

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 148 – GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (FINANCIAL SERVICES BRANCH)

Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the creation of the following supernumerary post in the Financial Services Branch of the Financial Services and the Treasury Bureau for a period of two years with immediate effect –

1 Administrative Officer Staff Grade C
(D2) (\$126,500 - \$138,350)

PROBLEM

The Financial Services Branch (FSB) of the Financial Services and the Treasury Bureau (FSTB) needs dedicated staffing support at the directorate level to co-ordinate the implementation of Central People's Government (CPG)'s new measures to support the economic and social development in Hong Kong announced in August 2011; the financial co-operation with the Mainland at the central and regional levels as a strategic goal under the National 12th Five-Year Plan; and the development of offshore Renminbi (RMB) business.

PROPOSAL

2. We propose to create a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post in the Mainland Affairs Division (MA Division) of the FSB for two years with immediate effect upon approval by the Finance Committee (FC).

/JUSTIFICATION

JUSTIFICATION

Development of financial co-operation between Hong Kong and the Mainland

3. Over the years, Hong Kong has demonstrated its value as Mainland's testing ground for financial reforms. As the CPG proceeds with its wide-ranging financial liberalization initiatives, Hong Kong has positioned itself as the laboratory for the use of RMB as a settlement, investment and funding currency regionally and internationally. The measures will facilitate the overall development of the financial markets and institutions in Hong Kong and enhance the competitiveness of our financial markets. In the long run, the measures will not only expedite the economic restructuring of Hong Kong and create more job opportunities, but also help the nation build a multi-layer financial market in the National 12th Five-Year Plan period and fulfill its policy objective of expanding the cross-border use of RMB. Hong Kong now hosts the largest offshore pool of RMB liquidity and is a place outside the Mainland where international investors can invest in RMB bonds and other RMB-denominated financial products. The offshore RMB bonds and asset markets are set to become a fast-growing segment in our financial markets.

4. The National 12th Five-Year Plan promulgated in March 2011 emphasizes the CPG's support for consolidating and enhancing Hong Kong's position as an international financial centre, in particular Hong Kong's development into an offshore RMB business centre.

Encl. 1 5. At the Forum on the National 12th Five-Year Plan and Mainland-Hong Kong Economic, Trade and Financial Co-operation held on 17 August 2011, Mr Li Keqiang, Vice-Premier of the State Council, announced CPG's new measures to support the economic and social development in Hong Kong. Such measures are set out in Enclosure 1. Financial co-operation has become increasingly close between Hong Kong and the Mainland at the central and regional levels in terms of both breadth and depth, especially after the promulgation of the National 12th Five-Year Plan in March and CPG's new measures in August last year. At the same time, there have been rapid developments in the offshore RMB business of Hong Kong, including bond issuance, listing of securities, trade settlement and direct investment.

Co-ordinating role of FSB

6. At present, the MA Division of the FSB is responsible for advancing financial co-operation between Hong Kong and the Mainland. Among CPG's new measures, 13 are related to financial development and fall directly under FSB's

policy purview. Of these, eight are beneficial to the development of offshore RMB business. With effect from October 2011, the FSB has been tasked to provide support to the Financial Secretary (FS) in the implementation of CPG's new support measures. FS convenes meetings with concerned bureaux/departments to consider progress in the implementation of CPG's new support measures and follow-up actions. The MA Division, in collaboration with regulators including the Hong Kong Monetary Authority, the Securities and Futures Commission, and the Office of the Commissioner of Insurance, has been following up with the relevant Mainland authorities to bring the new measures into effect as early as possible.

7. The MA Division will focus on the following duties in the coming 24 months –

- (a) financial co-operation at the central level in pursuing –
 - (i) CPG's new support measures;
 - (ii) policy initiatives in reinforcing and enhancing Hong Kong's status as an international financial centre, asset management centre as well as offshore RMB business centre as detailed in the National 12th Five-Year Plan;
 - (iii) Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) liberalization measures;
- (b) financial co-operation at the regional level in pursuing –
 - (i) initiatives to enhance financial co-operation with the Mainland at provincial and city levels including Guangdong, Shenzhen (including Qianhai), Shanghai, Beijing, etc.;
 - (ii) initiatives to enhance financial co-operation with Taiwan; and
- (c) RMB business, i.e. promoting the use and circulation of RMB funds, as backed up by CPG's support measures.

8. There will be more frequent engagement with the CPG and market participants through Mainland duty visits and hosting of meetings/organisation of seminars in Hong Kong to shape and advance the above policy initiatives. For example, the Secretary for Financial Services and the Treasury led a high-level delegation comprising members from the insurance and fund management industries to visit relevant agencies in Beijing in November 2011 and the FSB organised a seminar on CPG's new support measures on 14 December 2011 in Hong Kong.

9. Fulfillment of the objective set for Hong Kong in the National 12th Five-Year Plan is key to the future development of Hong Kong. Smooth implementation of CPG's new measures is critical for achieving the declared goal for the mutual benefits of the Mainland of China and Hong Kong. Therefore, strategic planning in pursuing the various new measures as well as co-ordination of their implementation should be enhanced.

Investor protection and education

10. Investor protection is a key consideration cutting across different areas in FSB's work. The Mainland initiatives and products to be introduced in Hong Kong under the above initiatives are subject to respective regulations seeking to protect the investors. In addition, there will be special attention to investor education through the proposed establishment of an Investor Education Council under the Securities and Futures (Amendment) Bill 2011.

11. Closer financial co-operation with the Mainland will facilitate the launch of more RMB financial products and services, which will benefit investors by offering a greater variety of investment channels. Hence the work of the MA Division would help diversify risks and contribute to better investor protection.

Impact on the Hong Kong Economy

12. The robust financial sector has brought about a sizeable amount of business to other sectors in the Hong Kong economy.

13. According to data from the Census and Statistics Department, in 2010 the financial (including insurance) sector contributed 15.4% of Hong Kong's total Gross Domestic Product, employed 208 900 persons (or 6.0% of total employment) and incurred total expenses of \$44.2 billion on services from a number of other sectors including –

- (a) advertisement, business promotion, accounting, audit, legal and other business services (\$14.6 billion);
- (b) transportation, travel, postage, newspaper and magazines, and communications (\$12.0 billion); and
- (c) property which includes rent, rates and government rent (\$17.6 billion).

14. The business thus generated in other sectors in the Hong Kong economy created employment covering a wide spectrum of the labour market, ranging from managerial, clerical to semi-skilled positions. The number of employed persons in the financial industry increased substantially over the past five years by about 40 000, at an average annual growth of 4.0%, far higher than that of 1.2% for all sectors. Among the 40 000 employment created, about 30% were managerial and professional level positions, which saw an average annual growth of 3.5% over the same period. The remaining 70% (i.e. 28 000) jobs created were non-managerial and non-professional level positions. The average annual growth rate was about 4.3%. The financial industry not only provides a large number of high-paying and professional jobs, but also offers employment opportunities for many other supporting staff.

Need for additional directorate support

15. In taking forward our strategic goal to develop Hong Kong as an offshore RMB business centre, the FSB has been absorbing additional workload with existing resources. In view of other priority policy tasks and on-going work that the FSB is charged to deliver, this gradually became untenable. An AOSGC post designated as Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) (Mainland Affairs) (PAS(FS)MA) was therefore created in the MA Division since mid-2011 through internal redeployment on a short-term basis to handle the increasing workload arising from the advancement in financial co-operation with the Mainland at the central and regional levels.

16. We consider it necessary to retain the PAS(FS)MA post for two years to carry on with the current tasks as well as undertaking new responsibilities arising from co-ordination of the implementation of CPG's new support measures, including –

- (a) co-ordinating work plans and updates from relevant bureaux/ departments on a regular basis;
- (b) preparing policy papers and think pieces on how to further enhance financial co-operation as well as investor protection in consultation with the regulators namely the Securities and Futures Commission, the Hong Kong Monetary Authority, Office of the Commissioner of Insurance, as well as the market, e.g. Hong Kong Stock Exchange, the Federation of Hong Kong Insurers, Hong Kong Association of Banks, Hong Kong Investment Funds Association, Hong Kong Institute of Certified Public Accountants and various securities market trade bodies;

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- (c) deliberating actions for advancing progress of the support measures with relevant Mainland authorities including the People's Bank of China, the State Administration of Foreign Exchange, the China Insurance Regulatory Commission, the China Banking Regulatory Commission, the China Securities Regulatory Commission, the National Development and Reform Commission, etc.;
- (d) arranging high level visits to relevant Mainland authorities on a regular basis to enhance communication and expedite progress of the measures;
- (e) researching into latest Mainland developments to identify new initiatives, e.g. participation in Mainland interbank bond market;
- (f) promoting awareness of these measures through conducting seminars locally and overseas roadshows, with a view to enlarging the impact of these measures and securing their successful implementation; and
- (g) serving/supporting the various fora covering Shanghai/Hong Kong, Guangdong/Hong Kong, Shenzhen (Qianhai)/Hong Kong relations as well as CEPA deliberations to advance measures to facilitate co-operation and lower market entry thresholds for financial institutions and intermediaries.

17. We expect the implementation of the new support measures to straddle at least the first three years of the National 12th Five-Year Plan, hence the time-limited AOSGC post would be required for a period of two years to handle the work involved. We will review in end 2013 whether the proposed post would need to be extended beyond early 2014.

Encl. 2 18. The proposed job description of the post of PAS(FS)MA is at Enclosure 2.

Encl. 3 19. An organisation chart of the FSB showing the proposed creation of the post of PAS(FS)MA is at Enclosure 3.

Non-directorate support

20. The proposed post of PAS(FS)MA will be supported by a team of four non-directorate officers, comprising one Senior Administrative Officer, one Executive Officer I, one Personal Secretary I and one Assistant Clerical Officer (ACO). All these posts except the ACO post will be time-limited for two years to tie in with the tenure of the proposed PAS(FS)MA post.

/ALTERNATIVES

ALTERNATIVES CONSIDERED

21. At present, eight PAS(FS)s in the FSB oversee the policy portfolios of securities and futures, banking, insurance, Mandatory Provident Fund (MPF), anti-money laundering, accountancy, insolvency, and other companies-related matters. Their job descriptions are set out in Enclosure 4.

Encl. 4

22. We have critically examined whether the other PASs in the FSB can absorb the additional work of PAS(FS)MA. However, other PAS(FS)s are fully occupied with the workload arising from various priority tasks including the proposed establishment of an Investor Education Council and a Financial Dispute Resolution Centre; the proposed establishment of an independent Insurance Authority and a Policyholders' Protection Fund; review of the MPF system and the proposed legislation to enhance the regulatory regime for MPF intermediaries, as well as the implementation of the Employee Choice Arrangement for increasing employees' control of their MPF investments; the development of asset management industry and bond market; the proposed legislation on disclosure of price sensitive information by listed corporations; the proposed legislation on the regulation of the over-the-counter derivatives market to implement the G20's commitment; the legislative exercise to implement a scripless securities market in Hong Kong; the implementation of an upgraded anti-money laundering regime; the Companies Ordinance rewrite; reform of the corporate insolvency regime; etc. Therefore it is operationally not feasible for any of them to take up the new task without seriously affecting the performance of their own priority tasks.

FINANCIAL IMPLICATIONS

23. The proposed creation of the supernumerary post of AOSGC will bring about an additional notional annual salary cost at mid-point of \$1,611,600. The full annual average staff cost of the proposal, including salaries and staff on-cost, is \$2,285,000.

24. We will include the necessary provision in the draft Estimates of 2012-13 and subsequent years to meet the cost of this proposal.

PUBLIC CONSULTATION

25. On 15 December 2011, we consulted the Legislative Council Panel on Financial Affairs on the above staffing proposal. Members in general supported the creation of the supernumerary post for two years to take forward the CPG's new initiatives.

/ESTABLISHMENT

ESTABLISHMENT CHANGES

26. The establishment changes in the FSB for the past two years are as follows –

Establishment (Note)	Number of Posts			
	Existing (As at 1 December 2011)	As at 1 April 2011	As at 1 April 2010	As at 1 April 2009
A	12 + (4)*	12 + (3)	12 + (3)	12 + (3)
B	65	63	57	53
C	87	89	91	89
Total	164 + (4)	164 + (3)	160 + (3)	154 + (3)

Note:

A - ranks in the directorate pay scale or equivalent

B - non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent

C - non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent

() number of supernumerary directorate post

* as at 1 December 2011, there was no unfilled directorate post in FSB.

CIVIL SERVICE BUREAU COMMENTS

27. The Civil Service Bureau supports the proposed creation of the supernumerary AOSGC post for two years. The proposed ranking of the post is considered appropriate having regard to the level and scope of the responsibilities concerned.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

28. The creation of the supernumerary directorate post, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Measures supporting the economic and social development of Hong Kong promulgated by the Central Government during the “Forum on 12th Five-Year Plan and Mainland-Hong Kong Economic, Trade and Financial Co-operation” on 17 August 2011 –

1. Economic and Trade

- (1) Further increase the opening of Mainland to Hong Kong in trade in services. Striving to basically achieve full liberalisation of trade in services for Hong Kong via CEPA by the end of the 12th Five-Year Plan period; simplifying the approving procedures and implementing the various preferential arrangements in CEPA and its relevant supplement agreements; expediting discussion on the signing of CEPA Supplement VIII for signing by the end of 2011, with a view to further intensifying the liberalisation of the trade in services, further beefing up the substance of investment facilitation measures and pushing forward the implementation of the early and pilot measures in Guangdong and other provinces (municipalities).
- (2) Continuing to support Hong Kong in actively participating in multilateral and regional economic co-operation. The recent focus is to support Hong Kong in participating in the regional co-operation in East Asia, and in this regard, exploring the possibility for Hong Kong to join the free trade agreements already signed by the Mainland. Consideration will also be given to support Hong Kong in directly negotiating with trading partners which have already signed free trade agreements with the Mainland. In the future, when negotiating FTA agreements with foreign countries, more consideration will be given to Hong Kong’s interests and concerns. Efforts will also be made to step up co-ordination and interaction between the Mainland and Hong Kong in the World Trade Organisation and the Asia Pacific Economic Co-operation, with a view to enhancing Hong Kong’s involvement in economic co-operation at both multilateral and regional levels.
- (3) Helping enterprises in both the Mainland and Hong Kong to “go global” together. Encouraging enterprises of the two sides to leverage Hong Kong’s competitive edges in services in the areas of finance, law, accounting and investment consultation etc. and jointly explore the international investment and infrastructure development markets by means of joint investment, joint bidding and joint contracting of projects and other schemes.
- (4) Supporting the stable development, transformation and upgrading of Hong Kong-funded processing industries in the Pearl River Delta Region. Continuing to maintain a consistent policy on processing trade; promoting

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the establishment of exemplary zones for industrial transformation and upgrading in the Pearl River Delta Region, and promoting innovative management model; establishing a sound mechanism on facilitating domestic sales by processing industries; strengthening employment services and guidance; providing financial and insurance support etc; encouraging Hong Kong-funded enterprises to upgrade and restructure.

- (5) Supporting the deepening of co-operation between the Mass Transit Railway Corporation and its counterparts in Beijing, Shanghai and Shenzhen in railway construction and operation, and its expansion to other cities including Hangzhou.

2. Finance

- (6) Encouraging the use of RMB by Hong Kong enterprises in making direct investment in the Mainland, launching of Pilot Scheme of RMB Settlement for Foreign Direct Investment in phases and revising the “Measures for the Administration of Overseas Investment Projects” as soon as possible.
- (7) Launching of an Exchange-Traded Fund (ETF) constituted by Hong Kong listed stocks in the Mainland.
- (8) Providing continuous support to encourage the listing of Mainland enterprises in Hong Kong.
- (9) Allowing Hong Kong-funded corporate banks in the Mainland to engage in mutual fund business.
- (10) Vigorously implementing the various facilitating measures under CEPA; continued enhancement of opening to Hong Kong-funded banks in terms of both depth and width; supporting Hong Kong-funded banks in establishing a reasonable and balanced presence in Guangdong in the form of “cross-location” sub-branches.
- (11) Encouraging Hong Kong’s insurance companies to access the Mainland’s insurance market by setting up office or taking up stakes with a view to enhancing their participation in the development of the Mainland insurance market and enabling them to share the related opportunities; enhancing Mainland-Hong Kong in the development of insurance products, business operation and management etc.
- (12) Extending the Pilot Scheme for Cross-border Trade Settlement in RMB to cover the whole country, with a view to facilitating enterprises to use RMB to conduct trading and direct investment activities in Hong Kong, and enhancing Hong Kong status as the centre for RMB trade settlement.

- (13) Launching pilot projects for foreign-funded banks to replenish capital with RMB, with a view to facilitating Hong Kong enterprises and banks to invest in the Mainland.
- (14) Allowing more umbrella Mainland financial institutions to issue RMB-denominated bonds in Hong Kong. Allowing Mainland enterprises to issue RMB-denominated bonds in Hong Kong; gradually expanding the scale of issuance of RMB-denominated bonds in Hong Kong by Mainland institutions.
- (15) Making the issuance of RMB sovereign bonds in Hong Kong a long-term and institutional arrangement and gradually expanding the scale of issuance.
- (16) Carrying on the Pilot Scheme for Eligible Institutions (including non-Mainland central banks, RMB clearing banks in Hong Kong and Macao, and non-Mainland participating banks) to invest in Mainland's interbank bond market.
- (17) Promoting innovation in the diversification of offshore RMB financial products in Hong Kong.
- (18) Allowing investments in the Mainland equity market by means of the RQFII scheme.

3. Livelihood and Social Issues

- (19) Adopting measures to safeguard supplies to Hong Kong. Co-ordinating the efforts of all concerned parties and taking necessary measures to ensure the stable supply of quality agricultural products, including staple food, meat, fruits, vegetables, as well as electricity and natural sand for the Hong Kong market.
- (20) Accelerating the construction work of the Hong Kong branch line of the Second Pipeline of the West-East Gas Transmission Project, with a view to commencing the supply of natural gas in the second half of 2012, and supplying a total of 3 billion cubic metres of natural gas to Hong Kong by the end of the 12th Five-Year period.
- (21) Allowing some Mainland universities to waive the entrance examinations for Hong Kong students. From 2012 onwards, some Mainland universities will, on a pilot basis, waive the requirements for results obtained in the "Joint College Entrance Examination for Hong Kong, Macao and Taiwan Students", and will consider applications from Hong Kong students on the basis of their results obtained in the "Hong Kong Diploma of Secondary Education Examination".

- (22) Enhancing co-operation between the Mainland and Hong Kong on innovation and technology by integrating the initiative with the related implementation plans on science and technology under the National 12th Five-Year Plan, with a view to speeding up the merging of Hong Kong's resources on technology development with the overall national innovation regime.
- (23) Strengthening support in the development of innovation and technology industries in Hong Kong, further extending new modes of co-operation between the two places, such as supporting Hong Kong in establishing sub-branches of the Chinese National Engineering Research Centre, and bases for high-tech industries in suitable forms in Hong Kong, etc.
- (24) Further relaxation to allowing Hong Kong service providers to set up wholly-funded hospitals in all municipalities directly under the Central Government and provincial capital cities.

4. Tourism

- (25) Jointly promoting the quality of tourism services in the Mainland and Hong Kong; setting up a sound tourism market regulatory mechanism in both places; regulating the tourism enterprises to ensure honest and trustworthy business operation; protecting the legal rights of tourists; jointly promoting healthy and orderly development of the inbound tourism market from the Mainland to Hong Kong.
- (26) Taking forward joint overseas promotion on tourism; jointly developing multi-destination itineraries covering both Hong Kong and the Mainland; effectively utilising overseas tourism exhibition activities to conduct joint promotion; further enhancing closer co-operation among overseas tourism offices of the two places.
- (27) Encouraging expanded scope of co-operation between the tourism enterprises of the two sides; encouraging and inducing capital flow and mutual investment among tourism enterprises of both sides; focused support for Hong Kong to set up travel agents in the Mainland; enhancing technology development on tourism and co-operation on development of tourism spots; discussing the way forward on the industrialisation of tourism business.
- (28) Taking measures such as joint personnel training and developing new operational modes in the Mainland with a view to stepping up the support for development of cruise vessels home porting in Hong Kong.

5. Hong Kong/Guangdong Co-operation

- (29) Overseeing the implementation of the various initiatives under the Framework Agreement; vigorously supporting the establishment of the Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone; and actively developing innovative finance, modern logistics, information services, science and technology services and other professional services.
- (30) Advising Guangdong, Hong Kong and Macao on the drafting and implementation of Guangdong-Hong Kong-Macao Regional Tourism Plan with a view to mapping out a long term development strategy on regional tourism co-operation; strengthening the development of barrier-free regional tourism; and vigorously developing world-class tourism and leisure destinations.
- (31) Incorporating the connection of the Mainland, Hong Kong and Macao into the National 12th Five-Year Plan on Comprehensive Traffic and Transportation System; completing the construction of the Mainland section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link by the end of 2011, and advancing step by step the connection of the latter with the Beijing-Guangzhou Passenger Line, Hanzhou-Fuzhou-Shenzhen Passenger Line and other eastern coastal express rail links. Pushing forward the construction of the Hong Kong-Zhuhai-Macao Bridge project with a view to realising the expressway connection among Hong Kong, Zhuhai and Macao. Priority will be given to joint venture co-operation with Hong Kong enterprises in taking forward the Yantian and Dachanwan Container Terminal development projects.
- (32) Promoting co-operation between the aviation industries of Hong Kong and the Mainland, including the Pearl River Delta region; improving the air traffic mechanism between Hong Kong and the Mainland; enhancing the regional air transport capacity.
- (33) Actively studying the construction of the Hong Kong-Shenzhen Express Rail Line linking the two airports of Hong Kong and Shenzhen.
- (34) Allowing Hong Kong professionals who have obtained professional qualifications in the Mainland in the area of construction through mutual recognition of qualifications to register and practise in Guangdong. They will enjoy the same treatment as Mainland professionals with the same professional qualifications.
- (35) Exploring ways to enhance the mode of joint venture between law firms of the Mainland and Hong Kong under the Guangdong-Hong Kong and Qianhai Shenzhen-Hong Kong co-operation framework, with a view to deepening co-operation between the two sides on legal services.

6. Others

- (36) Expanding the scope of pilot product testing and certification undertaken by those Hong Kong testing organisations which possess the relevant capability to perform product testing and certification under the China Compulsory Certification (CCC) system and accredited by the accreditation body of the HKSAR Government (i.e. the Hong Kong Accreditation Service), to perform testing and certification for all products processed in Hong Kong which require CCC testing and certification.
- (37) Supporting Hong Kong to implement action plans to tackle climate change and take part in the national endeavour on the issue; supporting Hong Kong enterprises to launch clean development mechanism projects in the Mainland.

Note: In addition to the above supporting measures, the Central Government has also announced or confirmed the following three supporting measures in mid-August 2011 –

- (a) Setting up of a joint-venture company being conceived by the Hong Kong Stock Exchange and its counterparts in Shanghai and Shenzhen with a view to developing index-based products;
- (b) Development of Hong Kong into an international arbitration centre, for the Asia Pacific region; allowing Hong Kong arbitration organisations to provide direct services in Qianhai of Shenzhen; and
- (c) Setting up a dedicated fund to sponsor 1 000 students and teaching staff of the University of Hong Kong to study in the Mainland each year from 2012 onwards.

Job Description
Principal Assistant Secretary for Financial Services and the Treasury
(Financial Services) (Mainland Affairs)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Secretary for Financial Services and the Treasury
(Financial Services) 1

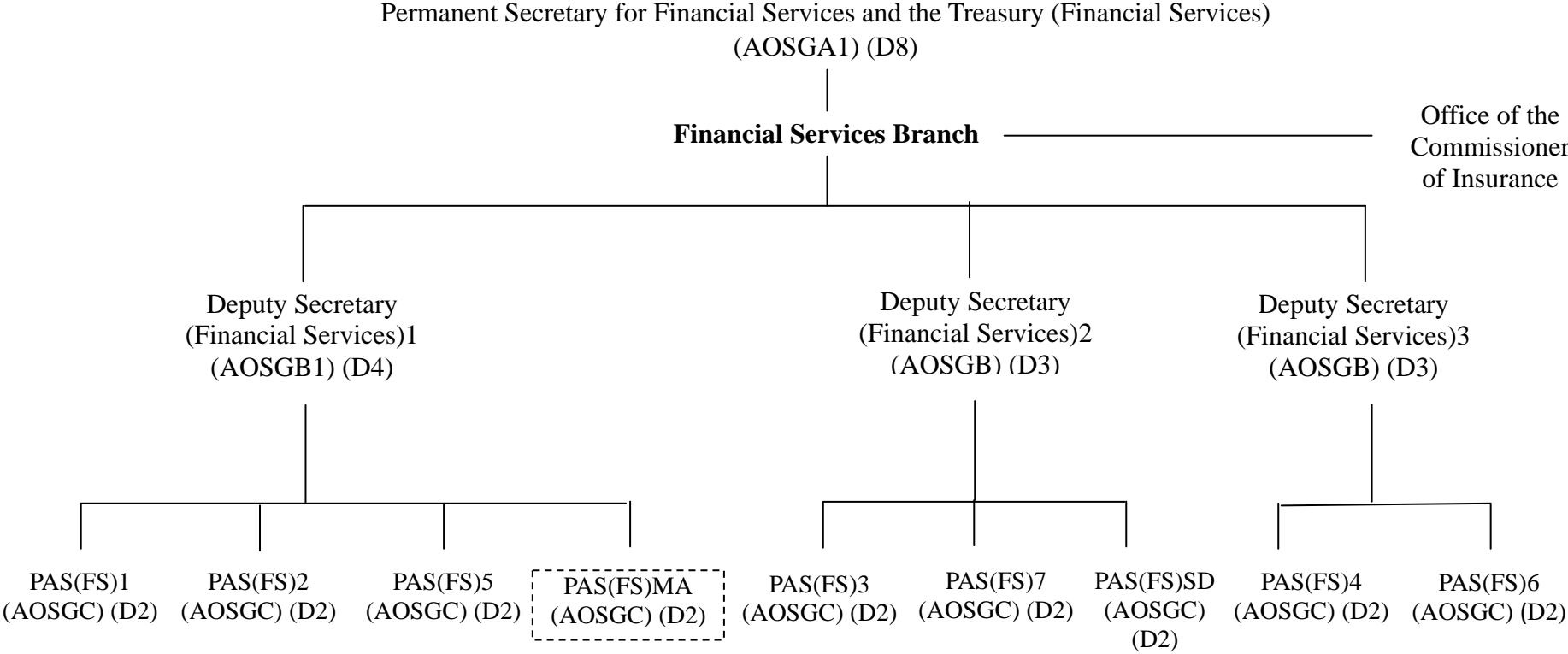
Main Duties and Responsibilities –

1. To formulate policy input and co-ordinate policy initiatives on financial co-operation with the Mainland at the national level, including –
 - (a) new support measures announced by the Central People's Government (CPG) in August 2011;
 - (b) policy initiatives in reinforcing and enhancing Hong Kong's status as an international financial centre, asset management centre as well as offshore RMB business centre as detailed in the 12th Five-Year Plan; and
 - (c) CEPA deliberations as well as implementation of liberalization measures relating to the financial sector.

2. To oversee and co-ordinate matters relating to financial co-operation with Mainland provinces (including Taiwan) and cities –
 - (a) actively pursuing initiatives to enhance financial co-operation with the Mainland at provincial and city levels including Guangdong, Shenzhen (including Qianhai), Shanghai and Beijing, etc.; and
 - (b) handling Hong Kong-Taiwan financial co-operation related issues.

3. To reinforce and enhance our offshore RMB business platform through promoting the use and circulation of RMB funds as backed up by CPG's support measures.

Organisation Chart of the Financial Services and the Treasury Bureau (Financial Services Branch)



Legend:

- Supernumerary directorate post to be created
- AOSGA1 Administrative Officer Staff Grade A1
- AOSGB1 Administrative Officer Staff Grade B1
- AOSGB Administrative Officer Staff Grade B
- AOSGC Administrative Officer Staff Grade C
- PAS(FS) Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)
- SD Special Duties

**Duties and Responsibilities of
the Existing Principal Assistant Secretaries
(Financial Services) (PAS(FS)s)**

PAS(FS)1 is responsible for policy and matters relating to investor protection of the securities and futures markets. In addition, he/she provides policy input on supervision of intermediaries and of market operation, and deals with the housekeeping matters of the Securities and Futures Commission (SFC). He/She also co-ordinates the operation of the Securities and Futures Appeals Tribunal and the Market Misconduct Tribunal. He/she provides secretariat support for the Process Review Panel for SFC, and co-ordinates among the financial regulators on risk management matters and is now working on the proposed establishment of an Investor Education Council and a Financial Dispute Resolution Centre.

2. PAS(FS)2 is responsible for listing related matters and liaison with the Hong Kong Exchanges and Clearing Limited. He/She is working on the proposed legislation on disclosure of price sensitive information by listed corporations, regulation of over-the-counter derivatives market to implement the G20's commitment, and a scripless securities market in Hong Kong. He/She also handles matters relating to the development of the asset management industry and commodities market in Hong Kong.

3. PAS(FS)3 oversees policy and legislative matters over the Mandatory Provident Fund (MPF) Schemes and the Occupational Retirement Schemes. His/her portfolio covers all MPF-related matters, including the housekeeping matters of Mandatory Provident Fund Schemes Authority. Major ongoing projects include the enhancement of the regulatory regime for MPF intermediaries for early implementation of the Employee Choice Arrangement and the planned implementation of the portability proposal to increase employees' control of their MPF investment.

4. PAS(FS)4 is rolling out a new exercise to modernise Hong Kong's corporate insolvency law and taking forward the proposal to introduce a new corporate rescue procedure and is partially deployed to one of the divisions in the Companies Bill Team to assist in taking forward the rewrite of the Companies Ordinance. He/she also deals with the regulation of the accountancy profession. Apart from these duties, he/she also assists in handling

/insolvency

insolvency policy and administration, accounting sector policy and legislation and corporate governance of unlisted companies. He/She deals with housekeeping matters of the Official Receiver's Office and the Financial Reporting Council (FRC), and provides the secretariat support for the Process Review Panel for FRC.

5. PAS(FS)5 is responsible for the review and maintenance of the Banking Ordinance including implementation of Basel 2.5 and Basel 3, and liaison with the Hong Kong Monetary Authority on banking and other related issues. He/She oversees policy matters and legislation concerning the Deposit Protection Scheme as well as those relating to bond market development and Islamic finance. In addition, he/she co-ordinates input from financial services perspective in connection with Hong Kong's participation in relevant international and regional fora, including G20, Financial Stability Board, International Monetary Fund, Asia-Pacific Economic Cooperation, Asian Development Bank and the Organization for Economic Co-operation and Development.

6. PAS(FS)6 deals with policies and legislation relating to companies and trust companies. He/She co-ordinates the work relating to rewrite of the Companies Ordinance as well as review of the Trustee Ordinance. He/She also deals with the housekeeping matters of the Companies Registry.

7. PAS(FS)7 co-ordinates the implementation of the anti-money laundering (AML)/counter financing of terrorism (CFT) policies in Hong Kong in line with the relevant international standards. He/She also deals with the legislative exercise to enhance the AML/CFT regulatory regime in respect of the financial sectors and liaises with the relevant authorities on the preparation for the implementation of the newly enacted legislation on 1 April 2012. In addition, he/she acts as the liaison contact for Hong Kong's participation in and inputs to the discussions of the international forums on AML/CFT matters.

8. PAS(FS)SD oversees policy and legislative matters over the insurance sector. His/her portfolio covers all insurance-related policies, including the housekeeping matters of the Office of the Commissioner of Insurance. He/she oversees the proposed establishment of an independent Insurance Authority (IIA) and a Policyholders' Protection Fund (PPF), engages the industry and stakeholders in developing detailed proposals, and formulates detailed legislative proposals for the establishment of the IIA and PPF.
