

## **Legislative Council Panel on Constitutional Affairs**

### **System of Declaration of Investments and Interests by Principal Officials under the Accountability System**

At the request of Members, the Legislative Council Panel on Constitutional Affairs will discuss “System of declaration of investments and interests by Principal Officials under the Accountability System” again at the coming meeting held on 17 December. We have prepared this note to facilitate the discussion.

2. Principal officials under the accountability system (hereinafter referred to as “POs”) are required to declare their investments and interests for the purpose of securing public trust and confidence. Interests declared include land and buildings (including self-occupied property), proprietorships, partnerships or directorships, and shareholdings of 1% or more of the issued share capital in any company (both listed and unlisted). The declaration is made available for public inspection.

3. If it appears to the Chief Executive (“CE”) that there is or may be a conflict of interest between a PO’s investments or interests and his official duties, the CE may require the PO to take any one or more of the following measures –

- (a) to divest himself of all or any of the investments or interests;
- (b) to refrain from acquiring or disposing of the investments or interests;
- (c) to freeze any investment transaction for a specified period;
- (d) to place the investments or interests in a “blind trust”;
- (e) to refrain from handling cases with actual or potential conflict of interest; and
- (f) to take other actions as directed by the CE.

4. We would like to highlight the following points which were set out in the paper provided to the panel for the meeting held on 25 July (LC Paper No. CB(2) 2548/06-07(01)) or explained at that meeting.

- (a) POs are required to declare investments and interests that are held in the name of their spouse, children or any other persons or companies but are actually acquired on their account or in which they have a beneficial interest.
- (b) The Administration has to strike a balance between maintaining a system to prevent conflict of interest and respecting the privacy of POs and their family members. POs are required to declare the occupation and employer of their spouse only in their internal declaration to the CE.
- (c) POs are required to report to the CE any private interests that might influence, or appear to influence, their judgment in the performance of their duties. Accordingly, if a PO considers that the job or position held by his spouse would give rise to a potential conflict of interest, he should report this to the CE.

5. The current system regarding declaration of investments and interests, which has been implemented for over five years, is effective and transparent. No changes are proposed at this juncture.

Constitutional and Mainland Affairs Bureau  
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