

**Panel on Financial Affairs**

**List of follow-up actions arising from discussions in previous sessions and the current session**  
(Position as at 26 February 2008)

<b>Subject</b>	<b>Date(s) of relevant meeting(s)</b>	<b>Follow-up actions</b>	<b>Outcome</b>
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"> <li>(a) explore feasible measures to improve provision of services to members of MPF Schemes; and</li> <li>(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.</li> </ul>	<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"> <li>(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.</li> <li>(b) The Administration was requested to consider the feasibility of taking the lead in forming a task force to coordinate emergency response efforts among various stakeholders when network congestion in securities trading</li> </ul>	<p>The Administration/ SFC/ HKEx's written response was issued to members vide LC Paper No. CB(1)728/07-08 on 30 January 2008.</p>

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6. Investor Participant Accounts administered by the Hong Kong Securities Clearing Company Limited	7 January 2008	<p>occurred.</p> <p>(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.</p> <p>(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.</p>	The Administration/ SFC/ HKEx's written response was issued to members vide LC Paper No. CB(1)728/07-08 on 30 January 2008.
7. Briefing on the work of the Hong Kong Monetary Authority	29 January 2008	HKMA was requested to provide a copy of the Viewpoint article(s) related to the US sub-prime mortgage problem published on its website.	The Viewpoint articles provided by HKMA were issued to members vide LC Paper No. CB(1)757/07-08 on 1 February 2008.
8. The 70% mortgage cap on residential property	29 January 2008	(a) To address members' concern about cases of civil servants obtaining mortgage loans exceeding the 70% cap, the Civil Service Bureau was requested to provide information on the number of such cases into which investigations have been conducted since November 1991 (i.e. adoption of the practice of the 70% loan-to-value ratio for residential mortgage lending by the banking industry),	<p>The Administration's response to item (a) was issued to members vide LC Paper No. CB(1)891/07-08 on 22 February 2008.</p> <p>The Administration/ HKMA's response to item (b) was issued to members vide LC Paper No. CB(1)890/07-08 on</p>

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		<p>with a further breakdown on the number of cases in which the civil servants obtaining such loans were found to have conflict of interest and the number of cases in which no irregularity was detected.</p> <p>(b) The Administration/ HKMA were requested to provide a written response to the following motion passed at the meeting on 29 January 2008:</p> <p>"建議政府就前布政司陳方安生取得十成樓宇按揭事件了解詳情，並向公眾作出交待。"</p> <p>"It is proposed that the Government should look into the incident in which Anson CHAN FANG On-sang, former Chief Secretary, obtained a 100% property mortgage loan; and give the public an account of the incident."</p>	22 February 2008.