

**Panel on Financial Affairs of the Legislative Council
Follow-up to Meeting on 20 May 2010**

Item 1 - Hong Kong insurance companies setting up business operations in the Mainland

Following the signing of the Framework Agreement on Hong Kong/Guangdong Co-operation, the Office of the Commissioner of Insurance is working closely with the Guangdong Bureau of the China Insurance Regulatory Commission on the potential areas of insurance co-operation on a pilot basis, including the proposal to allow Hong Kong insurance companies to set up business operations in Guangdong with a lower asset requirement.

Item 2 - Co-operative arrangements between the Securities and Futures Commission (SFC) and regulatory bodies outside Hong Kong

2. To facilitate investigations involving cross-border activities, the SFC has in place a number of multilateral and bilateral co-operative arrangements with the Mainland and overseas regulators. Through these arrangements, the SFC may request and provide both non-public information and investigatory assistance in respect of a range of matters including insider dealing.

3. In relation to the multilateral aspect, the SFC is a signatory to the International Organisation of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMoU). IOSCO is the pre-eminent forum for international cooperation among securities regulators and the international standard setter for the securities sector. As at 2 June 2010, there are 65 signatories to the MMoU. The China Securities Regulatory Commission is also a signatory to the MMoU.

4. As regards the bilateral aspect, the SFC has signed bilateral co-operative arrangements on information exchange and/or mutual assistance with more than 40 authorities, including with those in the Mainland. A list of those co-operative arrangements is available on the SFC website: <http://www.sfc.hk/sfc/html/EN/aboutsfc/cooperation/cooperation.html>

5. While these multilateral and bilateral arrangements differ in their precise terms, typically, they enable the SFC to request from the counter-signatories a wide range of information including transaction records, bank records and information on beneficial ownership. As these arrangements are reciprocal, the SFC may also provide similar information to the relevant Mainland and overseas counterparts. The information can then be used by the SFC and its counterparts in investigations and legal proceedings, if appropriate, in respect of a range of matters including insider dealing.

Financial Services and the Treasury Bureau
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