

**CHAPTER III - CONDUCT AND DISCIPLINE****INVESTMENTS****General Principles**

- 461 (1) An officer is free to make any private investments subject to the provisions of these regulations. He/She must take due care to avoid taking investment risks beyond his/her financial means.
- (2) An officer is required to uphold the honesty and impartiality of the civil service and to observe an exemplary standard of personal integrity in making private investments.
- (3) An officer must not use confidential or unpublished information obtained in his/her official capacity to profit financially. He/She must not disclose to anyone who does not have an official need to know such information from which he/she and others can profit financially.

**Conflict of Interest with Private Investments**

- 462 (1) An officer should consider carefully before making any investment whether this could lead to a real or apparent conflict of interest with his/her official duties.
- (2) It will be deemed a conflict of interest between an officer's official duties and his/her investments, including acquisitions and disposals, if he/she could profit financially as a result of the information obtained in his/her official capacity. In case of doubt, an officer should consult his/her Permanent Secretary or Head of Department.
- (3) An officer must report to his/her Permanent Secretary or Head of Department if he/she is called upon to deal with any matter which affects his/her investments or those of his/her spouse or those of any dependent person or those of an individual or company acting on his/her behalf. Another officer will normally be assigned to deal with the matter.

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- (4) An officer should report to his/her Permanent Secretary or Head of Department if he/she makes any investment or undertakes business activity with members of public or private bodies, including the Legislative Council or District Councils of the HKSAR, with which he/she has official dealings.

#### Declaration of Investments

- 463 (1) In the context of these regulations, the "investments" for declaration and reporting:-

(a) include any investment, shareholding or direct or indirect interest in any company or undertaking (including company directorship), and any interest in land or buildings (including self-occupied property) in Hong Kong and/or in places outside Hong Kong;

(b) include but are not limited to -

(i) securities listed on the Stock Exchange of Hong Kong;

(ii) futures and options contracts and other products traded on the Hong Kong Futures Exchange;

(iii) Tracker Fund of Hong Kong;

(iv) The Link Real Estate Investment Trust; and

(v) any investment listed above which belongs to an officer but is held in the name of his/her spouse or of any other person or agent or company acting on his/her behalf,

(c) but, subject to CSR 464(a), exclude -

(i) unit trusts, mutual funds and life insurance policies;

(ii) bank deposits (irrespective of currencies) and currency transactions;

(iii) government bills and notes and multilateral agency debt instruments; and

(iv) any investment held by an officer as a trustee or for charitable purposes where the officer has no beneficiary interest.

- (2) For investments not specified above, an officer should consult his/her Permanent Secretary/Head of Department on whether such investments should be declared.

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- (3) If it appears that there is or may be a conflict of interest between an officer's investments and official duties, the Permanent Secretary or Head of Department concerned should consider whether the officer should be required to divest himself/herself of any or some of the investments, refrain from acquiring or disposing of the investments or place the investments in a blind trust. In case of doubt, the advice of the Secretary for the Civil Service may be sought.

464 An officer may be required during a posting to -

- (a) declare his/her investments under CSR 463(1)(a) and (b), and other investments to be specified from a current date and thereafter on a regular basis;
- (b) comply with additional instructions relating to his/her investments in Hong Kong and/or in places outside Hong Kong by the Chief Secretary for Administration, the Secretary for the Civil Service or his/her Permanent Secretary/Head of Department;
- (c) divest himself/herself of any or some of his/her investments, or place the investments in a blind trust;
- (d) refrain from acquiring or disposing of any or some of his/her investments; and
- (e) report all investment transactions (acquisitions and disposals) involving a certain value per transaction.

#### **Classification of Civil Service Posts**

465 For the purpose of CSR 464, civil service posts requiring declaration will be classified into two Tiers according to their risk of exposure to potential conflict of interest situations.

#### **Disciplinary Action**

466 An officer who fails to observe any of the regulations on Investments renders himself/herself liable to disciplinary proceedings, and may in addition be required to divest himself/herself of any or some of the investments, refrain from acquiring or disposing of the investments or place the investments in a blind trust.