

**Panel on Financial Affairs**

**List of follow-up actions arising from discussions in previous sessions and the current session**  
(Position as at 2 May 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	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:  (a) The number of SMF providers that were likely to be affected by the 180% re-pledging limit;	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 Fund (MPF) Schemes Authority undertook to:</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 24 December 2007. MPFA will</p>

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		<p>(a) explore feasible measures to improve provision of services to members of MPF Schemes; and</p> <p>(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>	<p>complete the review and provide a report for consideration in 18 months' time.</p>
<p>5. Review of the Personalized Vehicle Registration Marks Scheme</p>	<p>28 February 2008</p>	<p>(a) Of the some 700 traffic offence cases involving vehicles bearing Private Vehicle Registration Marks (PVRMs) between September 2006 and September 2007, the Administration was requested to provide information/statistics on the number of prosecutions, convictions, acquittals, and cases which had been dismissed on the grounds of enforcement difficulty caused by PVRMs.</p> <p>(b) The Administration was requested to provide a report to the Panel reviewing the implementation, operation and auction proceeds of the PVRM Scheme in one year's time.</p>	<p>Response to item (a) was issued to members vide LC Paper No. CB(1)1150/07-08 on 28 March 2008.</p> <p>Response to item (b) awaited.</p>
<p>6. Update on the work of the Financial Reporting Council</p>	<p>8 April 2008</p>	<p>In relation to members' concerns about the effectiveness and transparency of the operation of the Financial Reporting Council (FRC), the</p>	<p>Response awaited.</p>

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		<p>Administration/FRC were requested to take the following actions:</p> <ul style="list-style-type: none"><li data-bbox="857 395 1639 635">(a) review the appointment of members to FRC, having regard to some Panel members' view that consideration should be given to appointing persons of the right calibre who could spare adequate time to participate actively in the affairs of FRC;</li><li data-bbox="857 683 1639 1002">(b) consider, without prejudice to the rights and privacy of the parties concerned and having regard to public interest, making public the report or any part of the report upon conclusion of an investigation or enquiry, so as to enhance transparency and increase the awareness of the accountancy profession of the auditing and financial reporting requirements;</li><li data-bbox="857 1050 1639 1417">(c) consider whether and how the operation of the Process Review Panel for the FRC (to be established in the latter half of 2008) could be stepped up to effectively safeguard fair and reasonable handling of all complaints by FRC, having regard to some members' reference to the work of the Operations Review Committee of the Independent Commission Against Corruption;</li><li data-bbox="857 1457 1639 1485">(d) review the existing mechanism for declaration</li></ul>	

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		<p>of interest by FRC staff with a view to strengthening safeguards against any real, potential or perceived conflict of interest in their investigation or enquiry work; and</p> <p>(e) consider taking a more proactive role of initiating investigations or enquiries, instead of only acting on complaint.</p>	

Council Business Division 1  
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