

立法會
Legislative Council

LC Paper No. CB(1)1332/06-07

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Panel on Financial Affairs

**Minutes of meeting
held on Monday, 5 February 2007 at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon CHAN Kam-lam, SBS, JP (Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBS, JP
Hon James TO Kun-sun
Hon SIN Chung-kai, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon TAM Heung-man
- Members absent** : Hon Bernard CHAN, GBS, JP (Deputy Chairman)
Hon WONG Ting-kwong, BBS
- Public officers attending** : Agenda Item IV

Mr Joseph YAM, GBS, JP
Chief Executive
Hong Kong Monetary Authority

Mr William RYBACK, JP
Deputy Chief Executive
Hong Kong Monetary Authority

Mr Y K CHOI, JP
Deputy Chief Executive
Hong Kong Monetary Authority

Ms Julia LEUNG, JP
Acting Deputy Chief Executive
Hong Kong Monetary Authority

Clerk in attendance: Miss Polly YEUNG
Chief Council Secretary (1)5

Staff in attendance : Ms Annette LAM
Senior Council Secretary (1)3

Ms Rosalind MA
Senior Council Secretary (1)8

Ms Sharon CHAN
Legislative Assistant (1)8

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)798/06-07 — Minutes of special meeting on
23 November 2006

LC Paper No. CB(1)841/06-07 — Minutes of meeting on
14 December 2006)

The minutes of the meetings held on 23 November 2006 and
14 December 2006 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(1)657/06-07(01) — Background Brief on "Hong
Kong's Linked Exchange Rate
System" provided by the Hong
Kong Monetary Authority

- LC Paper No. CB(1)657/06-07(02) — Background Brief on "Banking supervision in Hong Kong" provided by the Hong Kong Monetary Authority
- LC Paper No. CB(1)657/06-07(03) — Background Brief on "Mandate and governance of the Hong Kong Monetary Authority" provided by the Hong Kong Monetary Authority
- LC Paper No. CB(1)657/06-07(04) — Background Brief on "Financial infrastructure in Hong Kong" provided by the Hong Kong Monetary Authority
- LC Paper No. CB(1)726/06-07 — Report on "Economic summit on China's 11th five-year plan and the development of Hong Kong" provided by the Administration)

2. Members noted that the above papers had been issued for the Panel's information.

III. Date of next meeting and items for discussion

- (LC Paper No. CB(1)834/06-07(01) — List of outstanding items for discussion
- LC Paper No. CB(1)834/06-07(02) — List of follow-up actions)

Meeting in March 2007

3. Members noted that the Chairman would be out of town due to other official commitment and would not be able to chair the regular meeting scheduled for Monday, 5 March 2007. The Chairman sought members' views on the meeting arrangements for March 2007. After discussion, members agreed to re-schedule the meeting to Friday, 2 March 2007 at 8:30 am. They also agreed that the following items proposed by the Administration would be discussed :

- (a) Budget of the Securities and Futures Commission for the 2007-2008 financial year; and
- (b) Securities and Futures (Amendment) Bill 2007.

4. Referring to recent incidents in which some passengers had failed to add value to their Octopus Cards via the EPS payment system at several Mass Transit Railway stations but the corresponding amounts had still been debited from their designated bank accounts, Mr Abraham SHEK expressed concern about the operation of Octopus Cards and the EPS payment system in Hong Kong. He suggested that the Panel should discuss at one of its meetings relevant issues, including the extent of the problem, measures to rectify the situation, and whether there was any market monopolization by Octopus Cards. Mr SIN Chung-kai agreed with Mr SHEK's suggestion and opined that in addition to the Administration, the Panel should also invite the Octopus Cards Limited and the EPS Company (Hong Kong) Limited to provide information and to attend the Panel meeting for discussion of the subject.

5. After discussion, members agreed that the subject of operation of Octopus Cards and EPS payment system in Hong Kong be scheduled for discussion at the Panel meeting to be held on 2 March 2007. To allow sufficient time for deliberation of the three items on the agenda, members also agreed that the meeting on 2 March be extended for 30 minutes to end at 11:00 am instead of 10:30 am. To facilitate members' consideration of the subject, the Chairman and Mr Abraham SHEK requested the Research and Library Services Division of the Legislative Council (LegCo) Secretariat to prepare an information note setting out background information on the launch, operation and market share of the Octopus Cards in Hong Kong. Where practicable, comparative information on overseas experience in the operation of similar payment cards should also be included.

Meeting in April 2007

6. The Chairman informed members that the following items were tentatively scheduled for discussion at the Panel meeting to be held on 2 April 2007:

- (a) Impact of banks' branch closure and fee-charging on the public; and
- (b) Progress update on the Companies Ordinance rewrite exercise.

7. As the Chairman would be out of town on 2 April 2007, he consulted members on the appropriate meeting arrangements. Mr SIN Chung-kai and Ms Emily LAU considered that if the Deputy Chairman was available to chair the meeting on 2 April in the absence of the Chairman, the regular meeting on 2 April should be held as originally scheduled. Members raised no objection to the suggested arrangement. As such, the Chairman said that he would work out the arrangement with the Deputy Chairman.

(Post-meeting note: In response to the Secretariat, the Deputy Chairman has indicated that he will be able to chair the meeting on 2 April 2007. The meeting for the Panel in April 2007 will be held on 2 April 2007 as originally scheduled.)

IV. Briefing on the work of the Hong Kong Monetary Authority

(LC Paper No. CB(1)834/06-07(03) — Paper provided by the Hong Kong Monetary Authority (Updated version of pages 25 and 26 of the paper tabled at the meeting were issued to members vide LC Paper No. CB(1)897/06-07 on 6 February 2007))

Briefing by the Hong Kong Monetary Authority

8. At the invitation of the Chairman, the Chief Executive of the Hong Kong Monetary Authority (CE/HKMA) gave a power-point presentation on HKMA's key areas of work, as follows:

- (a) On currency stability, the Hong Kong dollar exchange rate gradually weakened towards the centre of the Convertibility Zone between May 2006 and January 2007. Regarding interbank liquidity, the Aggregate Balance remained stable at around \$1.3 billion in 2006. It was normal for the Hong Kong interbank interest rates to be lower than those of the United States (US) when the Hong Kong dollar was near the strong-side Convertibility Undertaking (CU) of 7.75 to one US dollar and vice versa when it was near the weak-side CU of 7.85. At present, the Hong Kong dollar was on the weak-side of the Convertibility Zone and the Hong Kong interbank interest rates were lower than those of the US. Theoretically, there were justifications and room for HKMA to conduct market operations to smoothen the relationship between the interest rate and the exchange rate. However, HKMA did not see such a need at the present stage. Business cycle synchronization was higher between Hong Kong and the US than that between Hong Kong and the Mainland. The US dollar remained the most appropriate anchor for the Hong Kong dollar.
- (b) On banking sector performance, the banking sector remained well capitalized. Net interest margin rose to 1.80% in 2006 from 1.68% in 2005. The number of residential mortgages in negative equity had dropped from 8 800 cases at end September 2006 to some 8 400 cases at end 2006. The number was down by 92% from the peak in June 2003. The implementation of Basel II in Hong Kong, the Anti-money Laundering and Counter Terrorist Financing initiatives was in good progress and the Deposit Protection Scheme was successfully launched in September 2006.

- (c) On the financial market infrastructure, projects and business initiatives arising from the Review of Financial Infrastructure Development and Review on Debt Market Development were making good progress. The link between Hong Kong's US dollar real time gross settlement (RTGS) system and Malaysia's ringgit RTGS system was launched on 13 November 2006. Improvement would be made to the Central Moneymarkets Unit and Renminbi (RMB) Settlement System to permit allotment, redemption and delivery-versus-payment (DvP) functions for RMB bonds. The target launch date of the RMB RTGS system was end-February 2007.
- (d) On maintaining the status of Hong Kong as an international financial centre (IFC), HKMA's work focused on enhancing regional cooperation and Mainland cooperation. In the light of increasing economic and financial integration between Hong Kong and the Mainland, the way forward was about how to combine Mainland's financial needs with Hong Kong's competitive edge. HKMA had proposed a "1-3-5" blueprint for financial development, which had been adopted by the Focus Group on Financial Services of the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" (the Economic Summit) and incorporated in its report to the Chief Executive of the Hong Kong Special Administrative Region Government. The blueprint consisted of targets for financial development from the strategic, institutional and practical perspectives.
- (e) On management of the Exchange Fund (EF), it should be noted that EF was not a pure investment fund and its investment had to be consistent with the statutory objectives of the Fund : (i) to preserve capital; (ii) to ensure that the entire Monetary Base at all times would be fully backed by highly liquid US dollar denominated assets; (iii) to ensure sufficient liquidity for the purpose of maintaining monetary and financial stability; and (iv) subject to (i) – (iii), to achieve an investment return that would preserve the long-term purchasing power of the Fund. A proper evaluation of the investment performance of EF should be made by comparing the actual return of EF with the return of the benchmark portfolio i.e. the alpha. In 2006, EF achieved an investment return of 9.5%, which represented a positive alpha of 0.63%. The Treasury's share of the investment income for 2006 was \$28.9 billion, exceeding the original estimate of \$18.2 billion. As to concerns about the appropriateness of the existing sharing arrangements, the Financial Secretary (FS) as the controller of EF had been examining different arrangements taking into account factors such as return, volatility and predictability.

Appreciation of RMB and expansion of RMB business

9. Mr Ronny TONG referred to Chart 12 of the power-point presentation material and noted that as indicated by the one-year RMB non-deliverable-forward rate, market participants expected RMB to surpass the Hong Kong dollar to reach 7.40 yuan against one US dollar over the next 12 months, which was 4 to 6% "more expensive" than the Hong Kong dollar. Mr TONG doubted whether the perception of RMB being "stronger" than the Hong Kong dollar was merely psychological and expressed concern about the possible impact of the appreciation of RMB on the economic development of Hong Kong. Mr Jeffrey LAM and Ir Dr Raymond HO also expressed similar concern. Mr LAM raised concern on the inflationary pressure on Hong Kong as a result of the appreciation. Ir Dr HO remarked that the appreciation of RMB might result in a reverse flow of Hong Kong dollar from the Mainland back to Hong Kong and doubted whether this would have any impact on the economy of Hong Kong and on consumer spending.

10. CE/HKMA explained that the appreciation of RMB was an inevitable consequence of the development of the Mainland economy. The current price levels in the Mainland as a rapidly growing economy were significantly lower than those of other developed economies including Hong Kong. A certain degree of price convergence between Hong Kong and the Mainland was therefore expected in the process of economic development of the Mainland. As price convergence might take the form of inflation or appreciation of the exchange value of RMB, the Mainland authorities would likely allow more flexibility for the exchange rate of its currency in order to contain the level of inflation. While the appreciation of RMB might have an inflationary effect on the prices of goods imported from the Mainland, the effect would unlikely be significant as goods imported from the Mainland for domestic consumption in Hong Kong constituted only about 5% of the total goods imported. On the contrary, the Mainland's demand for goods and services provided by Hong Kong would likely increase due to the latter's price competitiveness, thereby creating more business opportunities for various economic sectors.

11. Referring to the macro-economic adjustment measures implemented by the Mainland, Mr Jeffrey LAM sought CE/HKMA's view on the effectiveness of these measures in cooling down the overheated economy. In response, CE/HKMA advised that while the combination of administrative and market measures might be effective in cooling down the overheated economy, the administrative measures might only defer the consequences of the imbalance of supply and demand with the risk of such consequences being intensified at a later stage. Given the trend of integration between the economies of Hong Kong and the Mainland, the business sector should be prepared for the risks arising from market volatility. On whether the macro-economic adjustment measures would result in possible capital outflow, CE/HKMA advised that this would help remove excess liquidity and prevent the economy of Hong Kong from overheating.

12. While noting the benefits of the expansion of RMB business for Hong Kong, Mr Ronny TONG was concerned whether the enhancement of the international status of RMB would in turn threaten the status of the Hong Kong dollar. In response, CE/HKMA highlighted that the momentum of the development of the economy of a place was not solely determined by the exchange rate of its currency. Moreover, whether a currency was widely adopted by the global financial markets was not assessed by its exchange rate only. By way of illustration, CE/HKMA said that while the Pound Sterling had a higher exchange rate than the US dollar, it did not necessarily mean that the United Kingdom had a stronger or more competitive market environment than the US.

Hong Kong dollar exchange rate

13. Mr Ronny TONG considered that there was a close linkage between the exchange rate of the Hong Kong dollar and that of RMB in view of the increasing integration of the economies of Hong Kong and the Mainland. In this connection, Mr TONG questioned the rationale behind HKMA's view that establishing a stable exchange rate between the Hong Kong dollar and RMB was neither appropriate nor technically feasible (Chart 14). Mr CHIM Pui-chung expressed similar concern. As RMB was a strongly growing currency and given Hong Kong's aspiration to become a regional payment and settlement hub, Mr CHIM questioned why CE/HKMA had repeatedly stated in public that a link between RMB and the Hong Kong dollar would not be established.

14. CE/HKMA explained that according to HKMA's research findings, the business cycle synchronization was higher between Hong Kong and US than that between Hong Kong and the Mainland. The US dollar therefore remained the most appropriate anchor for the Hong Kong dollar. Moreover, as RMB was not a freely convertible currency or a reserve currency, it was technically not feasible for the Hong Kong dollar to be linked to RMB. CE/HKMA further clarified that in his public remarks, he had not ruled out entirely the possibility of establishing a link between RMB and the Hong Kong dollar in the long run. However, he could not forecast the timing for such a link to take place. He pointed out that while FS was responsible for determining the monetary policy objectives for Hong Kong, HKMA was responsible for achieving one of the key objectives of maintaining currency stability through the operation of the Linked Exchange Rate (LER) System at the exchange rate of 7.80 Hong Kong dollar against one US dollar.

15. Ir Dr Raymond HO expressed concern about the operation of the LER System and enquired how an appropriate currency anchor for the Hong Kong dollar would be identified under the System. In reply, CE/HKMA said that determination of the appropriate anchor for the Hong Kong dollar was a highly complicated subject. While it might be technically feasible to identify another anchor currency for the Hong Kong dollar, there must be strong justification for making a change to the existing arrangements which had served Hong Kong well since its implementation in 1983. The impact of such a change on Hong Kong's currency stability must be examined in detail. In this regard, CE/HKMA pointed out that despite the appreciating trend of RMB, there was still the possibility of

short-term volatility in its exchange rate as the Mainland was undergoing the process of market liberalization and opening up of the economy.

16. Referring to Charts 7 and 8 which illustrated the relationship between the Hong Kong dollar interest rate and exchange rate, Ms Emily LAU noted that at present there were justifications and room for HKMA to conduct market operations to smoothen the relationship between interest rate and exchange rate but HKMA did not see the need for now. In this connection, Ms LAU enquired about the circumstances under which HKMA would conduct market operations and whether any advance notice would be given. She was of the view that there should be transparency in HKMA's policy for conducting market operations in order that market participants would be fully aware of the rules of the game.

17. CE/HKMA explained that the graph in Chart 7 attempted to provide an analysis on the normal relationship between the Hong Kong dollar interest rate and exchange rate and the factors taken into account by HKMA in conducting market operations to smoothen the relationship within the Convertibility Zone. Nevertheless, whether or not HKMA would conduct market operations would be subject to the actual needs and circumstances of the market and such variables could not be specified in general terms. He nevertheless pointed out that setting out the relationship between the Hong Kong dollar interest rate and exchange rate had facilitated analysis by the financial market and had proved to be an effective tool for managing market expectations. CE/HKMA however pointed out that HKMA would decide to conduct market operations where circumstances so require and no advance notice could be given for such action. Such operations would be reflected in changes in the Aggregate Balance, which was transparent to the public.

18. Noting that the Hong Kong dollar had remained weak since mid-2006 with its exchange rate recently hitting a low level of around 7.80 Hong Kong dollar against one US dollar, Miss TAM Heung-man was concerned about the operations to be conducted if the Hong Kong dollar exchange rate fell below the weak-side CU of 7.85.

19. CE/HKMA assured members that Hong Kong dollar exchange rate would not fall below 7.85 as the weak-side CU would be triggered under which HKMA had undertaken to buy the Hong Kong dollar from licensed banks at the rate of one US dollar to 7.85 Hong Kong dollars. The Aggregate Balance would decrease, thereby pushing up Hong Kong dollar interest rates to induce capital inflow to restore exchange rate stability. He advised that HKMA as the authority responsible for the operation of the LER System had worked out contingency plans and refinements for maintaining the stability and integrity of the monetary system of Hong Kong, an example being the three refinements to the LER System introduced in May 2005.

20. Referring to Chart 21 of the power-point presentation material, Miss TAM Heung-man expressed concern about the increase in bad debt charge as a percentage of the banks' average total assets from -0.01% in 2005 to 0.02% in 2006. She was also concerned about the increase in the year-to-date annualized credit card charge-off ratio from 2.81% in 2005 to 3.02% in the third quarter of 2006 (Chart 25). Miss TAM enquired about reasons for the aforesaid increases and measures to be taken by HKMA in this regard.

21. CE/HKMA advised that a bad debt charge of 0.02% of average total assets was a very low level when compared with that of the banking sectors in other jurisdictions. Whilst the modest increase might be attributable to banks making new bad debt provision in 2006 instead of having provision write-back in previous year, CE/HKMA said that the current percentage of bad debt charge was not a cause for concern as far as banking sector stability was concerned.

22. As regards the increase in the credit card charge-off ratio, the Deputy Chief Executive of HKMA advised that the current ratio still stood at a very low level compared with the global standards and there was no cause for alarm. The slight increase might be attributed to banks' taking on too many risks in granting loans for which banks would have to make adjustments accordingly. He assured members that HKMA would monitor the development through examining periodic reports from banks.

Management of the Exchange Fund

23. Referring to the EF Abridged Balance Sheet in Chart 52 of the power-point presentation material, Ms Emily LAU noted that as at 31 December 2006 there was \$324.5 billion under the heading "placements by other HKSAR government funds". In this connection, Ms LAU sought confirmation on whether this amount was in fact the amount of fiscal reserves placed in EF by the Government and if so, HKMA should consider changing the heading to "fiscal reserves" to reflect more clearly the nature of the funds included thereunder.

24. In reply, CE/HKMA confirmed that the funds included under "placements by other HKSAR government funds" were the fiscal reserves held by the Government. He stressed that all the assets and liabilities of EF had all along be presented to the public in a clear manner. Nevertheless, he undertook to consider Ms Emily LAU's suggestion and examine the use of the accounting terminology.

25. Referring to Chart 53 of the power-point presentation material, Ms Emily LAU enquired whether the success of HKMA in achieving the investment objective of maintaining the long-term purchasing power of EF (illustrated by a compounded annual investment return of 6.6% generated since 1994 in comparison with the compounded annual inflation rate of 1.3% over the same period) was an indicator of the investment performance of EF under the management of HKMA.

26. CE/HKMA responded that the comparison of the compounded annual investment return with the compounded annual inflation rate in Chart 53 was to illustrate HKMA's achievement of one of the four investment objectives of EF set by the Exchange Fund Advisory Committee i.e. to maintain the long-term purchasing power of EF. As for the evaluation of the investment performance of EF under the management of HKMA, CE/HKMA recapped his earlier explanation that EF was not a pure investment fund and a proper evaluation of its performance was the value of the alpha. The investment of EF had achieved a good performance as reflected in the positive alpha since 1999, except for 2004 in which the alpha was zero.

Market infrastructure

27. Noting that the target launch date of the RMB RTGS was end-February 2007, Mr Andrew LEUNG enquired whether the settlement of transactions by different currencies taking place in Hong Kong would have any implications on the financial infrastructure and the development of financial services in Hong Kong.

28. In response, CE/HKMA advised that a diversified multi-currency financial infrastructure would enhance Hong Kong's role as an IFC. The provision of the RMB RTGS would provide Hong Kong with a competitive edge over other financial centres as Hong Kong was the only place outside the Mainland that could conduct DvP settlement for RMB bonds. He pointed out that foreign investors would try to reduce exchange risks through settling transactions in their home currencies. The provision of a multi-currency trading platform could therefore meet investors' demand for greater choices of currencies in payment and settlement. This would also help to reduce the impact on the Hong Kong dollar due to the short-term demand by foreign investors during large-scale initial public offerings.

29. Referring to the 80 recommendations of the Focus Group on Financial Services of the Economic Summit, Mr Andrew LEUNG sought CE/HKMA's view on the top priority measures among the various recommendations and their possible effects on the economy of Hong Kong.

30. In reply, CE/HKMA said that the recommendations of the Focus Group on Financial Services were comprehensive and forward-looking. Whilst noting that some of the recommendations should be taken forward with priority, CE/HKMA pointed out that it would not be realistic for Hong Kong to set any priority without having due regard to the concern of the Mainland about risk management in the process of its financial reform. As such, initiatives to promote financial cooperation with the Mainland would need to be taken forward in a gradual and prudent manner. These would include measures to improve the efficiency in price discovery in the financial markets (so as to reduce market volatility and monetary risks) of the two places and measures to facilitate outflow of funds from the Mainland to Hong Kong such as allowing Hong Kong financial instruments to be

traded on the Mainland and implementation of the Qualified Domestic Institutional Investor Scheme.

Impact of market volatility

31. Noting that a number of domestic factors were identified as posing risks to currency stability (Chart 19), Ms Emily LAU was concerned as to why the fluctuations and volatility of the financial market (notably the stock market) had not been included as one of the domestic factors affecting currency stability. She opined that the volatility of the stock market was of great concern to the investing public and called on HKMA to consider including information on the impact of market volatility on currency stability in future regular briefings for the Panel.

32. CE/HKMA explained that the domestic factors in Chart 19 were macro-economic ones which would pose risks to currency stability. The impact of the financial or the stock markets was not included as one of these domestic factors as market volatility could be attributed to a number of causes, including external factors. In view that the volatility of the stock market was of concern to investors, CE/HKMA said that action had been taken to increase investors' awareness of the risks involved in the trading of stocks. He added that the fluctuation and volatility of the financial market, while being a factor affecting the economy of Hong Kong, was not one which had a significant impact on currency stability.

33. Ir Dr Raymond HO pointed out that investors were concerned about the impact of the weakening of US dollar on the stock market. In this connection, he urged the Administration to implement measures to inspire the confidence of investors in the stock market. In response, CE/HKMA pointed out that this would require the joint efforts of all parties concerned. While HKMA was not the regulator of the stock market, CE/HKMA said that the recent transaction volume of the stock market might indicate that investors were rather optimistic and confident about investing in the local stock market.

Hong Kong's foreign exchange market

34. Mr SIN Chung-kai observed that despite efforts in enhancing the status of Hong Kong as an IFC, Hong Kong's foreign exchange (Forex) turnover lagged behind that of Singapore. In this connection, Mr SIN questioned the competitiveness of Hong Kong's Forex market as compared with other financial centres in the region as well as measures undertaken by the Administration to boost Hong Kong's Forex turnover. He also requested HKMA to include, in its future regular briefings for the Panel, information on the latest position of Hong Kong's Forex market, including the transaction volume in Forex trading and relevant information to address his aforesaid concerns.

35. In this connection, CE/HKMA advised that in the past decade or so, Hong Kong's Forex trading had experienced a relatively sluggish growth compared with other financial centres. The relatively stable exchange rate of the Hong Kong dollar could be one reason as there would be little room in speculative trading in

exchange rates. Moreover, it might be difficult to identify the geographical location of a Forex transaction due to the wide spread use of electronic means for financial markets transactions. CE/HKMA nevertheless pointed out that given Hong Kong's sound financial infrastructure, the efficiency of the RTGS systems of Hong Kong and the market's ability to minimize settlement risks would be promoted to attract more investors from neighbouring territories. In addition, Hong Kong could benefit if the Mainland would make more use of Hong Kong's financial markets for its foreign reserves management (as the Mainland had more than US\$1 trillion in foreign reserves). HKMA would continue its efforts in liaising with the People's Bank of China and the State Administration of Foreign Exchange in this regard. HKMA also communicated frequently with market participants to gauge their views on measures to facilitate the development of Hong Kong's financial markets. CE/HKMA highlighted that the development of the Forex and financial markets of Hong Kong was under the purview of the Financial Services and the Treasury Bureau. He would discuss with the policy bureau on whether and how HKMA should provide information on the subject in its presentation to the Panel.

(Post-meeting note: HKMA advised in writing after the meeting that it would consider providing the information as proposed by members in paragraphs 24, 31 and 34 above in future briefings to the Panel.)

V. Any other business

36. There being no other business, the meeting ended at 12:17 pm.

Council Business Division 1
Legislative Council Secretariat
29 March 2007