

### Panel on Financial Affairs

#### List of follow-up actions arising from discussions in previous sessions and the current session (Position as at 2 November 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</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>to be affected by the 180% re-pledging limit;</p> <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</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</p>	<p>Response awaited.</p>

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Compensation Fund		<p>Provident Fund Schemes Compensation Fund (Compensation Fund), the Mandatory Provident 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>	
5. Impact of banks' branch closure and fee-charging on the public	2 April 2007	<ul style="list-style-type: none"> <li>(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.</li> <li>(b) The Administration/HKMA/HKAB were requested to provide the following information:</li> </ul>	<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) awaited</p>

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		<ul style="list-style-type: none"> <li>(i) a detailed breakdown on the number and location of new bank branches set up in recent years, their scope of service, including whether basic banking services such as deposit and withdrawal services were available at these branches; and</li> <li>(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.</li> </ul>	
<p>6. Issues relating to the Government's increased acquisition of shares in the Hong Kong Exchanges and Clearing Limited in September 2007</p>	<p>9 October 2007</p>	<p>The Administration undertook to provide a more detailed explanation to address the following questions and concerns raised by Members in relation to the Government's increased acquisition of shares in the Hong Kong Exchanges and Clearing Limited (HKEx):</p> <ul style="list-style-type: none"> <li>(a) why and in what ways the increase in the Government's shareholding in HKEx would achieve the intended objectives of enabling the Government, over the longer term, to contribute as a shareholder to the promotion of HKEx's strategic development; of maintaining Hong Kong as an international financial centre; and of</li> </ul>	<p>Administration's response was issued to members vide LC paper No. CB(1)161/07-08 on 30 October 2007.</p>

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		<p>maintaining the stability and the integrity of the monetary and financial systems of Hong Kong;</p> <p>(b) whether the increase in the Government's shareholding in HKEx to 5.88% was considered adequate to achieve the intended objectives; or whether there was a need for 100% government ownership;</p> <p>(c) whether the Government's move to increase shareholding in HKEx was indicative of a change in government policy regarding financial markets. If yes, what were the implications and the direction of changes;</p> <p>(d) while the Government was not bound by the disclosure provisions of the Securities and Futures Ordinance (Cap.571), whether the Government, as a shareholder, was different from other shareholders in terms of its obligations and rights. If yes, the legal basis for such difference;</p> <p>(e) what was the standard market practice (statutory or otherwise) for making a disclosure on the acquisition or holding of shares of listed companies; and how far would the Government follow such practice;</p>	

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		<p>(f) the guiding principles and thresholds according to which the Government would make voluntary disclosure of interests should it decide to further increase HKEx's shareholding; and</p> <p>(g) details of the decision-making process (including the parties to be consulted and the decision maker) followed by the Government in deciding to acquire shares in HKEx or other listed companies.</p>	
<p>7. Briefing by the Secretary for Financial Services and the Treasury on the relevant policy initiatives featuring in the Chief Executive's 2007-2008 Policy Address</p>	<p>12 October 2007</p>	<p>To address members' concern about the cooperation in enforcement between securities regulators of Hong Kong and the Mainland since the introduction of the improved enforcement cooperation arrangement in April 2007, the Administration was requested to provide further information on the number and details (where practicable) of cases in which assistance has been sought from the China Securities Regulatory Commission for the assistance of people and entities on the Mainland from whom SFC needed information.</p>	<p>Response awaited.</p>