

(Translation)

**Motion on
“Reforming financial regulators”
moved by Hon Ronny TONG Ka-wah
at the Legislative Council meeting
of Wednesday, 26 November 2008**

Motion as amended by Hon Albert HO Chun-yan and Hon Miriam LAU Kin-ye

That, the recent spate of incidents occurring in the financial sector, including the ‘Lehman Incident’ and the ‘Citic Pacific Incident’, etc, reflect that the regulatory regime of Hong Kong’s financial system needs to be further reformed and to enhance protection for bank clients and investors, whilst presently the regulation of the financial sector and financial products is vested in a number of regulators, causing the suspicion that there are duplication and fragmentation of their regulatory roles, functions and resources, this Council urges the Government to expeditiously conduct a comprehensive review and study of the existing four major financial regulators, including the Hong Kong Monetary Authority, the Securities and Futures Commission, the Office of the Commissioner of Insurance and the Mandatory Provident Fund Schemes Authority, to ascertain if there is any need to rationalize and improve their regulatory roles, functions and resources in the regulation of the financial sector, or introduce other improvement measures, such as strengthening the regulation on the sale of financial products, so as to enhance the standards of the regulators, as well as studying the establishment of an independent financial ombudsman to provide one-stop and convenient disputes resolution service for handling disputes and compensation matters between clients and financial institutions, so as to better protect the interests of investors; and changing the existing regulatory regime, which is ‘disclosure-based’ and ‘subjecting one industry to several regulatory authorities’, as well as strengthening the regulation on the sale of investment-linked insurance products, so as to plug the existing loopholes in the regulation of the financial sector and protect the interests of insuring public.