

立法會
Legislative Council

LC Paper No. CB(1)173/08-09
(These minutes have been
cleared with the Chairman)

Ref : CB1/PL/FA/1

Panel on Financial Affairs

Minutes of meeting
held on Tuesday, 14 October 2008 at 3:00 pm
in the Chamber of the Legislative Council Building

Members present : Hon CHAN Kam-lam, SBS, JP (Chairman)
Hon Ronny TONG Ka-wah, SC (Deputy Chairman)
Hon Albert HO Chun-yan
Hon James TO Kun-sun
Dr Hon Philip WONG Yu-hong, GBS
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS
Hon KAM Nai-wai, MH
Hon Starry LEE Wai-king
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon CHAN Tanya

Members attending: Hon CHEUNG Man-kwong
Hon Alan LEONG Kah-kit, SC

Members absent : Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon CHIM Pui-chung

Clerk in attendance: Miss Polly YEUNG
Chief Council Secretary (1)5

Staff in attendance : Mrs Constance LI
Assistant Secretary General 1

Mr Noel SUNG
Senior Council Secretary (1)4

Ms Guy YIP
Senior Council Secretary (1)5

Ms Angel SHEK
Council Secretary (1)2

Ms Alice CHEUNG
Senior Legislative Assistant (1)1

Miss Queenie LAM
Senior Legislative Assistant (1)2

Ms Sharon CHAN
Legislative Assistant (1)8

Action

I. Election of Chairman and Deputy Chairman

Election of Chairman

Mr Albert HO, the Member with the highest precedence among those who joined the Panel, presided over the election of Chairman of the Panel for the 2008-2009 session.

2. Mr Albert HO invited nominations for the chairmanship of the Panel. Mr CHAN Kam-lam was nominated by Mr WONG Ting-kwong and the nomination was seconded by Mr Ronny TONG. Mr CHAN accepted the nomination. There being no other nomination, Mr CHAN was declared Chairman of the Panel for the 2008-2009 session. Mr CHAN then took over the chair.

Election of Deputy Chairman

3. The Chairman invited nominations for the deputy chairmanship. Mr Ronny TONG was nominated by Mr James TO and the nomination was seconded by Mr Abraham SHEK. Mr TONG accepted the nomination. There being no other nomination, the Chairman declared Mr TONG the Deputy Chairman of the Panel for the 2008-2009 session.

Membership of the Panel

4. Members noted that Miss Tanya CHAN had submitted a late application to join the Panel. Ms Starry LEE also made a late request to join the Panel. Members agreed to accept the late membership of Miss CHAN and Ms LEE.

II. Schedule of meetings for the 2008-2009 session

5. The Chairman referred members to the proposed schedule of meetings tabled at the meeting. Mr WONG Ting-kwong asked whether the meeting scheduled for 2 February 2009 should be rescheduled as it fell within the Chinese New Year holiday break. As 2 February 2009 was the eighth day of the Lunar New Year, members agreed that the meeting on 2 February 2009 should be held as originally scheduled.

6. The Chairman drew members' attention to the proposed arrangement to defer the regular Panel meeting in November 2008 to 13 November 2008 to facilitate the attendance of Mr Joseph YAM, Chief Executive of the Hong Kong Monetary Authority (HKMA), who would be out of town in early November 2008. Members agreed to the rescheduling of the November meeting. They also agreed to the proposed schedule of regular meetings for the 2008-2009 session under which regular Panel meetings would normally be held on the first Monday morning every month. As the Panel often needed to deal with quite a number of items at each meeting, where necessary, some Panel meetings would start earlier, say at 8:30 am or 9:00 am, instead of 10:45 am.

(Post-meeting note: The schedule of regular meetings of the Panel for the 2008-2009 session was circulated to members vide LC Paper No. CB(1)32/08-09 on 15 October 2008.)

III. Items for discussion at the next meeting

7. A list of issues suggested to be considered (LC Paper No. CB(1)34/08-09(01)) and a list of follow-up actions arising from previous discussions (LC Paper No. CB(1)34/08-09(02)) were tabled at the meeting and subsequently issued to members on 15 October 2008.

Issues relating to Lehman Brothers minibonds

8. The Chairman informed the meeting that Mr KAM Nai-wai had written in on 6 October 2008 requesting the Panel to follow up issues relating to the Lehman Brothers minibonds. In this regard, the Chairman remarked that at its special meeting held on 13 October 2008, the House Committee had expressed support for the setting up of a subcommittee to look into the relevant issues. As such, the Panel might wish

to consider delineating the scope for discussion if it would like to pursue issues related to the Lehman Brothers minibonds.

9. Mr Abraham SHEK opined that notwithstanding the establishment of the aforesaid subcommittee, the Panel was at liberty to follow up issues of concern associated with the current regulatory regime for structured/derivative financial products. Mr Ronny TONG shared Mr SHEK's view and said that the Panel might discuss measures to improve the overall regulatory framework and related legislation governing derivative financial products. Mr Jeffrey LAM and Mr James TO considered that to facilitate discussion, the Administration should provide further comparative information on the regulatory arrangements currently in place in Hong Kong and in other jurisdictions. Mr WONG Ting-kwong added that how derivative financial products issued by off-shore companies were regulated should also be examined.

10. In response to the Chairman, the Clerk informed members that the House Committee would consider at its meeting on 17 October 2008 the proposed Terms of Reference (TOC) of the subcommittee looking into matters relating to the Lehman Brothers minibonds. The Chairman advised that after the House Committee had agreed on the TOC of the subcommittee, the Panel might wish to consider whether and how issues arising from the Lehman Brothers-related minibonds should be followed up by the Panel.

11. Members further agreed on the following meeting arrangements for October, November and December 2008:

Special meeting on 17 October 2008

12. The Panel would receive a briefing by the Secretary for Financial Services and the Treasury on the relevant policy initiatives in the Chief Executive's 2008-2009 Policy Address.

(Post-meeting note: With the concurrence of the Chairman, a discussion item "New measures to support confidence in the Hong Kong banking system" was added to the agenda of the meeting on 17 October 2008 following the Government's announcement on the matter in the afternoon 14 October 2008.)

Meeting on 13 November 2008

13. Members agreed to discuss the following items at the meeting on 13 November 2008 starting from 8:30 am:

- (a) Briefing on the work of the HKMA;
- (b) Review of HKMA's work on banking stability; and

- (c) Creation of Administrative Officer Staff Grade C post with respect to anti-money laundering and counter financing of terrorism policies.

(Post-meeting note: HKMA has subsequently advised that due to other prior commitments, the consultant for the review of HKMA's work on banking stability, Mr David CARSE will not be able to attend the meeting in November 2008. Instead, Mr CARSE requested to brief the Panel on the review report in January 2009. With the concurrence of the Chairman, item (b) in paragraph 13 above will be excluded from the agenda for the meeting on 13 November 2008.)

Meeting on 1 December 2008

14. Members agreed that the following items should be discussed at the meeting on 1 December 2008 and that in view of the number of items to be discussed, the meeting should start at 8:30 am.

- (a) Briefing by the Financial Secretary on Hong Kong's latest overall economic situation;
- (b) 2009-2010 Budget consultation;
- (c) Arrangement for the Vote on Account Resolution under section 7(1) of the Public Finance Ordinance (Cap. 2);
- (d) Increasing employees' control over Mandatory Provident Fund (MPF) investment-proposed legislative amendments; and
- (e) Downgrading the directorate post in the Financial Services Division of the Official Receiver's Office.

15. There being no other business, the meeting ended at 3:20 pm.