

立法會
Legislative Council

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From : Clerk to the Legislative Council
To : All Members of the Legislative Council

Council meeting of 6 May 2009

**Proposed amendments to motion on
“Demanding a comprehensive reform of
the Hong Kong Monetary Authority”**

Further to LC Paper No. CB(3) 514/08-09 issued on 22 April 2009, three Members (Hon James TO Kun-sun, Hon WONG Yuk-man and Hon Ronny TONG Ka-wah) have respectively given notice of their intention to move separate amendments to Hon Albert CHAN Wai-yip’s motion on “Demanding a comprehensive reform of the Hong Kong Monetary Authority” scheduled for the Council meeting of 6 May 2009. As directed by the President, the respective proposed amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. To assist Members in debating the above motion and amendments, I set out below the procedure to be followed during the debate:

- (a) Hon Albert CHAN moves his motion;
- (b) the President proposes the question on Hon Albert CHAN’s motion, and orders a joint debate;
- (c) the President calls on the three Members, who intend to move amendments, to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon James TO;
 - (ii) Hon WONG Yuk-man; and

(iii) Hon Ronny TONG;

- (d) the President calls upon the designated public officer(s) to speak;
- (e) joint debate on the motion and the amendments follows thereafter;
- (f) the President gives leave to Hon Albert CHAN to speak for the second time on the amendments;
- (g) the President calls upon the designated public officer(s) again to speak;
- (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the three Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon James TO to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon James TO's amendment;
- (i) after Hon James TO's amendment has been voted upon, the President deals with the other two amendments; and
- (j) after all amendments have been dealt with, the President calls upon Hon Albert CHAN to reply. Thereafter, the President puts to vote the question on Hon Albert CHAN's motion, or his motion as amended, as the case may be.

3. For Members' ease of reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Mrs Justina LAM)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Demanding a comprehensive reform of
the Hong Kong Monetary Authority”
to be held at the Legislative Council meeting
of Wednesday, 6 May 2009**

1. Hon Albert CHAN Wai-yip’s original motion

That, as the Hong Kong Monetary Authority (‘HKMA’) has been seriously lacking transparency and accountability for many years and has failed to effectively monitor financial institutions, and its performance is disappointing, causing the development of the financial industry in Hong Kong to be at a standstill; moreover, the recent decision of the Central Government to develop Shanghai into another international financial centre in addition to Hong Kong will definitely further threaten Hong Kong’s position as a financial centre, this Council therefore urges the Government to expeditiously conduct a comprehensive review of HKMA and implement reforms to restore public confidence in the financial system of Hong Kong; such reforms include:

- (a) expeditiously implementing a comprehensive reform of the staffing and organization of HKMA, formulating a clear accountability mechanism, and replacing the management whose performance was poor for many years;
- (b) assigning the responsibilities of developing the financial market and regulating the banking system, and managing the foreign exchange reserve to maintain the stability of Hong Kong dollars to two institutions respectively;
- (c) formulating a clear mechanism for the appointment of senior staff of the above two institutions, under which the management should be recruited by open recruitment, and stipulating a definite contract period and devising reasonable remuneration packages to ensure that the remuneration of these staff will not be substantially higher than that of the Chief Executive; and
- (d) enhancing the transparency of personal investments made by senior staff of the above two institutions, requiring the key management staff to make public the details of all their investment items, and prohibiting the management of these institutions from making personal investments in the stock market.

2. Motion as amended by Hon James TO Kun-sun

~~That, as the Hong Kong Monetary Authority (‘HKMA’) has been seriously lacking transparency and accountability for many years and has failed to effectively monitor financial institutions, and its performance is disappointing, causing the development~~

~~of the financial industry in Hong Kong to be at a standstill; moreover, the recent decision of the Central Government to develop Shanghai into another international financial centre in addition to Hong Kong will definitely further threaten Hong Kong's position as a financial centre~~ *the Lehman Minibonds incident has caused the public to question whether the Hong Kong Monetary Authority ('HKMA') is effective in monitoring the non-deposit-taking and non-lending businesses of banks*, this Council therefore urges the Government to expeditiously conduct a comprehensive review of HKMA and implement reforms to restore public confidence in the financial system of Hong Kong; such reforms include:

- (a) ~~expeditiously implementing a comprehensive reform of the staffing and organization of HKMA, formulating a clear accountability mechanism, and replacing the management whose performance was poor for many years~~ *introducing independent legislation on the operation of HKMA to enhance its transparency and public accountability;*
- (b) *studying* assigning the responsibilities of developing the financial market and regulating the banking system, and managing the foreign exchange reserve to maintain the stability of Hong Kong dollars to two institutions respectively;
- (c) formulating a clear mechanism for the appointment of senior staff of ~~the above two institutions~~ *HKMA*, under which the management should be recruited by open recruitment *and other means*, and stipulating a definite contract period and devising reasonable remuneration packages to ensure that the remuneration of these staff will not be substantially higher than that of the ~~Chief Executive~~ *is comparable to that of the governors of central banks in other advanced countries*; and
- (d) enhancing the transparency of personal investments made by senior staff of ~~the above two institutions~~, *HKMA*, *and* requiring the key management staff to ~~make public the details of~~ *report* all their investment items, ~~and prohibiting the management of these institutions from making personal investments in the stock market~~ *to the Chief Executive for record and to update them regularly for monitoring.*

Note: Hon James TO's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon WONG Yuk-man

That, as the Hong Kong Monetary Authority ('HKMA') has been seriously lacking transparency and accountability for many years and *recently Joseph YAM, Chief Executive of HKMA, still had a substantial increase of 15% in remuneration despite the loss recorded in the Exchange Fund, such behaviour should be subject to strong condemnation, and Joseph YAM should also step down for this as he owes it to*

Hong Kong people; moreover, HKMA has failed to effectively monitor financial institutions, and its performance is disappointing, causing the development of the financial industry in Hong Kong to be at a standstill; moreover, the recent decision of the Central Government to develop Shanghai into another international financial centre in addition to Hong Kong will definitely further threaten Hong Kong's position as a financial centre, this Council therefore urges the Government to expeditiously conduct a comprehensive review of HKMA and implement reforms to restore public confidence in the financial system of Hong Kong; such reforms include:

- (a) expeditiously implementing a comprehensive reform of the staffing and organization of HKMA, formulating a clear accountability mechanism, and replacing the management whose performance was poor for many years;
- (b) assigning the responsibilities of developing the financial market and regulating the banking system, and managing the foreign exchange reserve to maintain the stability of Hong Kong dollars to two institutions respectively;
- (c) formulating a clear mechanism for the appointment of senior staff of the above two institutions, under which the management should be recruited by open recruitment, and stipulating a definite contract period and devising reasonable remuneration packages to ensure that the remuneration of these staff will not be substantially higher than that of the Chief Executive; and
- (d) enhancing the transparency of personal investments made by senior staff of the above two institutions, requiring the key management staff to make public the details of all their investment items, and prohibiting the management of these institutions from making personal investments in the stock market.

Note: Hon WONG Yuk-man's amendment is marked in *bold and italic type*.

4. Motion as amended by Hon Ronny TONG Ka-wah

That, as the Hong Kong Monetary Authority ('HKMA') has been seriously lacking transparency and accountability for many years and has failed to effectively monitor financial institutions, and its performance is disappointing, causing the development of the financial industry in Hong Kong to be at a standstill; moreover, the recent decision of the Central Government to develop Shanghai into another international financial centre in addition to Hong Kong will definitely further threaten Hong Kong's position as a financial centre, this Council therefore urges the Government to expeditiously conduct a comprehensive review of HKMA and implement reforms to restore public confidence in the financial system of Hong Kong; such reforms include:

- (a) expeditiously implementing a comprehensive reform of the staffing and organization of HKMA, formulating a clear accountability mechanism, and replacing the management whose performance was poor for many years;

- (b) ~~assigning the responsibilities of developing the financial market and regulating the banking system, and managing the foreign exchange reserve to maintain the stability of Hong Kong dollars to two institutions respectively~~ ***studying the establishment of an independent investment bank to be specifically responsible for the investment of the foreign exchange reserve, stabilization of the Hong Kong dollar and the general functions of a central bank;***
- (c) formulating a clear mechanism for the appointment of senior staff of ~~the above two institutions~~ ***HKMA***, under which the management should be recruited by open recruitment, and stipulating a definite contract period and devising reasonable remuneration packages to ensure that the remuneration of these staff will not be substantially higher than that of the Chief Executive; and
- (d) enhancing the transparency of personal investments made by senior staff of ~~the above two institutions~~ ***HKMA***, requiring the key management staff to make public the details of all their investment items, and prohibiting the management ~~of these institutions~~ from making personal investments in the stock market.

Note: Hon Ronny TONG's amendment is marked in ***bold and italic type*** or with deletion line.