

Panel on Financial Affairs

Special meeting on 30 December 2008

List of follow-up actions

Issues relating to the Government's "buy-back" proposal for Lehman Brothers-related minibonds

1. To address members' concern about the delay of the "buy-back", parties concerned were requested to take the following actions:
 - (a) *the Hong Kong Association of Banks' Task Force on Lehman Minibonds Incident and/or distributor banks* to-
 - (i) provide information on the progress of internal investigations undertaken by distributor banks into complaints lodged by the retail investors of Lehman Brothers-related minibonds, including whether the banks concerned have already completed investigation of all the cases and notified the complainants concerned of the conclusions; and
 - (ii) consider the suggestion of establishing a contingency fund through contributions from banks to provide compensation to affected investors in an expeditious manner.
 - (b) *the Administration* was requested to provide a paper setting out the alternative measures/plans to assist the affected investors to recover their money as soon as possible.
2. In relation to the concern about the perceived conflict of interests in the discharge of duties by the HSBC Bank USA, N.A. as the trustee (who acted as the representative of the investors) and the directors of the special purpose vehicle issuing the minibonds (who acted on behalf of the issuer) supplied by HSBC Bank (Cayman) Limited, *the Hong Kong Monetary Authority* was required to provide information on the supervisory guidelines and/or requirements to safeguard against conflict of interests in the discharge of such duties by banks.

Issues relating to the Hong Kong Exchanges and Clearing Limited's consultation papers on proposed changes to the Listing Rules and periodic financial reporting

3. To address Hon Tommy CHEUNG's concern about the implementation of the proposal to extend the blackout period from the end of the relevant financial period until the date on which the reports were published, *the Hong Kong Exchanges and Clearing Limited* was requested to provide written responses on the following issues:
- (a) necessity and effectiveness of the proposed extension in improving the corporate governance of listed companies in Hong Kong; and
 - (b) whether the proposed extension would continue to apply upon the implementation of mandatory quarterly reporting and if so, the impact of the trading restrictions imposed on directors of listed companies.

Council Business Division 1
Legislative Council Secretariat
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