

**LegCo Panel on Financial Affairs
Special meeting on 9 October 2007**

List of follow-up actions

Issues relating to the Government's increased acquisition of shares in the Hong Kong Exchanges and Clearing Limited in September 2007

The Administration undertook to provide a more detailed explanation to address the following questions and concerns raised by Members in relation to the Government's increased acquisition of shares in the Hong Kong Exchanges and Clearing Limited (HKEx):

- (a) why and in what ways the increase in the Government's shareholding in HKEx would achieve the intended objectives of enabling the Government, over the longer term, to contribute as a shareholder to the promotion of HKEx's strategic development; of maintaining Hong Kong as an international financial centre; and of maintaining the stability and the integrity of the monetary and financial systems of Hong Kong;
- (b) whether the increase in the Government's shareholding in HKEx to 5.88% is considered adequate to achieve the intended objectives; or whether there is a need for 100% government ownership;
- (c) whether the Government's move to increase shareholding in HKEx is indicative of a change in government policy regarding financial markets. If yes, what are the implications and the direction of changes;
- (d) while the Government is not bound by the disclosure provisions of the Securities and Futures Ordinance (Cap.571), whether the Government, as a shareholder, is different from other shareholders in terms of its obligations and rights. If yes, the legal basis for such difference;
- (e) what is the standard market practice (statutory or otherwise) for making a disclosure on the acquisition or holding of shares of listed companies; and how far would the Government follow such practice;
- (f) the guiding principles and thresholds according to which the Government would make voluntary disclosure of interests should it decide to further increase HKEx's shareholding; and
- (g) details of the decision-making process (including the parties to be consulted and the decision maker) followed by the Government in deciding to acquire shares in HKEx or other listed companies.