

Panel on Financial Affairs

List of follow-up actions arising from discussions in previous sessions and the current session
(Position as at 31 December 2007)

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
1. Proposal of re-structuring the filing fees for non-Hong Kong companies	3 January 2005	The Administration was requested to report to the Panel in due course on the situation about non-Hong Kong companies' compliance with the new requirement for them to file a full annual return. The report should include, inter alia, the statistics on compliance, non-compliance and late returns, enforcement actions taken/to be taken (if any), and measures proposed by the Administration to improve the situation.	Information awaited.
2. Progress report on proposed measures to address risks arising from securities margin financing	6 February 2006	<p>Members noted that the proposal of imposing a 180% re-pledging limit on securities margin financing (SMF) providers and the long-term measure of complete segregation of collateral of borrowing and non-borrowing margin clients would have cost implications on SMF providers and their clients. In this connection, members requested the Securities and Futures Commission (SFC) to provide the following information:</p> <p>(a) The number of SMF providers that were likely to be affected by the 180% re-pledging limit;</p>	The required information for item (a) and the interim reply for item (b) provided by SFC was issued to members vide LC Paper No. CB(1)1023/05-06(01) on 3 March 2006. SFC's further response on item (b) awaited.

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		<p>(b) The impact of the long-term measure of complete segregation of collateral of borrowing and non-borrowing margin clients:</p> <p>(i) on the operating cost of SMF providers, including the respective impact on small, medium and large-sized SMF providers; and</p> <p>(ii) on borrowing and non-borrowing margin clients, including the likely increase in service fees paid by them.</p>	
<p>3. Policies on remuneration for and post-termination employment of senior executives of the Hong Kong Monetary Authority and Securities and Futures Commission</p>	<p>4 May 2006</p>	<p>Regarding the reviews being conducted on the policies on post-termination employment of senior executives of the Hong Kong Monetary Authority (HKMA) and SFC, members suggested that reference be made to the improved arrangements introduced for directorate civil servants on 1 January 2006. In this connection, the Governance Subcommittee (GSC) of the Exchange Fund Advisory Committee and the SFC were invited to inform the Panel of the outcome of their reviews in writing in due course.</p>	<p>The written response from the GSC Chairman was issued to members vide LC Paper No. CB(1)182/06-07(01) on 27 October 2006.</p> <p>Response from SFC awaited.</p>
<p>4. Review of the Mandatory Provident Fund Schemes Compensation Fund</p>	<p>3 July 2006</p>	<p>In response to members' concern about the review of collection of levy and reserve level of the Mandatory Provident Fund Schemes Compensation Fund (Compensation Fund), the Mandatory Provident</p>	<p>The progress report on the review of the Compensation Fund was circulated to members vide LC Paper No. CB(1)497/07-08 on</p>

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		<p>Fund (MPF) Schemes Authority undertook to:</p> <ul style="list-style-type: none"> (a) explore feasible measures to improve provision of services to members of MPF Schemes; and (b) work out a model/mechanism for determining the optimum level of the Compensation Fund and provide a progress report to the Panel in 18 months' time. The progress report would also cover information on the assessment of the risks arising from claims, if any, to the Compensation Fund. 	<p>24 December 2007</p>
<p>5. Impact of banks' branch closure and fee-charging on the public</p>	<p>2 April 2007</p>	<ul style="list-style-type: none"> (a) To address members' concern over the impact of closure of bank branches and charging of fees for bank services on the public, the Administration/HKMA/Hong Kong Association of Banks (HKAB) undertook to explore, in collaboration with other parties concerned, feasible measures to facilitate the provision of basic banking services, taking into consideration members' suggestions/views expressed at the meeting. (b) The Administration/HKMA/HKAB were requested to provide the following information: <ul style="list-style-type: none"> (i) a detailed breakdown on the number and location of new bank branches set up in recent years, their scope of service, 	<p>HKAB's written response in relation to (a) was circulated to members vide LC Paper No. CB(1)2344/06-07 on 12 September 2007</p> <p>Response from the Administration on (b) was circulated to members vide LC Paper No. CB(1)372/07-08 on 3 December 2007</p>

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		<p>including whether basic banking services such as deposit and withdrawal services were available at these branches; and</p> <p>(ii) regarding the retail premises in the Housing Authority's commercial properties designated for banking facilities (bank branches/Automatic Teller Machines), to provide information as to why some of such premises had not been taken up by banks.</p>	
<p>6. Briefing on the work of the Hong Kong Monetary Authority</p>	<p>8 November 2007</p>	<p>(a) To address members' concern about the inflationary pressure of renminbi appreciation on the economy of Hong Kong, HKMA undertook to provide the report of its research on the synchronization of Hong Kong's business cycle with those of Mainland and the United States.</p> <p>(b) In relation to HKMA's plan of conducting a "health check" on Hong Kong's banks with a view to reviewing the soundness of the banking system and mapping out a future direction for the development of the banking industry in the coming decade, HKMA was requested to provide in due course further information on the exercise, such as the implementation details and timeframe.</p>	<p>HKMA's response on item (a) was issued to members vide LC Paper No. CB(1)248/07-08 on 14 November 2007.</p> <p>HKMA's press release on item (b) was issued to members vide LC Paper No. CB(1)412/07-08 on 10 December 2007.</p>

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7. Briefing by the Financial Secretary on Hong Kong's latest overall economic situation	3 December 2007	<p>The Administration was requested to:</p> <ul style="list-style-type: none"> (a) provide detailed information and statistics on the increase in earnings in real terms for the manufacturing sector, preferably with a breakdown on the industries involved; (b) consider providing statistics and breakdown on households with monthly household income below 50% of the median monthly household income; and (c) consider providing statistics on the unemployment profile and unemployment rate of remote districts and new towns. 	Administration's response was issued to members vide LC Paper No. CB(1)509/07-08 on 31 December 2007
8. Operation of Octopus Cards and EPS payment system in Hong Kong	3 December 2007	OCTOPUS Cards Ltd (OCL) was requested to keep members posted of its decision on whether to resume the Octopus EPS add-value service following a review of such service prompted by incidents of failed Octopus EPS add-value transactions.	OCL's response was issued to members vide LC Paper No. CB(1)496/07-08 on 24 December 2007