

Panel on Financial Affairs

List of follow-up actions
(Position as at 25 November 2008)

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 ¹	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 note to be provided to the Panel in early 2009.
2. Policies on remuneration for and post-termination employment of senior executives of the Hong Kong Monetary Authority and Securities and Futures Commission (SFC)	4 May 2006	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 SFC were invited to inform the Panel of the outcome of their reviews in writing in due course.	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. Response from SFC awaited.

¹ The provisions concerning the new requirement for non-Hong Kong companies only came into operation in mid-December 2007 upon the completion of the enhancement work of the Integrated Companies Registry Information System. The Administration plans to provide information to the Panel on the implementation of the new requirement after such has been in place for around a year.

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3. Review of the Mandatory Provident Fund Schemes Compensation Fund	3 July 2006	<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 Schemes Authority (MPFA) undertook to:</p> <p>(a) explore feasible measures to improve provision of services to members of the Mandatory Provident Fund 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>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.</p> <p>MPFA will complete the review and provide a report for consideration in 18 months' time.</p>
4. Review of the Personalized Vehicle Registration Marks Scheme	28 February 2008	<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>

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<p>5. Update on the work of the Financial Reporting Council (FRC)</p>	<p>8 April 2008</p>	<p>In relation to members' concerns about the effectiveness and transparency of the operation of FRC, the Administration/FRC were requested to take the following actions:</p> <ul style="list-style-type: none"> <li data-bbox="824 560 1637 759">(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 data-bbox="824 807 1637 1086">(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 data-bbox="824 1134 1637 1445">(c) consider whether and how the operation of the Process Review Panel for 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; 	<p>Response awaited.</p>

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		<p>(d) review the existing mechanism for declaration 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 in initiating investigations or enquiries, instead of only acting on complaint.</p>	
<p>6. Impact of banks' branch closure and fee-charging on the public</p>	<p>5 May 2008</p>	<p>(a) In relation to members' concerns about the utilization and accessibility of non-branch channels for provision of basic banking services, the Hong Kong Association of Banks (HKAB) was requested to provide the following information/statistics as far as practicable:</p> <p>(i) the utilization of various automated non-branch channels such as automatic teller machines (ATM) facilities, phone banking and Internet banking by underprivileged groups including the elderly, the physically disabled, and recipients of Comprehensive Social Security Assistance, and other related information which might assist the Consumer Council in conducting its study on consumer needs for basic banking services;</p> <p>(ii) of the 38 new bank branches and 138 new</p>	<p>HKAB's response to item (a) was issued to members vide LC Paper No. CB(1)2293/07-08 on 10 September 2008.</p>

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		<p>ATMs set up in 2007, the number of such new branches and new ATMs provided in public housing estates, with a breakdown on their location and distribution; and</p> <p>(iii) the availability and distribution of the two main ATM networks in Hong Kong, namely, the Electronic Teller Card and Joint Electronic Teller Services Limited systems, in various districts.</p> <p>(b) The Administration/HKAB was requested to provide written response to the following motion passed at the meeting:</p> <p>"本委員會要求政府立即成立工作小組，評估及監察情況，並提出政策以改善銀行服務，以照顧老弱傷殘及低收入人士之需要。此工作小組應包括有關弱勢群體的代表及銀行公會及消委會代表。工作小組應在 6 個月後向本委員會提交報告。"</p> <p><u>(English translation)</u></p> <p>"That this Panel requests the Government to establish a working group immediately for assessing and monitoring the situation, as well as recommending policy initiatives to improve banking services so as to cater for the needs of the</p>	<p>The Administration's initial response to item (b) was issued to members vide LC Paper No. CB(1)1765/07-08 on 3 June 2008. The Administration is considering an appropriate mechanism to effectively gauge the views and suggestions from different user groups of banking services. Relevant parties and organizations will be consulted and engaged in the process. Progress report will be provided to the Panel in due course.</p>

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		<p>elderly, the underprivileged, the disabled and low-income earners. The working group should comprise representatives from the underprivileged groups concerned and those from the Hong Kong Association of Banks and the Consumer Council, and should submit its report to this Panel in six months' time."</p>	
<p>7. Briefing on the work of the Hong Kong Monetary Authority</p>	<p>21 November 2008</p>	<p>(a) In relation to members' concern about the loss incurred by the investments of the Exchange Fund in the first three quarters of 2008, HKMA was requested to provide, for comparison purpose, information on the investment returns of similar funds in other jurisdictions during the same period.</p> <p>(b) In response to members' concern regarding the predicament of the small and medium-sized enterprises (SMEs) in face of the current global financial turmoil, HKMA undertook to provide information on measures taken by other jurisdictions to assist the SMEs in obtaining credits and securing loans from financial institutions.</p>	<p>Response awaited</p>