

Panel on Financial Affairs

List of outstanding items for discussion

(as at 25 February 2010)

**Proposed timing
for discussion at
Panel meeting**

1. Companies Ordinance Rewrite

The Administration proposes to brief the Panel on the progress of the consultation on the draft Companies Bill and the staffing requirements of the rewrite exercise, in particular the need to extend three supernumerary directorate posts in the Financial Services Branch and the Companies Registry. The Administration plans to submit the staff proposals to the Establishment Subcommittee in April 2010 and to the Finance Committee in May 2010. The Administration aims to introduce the bill into LegCo in late 2010.

April 2010

2. Briefing on the work of the Financial Reporting Council

In line with the usual practice, the Financial Reporting Council will brief the Panel on its work in the past year.

April 2010

3. Briefing on the work of the Hong Kong Monetary Authority (HKMA)

The Chief Executive of HKMA briefs the Panel on the work of HKMA on a regular basis. Such briefings are normally held in February, May and November each year.

May 2010

4. Review of corporate rescue procedure legislative proposals

The Administration proposes to brief the Panel on the public consultation feedback on corporate rescue procedure legislative proposals.

May/June 2010

**Proposed timing
for discussion at
Panel meeting**

5. Proposed establishment of an independent Insurance Authority

The Administration proposes to consult the Panel on the proposal for establishing an independent Insurance Authority, including its functions and powers, governance structure, organization framework and funding mechanism.

May/June 2010

6. Briefing by the Financial Secretary (FS) on Hong Kong's latest overall economic situation

The Panel has invited FS to brief the Panel and all other LegCo Members on macro economic issues on a regular basis since mid-1999. Such briefings are normally held in June and December each year.

June 2010

7. Proposed establishment of Policyholders' Protection Fund (PPF)

The Panel was briefed on the proposed framework for the establishment of PPF at the meeting on 6 July 2009. The Administration proposes to consult the Panel on detailed proposals of PPF, including the scope of coverage, the levy rates and the corresponding levels of compensation, compensation limits and the target fund size, the governance framework as well as other detailed operational arrangements.

July 2010

8. Companies Ordinance Rewrite

The Administration proposes to brief on the latest progress of the rewrite of the Companies Ordinance and the legislative proposals. The Administration aims to introduce the bill into LegCo in late 2010.

July 2010

9. The roles and operation of the Hong Kong Mortgage Corporation Limited (HKMC)

At the special meeting of the Panel held on 21 May 2009, Hon Mrs Regina IP expressed concern about media reports of significant investment losses incurred from high-risk investments undertaken by HKMC, and asked whether such

To be confirmed

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investments had gone far beyond the objectives of the establishment of HKMC. She doubted whether HKMC had searched for higher-return investments in order to pay the high remuneration of its staff.

The Panel discussed the roles and operation of HKMC at the meeting on 2 November 2009. After the meeting, Hon Mrs Regina IP raised further questions regarding the operation of HKMC (LC Paper No. CB(1)559/09-10 dated 2 December 2009), and HKMC provided a written response to Mrs IP's questions (LC Paper No. CB(1)687/09-10 dated 15 December 2009). At the Panel meeting on 4 January 2010, Mrs IP requested for further discussion of HKMC's operations and said she would seek clarifications from HKMC regarding its response. Members agreed that the item be put on the list of outstanding items, and if necessary,, representatives from the banking sector be invited to give their views on HKMC's operations. The Panel conducted a visit to HKMC on 8 February 2010.

10. Proposed amendments to the Inland Revenue Ordinance (Cap 112) and Stamp Duty Ordinance (Cap. 117)

The Administration proposes to brief the Panel on the proposals for amending the Inland Revenue Ordinance and Stamp Duty Ordinance, which aim at leveling the playing field for Islamic bonds vis-à-vis conventional bonds in terms of taxation arrangements.

(see note)

Note: The Administration has proposed to remove this item as more time is needed to sort out certain technical issues concerning the bill.

11. Policy response to the review of HKMA's work on banking stability

HKMA will brief the Panel on the policy response to the review report.

To be confirmed

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12. Review of the "abscondee" regime under the Bankruptcy Ordinance (Cap.6) (BO)

In the course of deliberation, members of the Bills Committee on Statute Law (Miscellaneous Provisions) Bill 2007 were advised by the Administration of its plan to review the "abscondee" regime (i.e. bankrupts who left Hong Kong and could not be contacted) under BO. The Administration further advised that taking into account the policy content involved in the review, and the fact that more time would be needed to study the issue and conduct necessary research into relevant developments in other common law jurisdictions and consultations, it was not appropriate or possible to include legislative amendment proposals with respect to the "abscondee" regime as a whole in the Bill. Any proposed legislative amendments to the "abscondee" regime should be taken forward in a separate exercise.

To be confirmed

Members of the Bills Committee were concerned about the timeframe for introducing the proposed legislative amendments to the "abscondee" regime and whether public consultation would be conducted. The Bills Committee agreed that the issues should be referred to the Panel for follow-up. The Administration subsequently advised that it was in the process of conducting a research on the "abscondee" regime. Depending on the results of the research in 2009, it will then be in a better position to assess the scope of necessary amendments to BO and the likely timing to pursue such amendments.