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7 March 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

Policies on remuneration for and post-termination employment of senior executives of the Hong Kong Monetary Authority

Further to my letter dated 9 February 2006 to the Chairman of the Governance Sub-Committee of the Exchange Fund Advisory Committee, I write on behalf of Hon Bernard CHAN, Chairman of the Panel on Financial Affairs, to invite you to provide information on the post-termination employment of the senior executives of the Hong Kong Monetary Authority (HKMA) in the past three years.

You may have noted that in February 2006, the Panel invited the Governance Sub-Committee to consider the views expressed by members on the captioned two subjects and provide the information requested by members. When the Panel was briefed at its meeting held yesterday on the Securities and Futures Commission (SFC) Budget for the financial year 2006-07, members expressed concern about the high staff turnover rate of SFC in 2005, particularly for executive staff. In this connection, the Panel decided to invite SFC and HKMA to provide information on the post-termination employment of their senior executives in the past three years, including the following details:

- (a) Number of relevant cases for each tier of the senior executives in each of the past three years;
- (b) In each of the cases in item (a) above,
 - whether a sanitization period has been imposed; and if so, the length of the period;
 - the dates on which the officers concerned have ceased service with HKMA; and

- the dates on which the officers concerned have subsequently taken up employment with other corporations, and the nature of the new employment.

Given the additional information required, we fully appreciate that more time is needed for HKMA to prepare its response. I should be most grateful if HKMA would let me have the Governance Sub-Committee's response and all the requested information (in both Chinese and English) by 27 March 2006 (instead of 15 March 2006 as set out in my previous letter) for circulation to members before the next Panel meeting to be held on 3 April 2006. Members will decide at the next meeting on the need to invite HKMA to attend a meeting of the Panel in future for discussion of the two subjects. Please forward the soft copy of the response and information to Ms May LEUNG at mleung@legco.gov.hk.

Please note that unless you raise objection, the information provided to the Panel will be made available to the media and public and placed in the Library of the Legislative Council. The information may also be made available on the website of the Council on the Internet.

Yours sincerely,

(Miss Salumi CHAN)
Clerk to Panel

c.c. Hon Bernard CHAN, JP
Chairman
LegCo Panel on Financial Affairs

Mr Frederick MA Si-hang, JP
Secretary for Financial Services and the Treasury
(Fax: 2537 1736)

Dr Hon Marvin CHEUNG Kin-tung, DBA Hon., SBS, JP
Chairman, Governance Sub-Committee
(Fax: 2509 9159)