

Panel on Financial Affairs

Follow-up actions arising from the meeting on 7 July 2014

Agenda Item III – Proposals to improve the regulatory regime for listed entity auditors

1. The Administration is requested to provide information on the practices adopted by member jurisdictions of international bodies, including the Organization for Economic Cooperation and Development, with regard to the arrangements for the powers of investigation into reporting/auditing irregularities by listed entity auditors and determination of related disciplinary sanctions. In particular, whether such powers are separately vested in two independent bodies or solely vested in one regulatory oversight body as proposed in the consultation paper on "Proposals to improve the regulatory regime for listed entity auditors" released on 20 June 2014.

Agenda Item V – Proposed Amendments to the Banking (Capital) Rules and Banking (Disclosure) Rules, and making of a set of Banking (Liquidity) Rules, for implementation of Basel III Standards in Hong Kong

2. The Administration is requested to provide, before/when introducing the relevant subsidiary legislation into the Legislative Council ("LegCo") for implementing the second phase of the Basel III requirements, information on the comparison between Hong Kong and members of Group of Twenty on -

- (a) the progress in respect of implementation of the first phase of Basel III requirements; and
- (b) the timetable for implementing the second phase of Basel III requirements.

Agenda Item VI – Briefing on legislative proposal to implement the stamp duty waiver in respect of exchange traded funds

3. To address members' concerns about the justification for and effectiveness of implementing the proposed stamp duty waiver for the transfer of shares or units of all exchange traded funds ("ETF"), as well as Hong Kong's competitiveness in attracting ETF issuers, the Administration is requested to provide the following information before/when introducing the relevant amendment bill into LegCo -

- (a) the major obstacles in Hong Kong's legal and taxation regimes in attracting ETF issuers vis-à-vis other jurisdictions;
- (b) the major factors ETF issuers will take into account in deciding to domicile or list an ETF in a particular place;
- (c) the average time taken by the Securities and Futures Commission for processing the 59 applications for ETF authorization in the past three years; and
- (d) Government's strategies and major measures to promote the development of asset management business in Hong Kong.