

Panel on Financial Affairs

List of follow-up actions arising from discussions in previous sessions and the current session
(Position as at 25 January 2008)

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. MPFA will complete the review and provide a report for consideration in 18 months' time.</p>
<p>5. Congestion in securities trading network</p>	<p>7 January 2008</p>	<ul style="list-style-type: none"> (a) The Administration/ SFC/ the Hong Kong Exchanges and Clearing Limited (HKEx) were requested to consider some members' suggestion of prescribing objective service standards and setting out system requirements for on-line securities trading capacity for reference and compliance by broker firms for the purpose of coping with surges in market activities. In doing so, due regard should be given to the peak volume for on-line market activities, in addition to the historical peak. (b) The Administration was requested to consider the feasibility of taking the lead in forming a task force to coordinate emergency response 	<p>Response awaited</p>

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		efforts among various stakeholders when network congestion in securities trading occurred.	
6. Investor Participant Accounts administered by the Hong Kong Securities Clearing Company Limited	7 January 2008	(a) The Administration/SFC/HKEx were asked to consider the Chairman's suggestion that the maintenance of Investor Participant Account (IPA) should be part of the stock transaction regime, not just an option. (b) Given that only the IPA holder himself could authorize the transfer of his stocks in and out of his account, the Administration/ SFC/ HKEx were requested to provide information in the form of a flow chart setting out the steps/procedures required to be taken by an IPA holder and his broker in placing and executing buying and selling orders for listed stocks.	Response awaited