banks and its impact on the public (Please refer to my previous letter dated 13 December 2005);
- (b) Policy and arrangement governing post-termination employment of HKMA's senior staff (Please refer to my previous letter dated 15 December 2005); and
- (c) HKMA's annual budget.

On item (c) above, the Chairman would like to invite you to consider the suggestion raised by Hon SIN Chung-kai and Hon Emily LAU at the Panel meeting held this morning. You may recall that in response to the Panel's previous requests for the HKMA to brief the Panel on its annual budget, you advised in your reply dated 19 April 2005 that the Financial Secretary, on the advice of the Exchange Fund Advisory Committee and its Governance Subcommittee, had approved the proposal to disclose information on the HKMA's administrative budget for the current financial

year in the Annual Report starting from the 2004 Annual Report. Hon SIN Chung-kai and Hon Emily LAU consider this arrangement far from satisfactory. Referring to the existing practice under which the Securities and Futures Commission would present its annual budget to the Panel for Members' information before the commencement of each financial year, they reiterate their view that HKMA's annual budget should be subject to the same arrangement so as to enhance the transparency of HKMA's expenditure and public confidence in its accountability. They suggest that HKMA should be invited to brief the Panel on its annual budget at its regular briefing to be held on 6 February 2006.

I should be grateful if you would let me have the relevant discussion paper for Agenda Item IV (in both Chinese and English), including your written response to member's views raised under items (a), (b) and (c) above, at least five clear days before the meeting, i.e. **by 26 January 2006**. Please forward the soft copy of the paper to Ms May LEUNG at mleung@legco.gov.hk.

Please also advise me of the names and post titles (in both Chinese and English) of Hong Kong Monetary Authority's representatives attending the meeting **by 26 January 2006**.

Please note that unless you raise objection, the discussion paper for the above meeting will be made available to the media and public and placed in the Library of the Legislative Council. The paper may also be made available on the Web Site of the Council on the Internet.

If you have any enquiries regarding the meeting arrangements, please contact me at 2869 9244 or the following two officers:

Ms Rosalind MA
Senior Council Secretary
Tel No. : 2869 9125

Ms May LEUNG
Legislative Assistant
Tel No. : 2869 9132

Yours sincerely,

(Miss Salumi CHAN)
Clerk to Panel

Encl.

c.c. Hon Bernard CHAN, JP (Chairman)

Ms Shirley YUEN, AA/FS (Fax: 2840 0569) — For item (c) above

Mr Andy CHING, Senior Manager/HKMA (Fax: 2509 9159)