

立法會
Legislative Council

LC Paper No. CB(1)1932/11-12

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Paper for the House Committee meeting on 25 May 2012

**Request for priority allocation of a debate slot to the
Subcommittee to Study Issues Arising from Lehman Brothers-related
Minibonds and Structured Financial Products**

Purpose

This paper invites Members to note that the Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products (the Subcommittee) will table its Report at the Council meeting of 6 June 2012, and to consider the Subcommittee's request for priority allocation of a debate slot to its Chairman to move a motion for debate on its Report at the meeting of the Legislative Council (LegCo) of 13 June 2012.

Background

2. Following the collapse of the Lehman Brothers Holding Inc. in the United States in September 2008, tens of thousands of investors in Hong Kong suffered losses on their investment in Lehman Brothers-related Minibonds and structured financial products (LB structured products). Serious concern was raised on whether the distribution of LB structured products by banks had been effectively regulated under the prevailing regulatory regime as many aggrieved investors complained that the products had been mis-sold to them by banks. In view of widespread public concern, the House Committee held meetings on 10 and 13 October 2008 to follow up the matter, and decided to set up a subcommittee under the House Committee to look into issues related to the distribution of LB structured products. At its meeting on 17 October 2008, the House Committee further agreed that the approval of LegCo be sought to

authorize the Subcommittee to exercise the powers under section 9(1) of the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) in performing its functions. A motion to this effect was passed by LegCo on 12 November 2008.

3. The Subcommittee commenced work in October 2008 and took forward its study in stages and by phases, focusing on the regulatory regime governing the securities business carried on by banks and the practice of retail banks in their distribution of LB structured products. The Subcommittee is not tasked to investigate into specific cases, or to assist individual investors to pursue their cases. It held a total of 163 meetings, including 106 hearings conducted from February 2009 to May 2011 to take evidence from 62 witnesses from the Administration, regulators, top/senior management and frontline staff of six banks¹ and investors of LB structured products. Another 57 meetings were held to consider various procedural/legal issues, and to deliberate on the evidence obtained and its draft report. The Subcommittee has completed its work and will table its Report at the Council meeting of 6 June 2012.

Motion debate on the Report of the Subcommittee

4. As the issues inquired by the Subcommittee are of widespread public concern, the Subcommittee considers it necessary to provide an opportunity for all Members and relevant government officials to express their views on the findings and observations of the Subcommittee. At its meeting held on 2 May 2012, the Subcommittee agreed to seek the House Committee's agreement for the priority allocation of a debate slot to Ir Dr Hon Raymond HO, Chairman of the Subcommittee, for moving a motion for debate on its Report at the Council meeting of 13 June 2012. The wording of the motion is in the **Appendix**.

5. Under Rule 14A(h) of the House Rules (HR), committees and subcommittees of the Council may make a request for priority allocation of debate slots and such request shall be put forward to the House Committee for consideration on a case-by-case basis. Should the House Committee accede to such a request, the debate slot shall not be counted as the mover's own slot.

¹ The six banks are DBS Bank (Hong Kong) Limited, Standard Chartered Bank (Hong Kong) Limited, Citibank (Hong Kong) Limited, The Royal Bank of Scotland N.V. (formerly known as ABN AMRO Bank N.V.), Bank of China (Hong Kong) Limited and Dah Sing Bank, Limited.

6. Pursuant to HR 14A(h), the Subcommittee seeks the agreement of the House Committee for the priority allocation of a debate slot to its Chairman to move a motion for debate on its Report at the Council meeting of 13 June 2012. If the House Committee accedes to the request, the Subcommittee suggests that there should only be one other motion debate without legislative effect at that Council meeting. Having regard to the speaking time for debates on the reports of past select committees, the Subcommittee also requests that the speaking time limit for the debate on its Report at the Council meeting of 13 June 2012 should be 15 minutes for each Member.

Advice sought

7. Members are invited to consider the requests of the Subcommittee in paragraph 6 above.

Council Business Division 1
Legislative Council Secretariat
24 May 2012

2012年6月13日(星期三)
立法會會議席上
何鍾泰議員就"小組委員會報告"
擬提出的議案

議案措辭

"本會察悉《研究雷曼兄弟相關迷你債券及結構性金融產品所引起的事宜小組委員會報告》。"

**Motion on "Report of the Subcommittee"
to be moved by Ir Dr Hon Raymond HO Chung-tai
at the Legislative Council meeting of
Wednesday, 13 June 2012**

Wording of the Motion

"That this Council notes the Report of the Subcommittee to Study Issues Arising from Lehman Brothers-related Minibonds and Structured Financial Products."