

Panel on Financial Affairs

List of Follow-up actions

(Position as at 10 October 2011)

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
1. Review of notification and appeal system for disclosure of information under comprehensive avoidance of double taxation agreements	29 December 2009 (date of referral from Bills Committee)	As requested by the Bills Committee on Inland Revenue (Amendment) (No. 3) Bill 2009, the Administration will report to the Panel on Financial Affairs on the effectiveness of the proposed notification and appeal system for disclosure of information under comprehensive avoidance of double taxation agreements 18 months after implementation.	The Administration's response was circulated to members vide LC Paper No. CB(1)2585/10-11 on 24 June 2011
2. Proposed establishment of an independent Insurance Authority (IIA)	12 October 2010	(a) The Administration is requested to provide a detailed comparison between the proposed insurance regulatory arrangements and the relevant arrangements in other jurisdictions. The comparison should in particular address members' concerns about the transition from the existing self-regulatory regime to the establishment of an IIA to assume all regulatory functions over insurance intermediaries, and the proposed arrangement of empowering the Hong Kong Monetary Authority (HKMA) to regulate the sale of insurance products by bank employees.	The Panel discussed the consultation conclusions and detailed proposals on the proposed establishment of an IIA at the meeting on 4 July 2011. LC Paper No. CB(1)2590/10-11(01) is relevant.

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		(b) The Administration is requested to provide a comparison between the proposed funding arrangements for the IIA and the relevant arrangements in other jurisdictions, with particular regard to the imposition of a levy on insurance premiums.	
3. Regulation of Monetary Provident Fund intermediaries	4 April 2011	Before introducing the relevant Bill, the Administration is requested to provide a paper to the Panel to report on the decision/proposal of the Administration.	The Administration provided a paper on the consultation conclusions and detailed proposals on the regulation of Mandatory Provident Fund intermediaries vide LC Paper No. CB(1)2845/10-11(01), which was circulated to members on 1 August 2011
4. Briefing on the work of HKMA	23 May 2011	The HKMA is requested to provide the following information: (a) the trend of rollover balances of credit cards and the extent to which the credit growth of the banking sector in Hong Kong is attributed to the growth of rollover balances of credit cards;	The HKMA's response was circulated to members vide LC Paper No. CB(1)2488/10-11 on 16 June 2011

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		<p>(b) reasons for banks refusing to provide re-mortgage loans to buyers of residential units under the Sandwich Class Housing Scheme, and the relevant guidelines issued by HKMA to banks;</p> <p>(c) the estimated amounts of Renminbi invested in the property market and securities in Hong Kong, and whether HKMA has taken any measure to prevent/combat money-laundering activities involving the use of Renminbi to purchase properties in Hong Kong; and</p> <p>(d) quantitative information (in tabular form) on residential mortgage lending for individuals and companies in respect of different flat sizes, with details on (i) loan-to-value ratios and (ii) the periods when mortgages were redeemed prematurely.</p>	
<p>5. Policy issues relating to suspension of trading and subsequent buyback of four derivative warrants linked to the Nikkei 225 Index issued by</p>	<p>23 May 2011</p>	<p>The Administration is requested to provide information on the practices of overseas jurisdictions on the regulation of listed structured products, e.g. whether the same body is responsible for approving the listing and regulating the trading of listed structured products, and to address the issue of whether the present arrangement that the</p>	<p>The Administration's response was circulated to members vide LC Paper No. CB(1)2501/10-11 on 16 June 2011</p>

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Goldman Sachs Structured Products (Asia) Limited		Stock Exchange of Hong Kong is responsible for approving the listing and regulating the trading of listed structured products would give rise to conflict of interest.	
6. Disruption of HKExnews website service and the suspension of trading arrangement on 10 August 2011	31 August 2011	To facilitate the consideration of whether the incident on 10 August 2011 is an isolated case or the result of poor management, a member requested the Hong Kong Exchange and Clearing Limited (HKEx) to provide information on (a) the findings of its internal and external reviews conducted in relation to the enhancements made to the HKExnews website since 2008; (b) the respective comments of its internal audit team and external auditor regarding the security of the information technology systems of HKEx; and (c) follow-up actions taken by HKEx in the light of the review/audit findings.	HKEx's response was circulated to members vide LC Paper No. CB(1)3024/10-11 on 22 September 2011
7. Measures announced by Vice Premier LI Keqiang on 17 August 2011 relating to Hong Kong's financial services	31 August 2011	A member requested the Securities and Futures Commission (SFC) to provide information on (a) the regulatory cooperative arrangements agreed between SFC and the Mainland regulators; (b) a list of the relevant Memoranda of Understanding (MOU) signed between SFC and the Mainland regulators; (c) whether the full texts of the MOU are available for public viewing; and (d) figures on	The Administration's response was circulated to members vide LC Paper No. CB(1)3024/10-11 on 22 September 2011

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		exchange of information and investigatory assistance under the cooperative arrangements with the Mainland.	

Council Business Division 1
Legislative Council Secretariat
10 October 2011