

立法會

Legislative Council

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Report of the Panel on Financial Affairs for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Financial Affairs ("the Panel") for the 2015-2016 legislative session. It will be tabled at the meeting of the Legislative Council ("LegCo") of 13 July 2016 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

The Panel

2. The Panel was formed by a resolution passed by LegCo on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining government policies and issues of public concern relating to financial and finance matters. The terms of reference of the Panel are set out in **Appendix I**.

3. For the 2015-2016 session, the Panel comprised 20 members, with Hon NG Leung-sing and Hon Christopher CHEUNG Wah-fung elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

Major work

Macro economy

Hong Kong's economic performance and competitiveness

4. During the 2015-2016 session, the Panel continued to provide a forum for Members of LegCo to exchange views with the Financial Secretary ("FS") on matters relating to macro economic issues. On the economic outlook for 2016, the Panel noted at the meeting on 6 June 2016 that for 2016 as a whole,

the gross domestic product ("GDP") growth was forecast to be 1-2%, while the forecast rates of headline and underlying consumer price inflation were 2.3% and 2% respectively. The global economic environment remained challenging in 2016. Recoveries in many advanced economies were still unstable. The potential exit of the United Kingdom from the European Union, and the uncertainties associated with the United States ("US") interest rate normalization added financial volatility and posed risks to the global economy. Locally, the uncertain global economic outlook and the local asset market fluctuations might continue to impinge on economic sentiment despite there were initial signs of stabilization in the economic conditions entering the second quarter of 2016.

5. Members noted with concern about the further slowdown in the Hong Kong economy during the first quarter of 2016, and enquired about the Administration's measures to stimulate domestic demand and support affected sectors. FS advised that the 2016-2017 Budget included a package of tax and short-term relief measures amounting to \$38.8 billion. Together with other spending initiatives in the Budget, it was envisaged that the measures would have a fiscal stimulus effect of boosting GDP for 2016 by around 1.1 percentage point. The measures would be beneficial to the labour market, ease cost pressure of local enterprises particularly the small and medium-sized enterprises ("SMEs"), and stimulate domestic consumption.

6. Members stressed the importance for the Administration to enhance Hong Kong's competitiveness and made various suggestions in this regard, including providing an environment conducive to the development of innovation and technology, promoting the development of financial technologies and green finance, strengthening Hong Kong's four pillar industries, leveraging the opportunities offered by the National 13th Five-Year Plan and the "Belt and Road" initiative, assisting Hong Kong enterprises to access other markets, and actively pursuing Hong Kong's participation in the Asian Infrastructure Investment Bank ("AIIB").

7. FS assured members that the Government would continue to enhance Hong Kong's existing advantages and pillar industries, formulate support measures for enterprises and explore emerging markets along the "Belt and Road", tapping the opportunities arising from the National 13th Five-Year Plan and the "Belt and Road" initiative, and striving for the establishment of an office of AIIB in Hong Kong. With a view to promoting the development of innovation and technology, the Government had been providing full tax deduction for enterprises' expenditure on research and development ("R&D") under the Inland Revenue Ordinance (Cap. 112) and providing subsidies and cash rebates on the applied R&D investments by enterprises through the

Innovation and Technology Support Programme and the Research and Development Cash Rebate Scheme.

Property market

8. Noting that the local property market was facing downward pressure with the impending US interest rate hike and increase in flat supply, some members considered that the Government should adjust the existing demand-side management measures on the property market and enquired about the factors to be taken into account. FS responded that the Government's objective was to ensure the stable and healthy development of the local property market through increasing land and flat supply. The Government would continue to monitor the development in the market and consider a host of factors in reviewing the demand-side management measures, including transaction volumes and prices, the demand and supply situations, financial ability of home buyers, the extent of speculative activities, the pace of increase in the US interest rates, and the global economic situation.

Revised guidelines for assessing government outsourced service contracts

9. The Panel urged the Government to combat working poverty of non-skilled workers by reviewing the tendering arrangements in outsourcing government services to end awarding contracts to bidders with the lowest prices. The Panel noted that in May 2016, the Government promulgated revised guidelines on tender evaluation in awarding service contracts that relied heavily on the deployment of non-skilled workers. The revised guidelines required all bureaux and departments to include the tenderers' proposed wage rates and working hours for non-skilled workers among the assessment criteria in the marking scheme. FS advised that the revised guidelines could encourage contractors to increase the wages and reduce the working hours of non-skilled workers. While Panel members in general welcomed the initiative, they called on the Government to set appropriate weightings in the marking scheme for the criteria of wage rates, working hours and the bid price. Members further urged the Administration to ensure that the contractors would meet their contractual obligations regarding the wage rates and working hours, and monitor the wage level and working hours of non-skilled workers in assessing the effectiveness of the revised guidelines.

Monetary affairs

10. The Panel continued to receive regular briefings by the Chief Executive of the Hong Kong Monetary Authority ("HKMA") and his colleagues on the work of HKMA. At these briefings, HKMA provided information on the

global/regional/local financial and economic conditions, assessment of risks to Hong Kong's financial stability, banking supervision, development of the financial market and Hong Kong as an offshore Renminbi ("RMB") operation centre, and performance of the Exchange Fund ("EF").

The Exchange Fund

11. The Panel noted that the investment loss of EF for 2015 amounted to \$15.8 billion, and the investment income for the first quarter of 2016 was \$24.1 billion. The fixed rates for calculating the payment to the fiscal reserves placed with EF were 5.5% and 3.3% for 2015 and 2016 respectively.

12. Members noted with concern the continuous investment loss of EF in 2015 and enquired if HKMA would review the investment strategy to improve EF's performance and using hedging to reduce investment loss in equities. Some members asked whether the investment loss of EF in 2015 would be considered in determining the remuneration of senior staff members of HKMA.

13. HKMA responded that it adopted a long-term asset allocation strategy with a view to achieving a stable return for EF investment in the medium to long term. It would be highly risky for EF to aim for gains using short-term speculation. EF had achieved on average a 5% annual investment gain between 1994 and 2015 while the composite consumer price index over the same period was 2.2%. On the determination of remuneration, HKMA advised that management of EF was one of the core functions of HKMA and the Governance Sub-Committee of the Exchange Fund Advisory Committee would take this into account in the annual review of the level of remuneration of HKMA's senior management staff.

Moderation in credit growth

14. The Panel noted that the local credit growth rate declined from 12.7% in 2014 to 3.5% in 2015 and registered a decrease of 0.2% in the first quarter of 2016. Members expressed concern that SMEs were facing difficulties in obtaining credit. They called on the Administration and HKMA to assist SMEs in this regard.

15. HKMA advised that as it had understood from banks, the moderation in credit growth in 2015 was partly attributable to the unwinding of RMB carry trade and there was no significant tightening in credit for SMEs. The Hong Kong Mortgage Corporation Limited ("HKMC")'s SME Financing Guarantee Scheme had been supporting SMEs. As at end of March 2016, the Scheme had approved 10 000 applications involving 7 000 SMEs and a total loan

amount of around \$44 billion. HKMA assured members that it would continue to liaise with HKMC and encourage the banking industry to refer applications to the Scheme.

Interest rate risks and measures on the property market

16. Members expressed concern about the risk of interest rate hikes in the US on the local property market, in particular, the possible surge in the number of negative equities. Some members enquired whether HKMA would consider relaxing the countercyclical macroprudential measures introduced during the upward cycle of the property market in order to counteract the downward pressure on the local property market.

17. HKMA explained that increases in the US interest rates would unlikely result in a drastic increase in the local interest rates as under the Linked Exchange Rate regime, the some US\$130 billion capital inflow into the Hong Kong dollar in recent years could provide buffer for possible capital outflow. The current cases of negative equities mainly involved mortgages with 90% loan-to-value ratio. HKMA would consider suitably relaxing the measures in phases only when a downward cycle in the property market was confirmed. HKMA had to observe the development of the property cycle for a longer period and would consider a host of factors in a holistic manner in reviewing the countercyclical macroprudential measures.

Difficulties in opening bank accounts

18. Some members expressed concern about the difficulties encountered by SMEs and start-up companies in opening bank accounts and urged HKMA to look into the matter. HKMA explained that major economies including Hong Kong were subject to increasingly stringent statutory customer due diligence ("CDD") requirements in recent years introduced to combat money laundering and terrorist financing activities. HKMA had issued guidelines to banks on opening of accounts and required banks to keep the relevant process transparent and provide potential customers with basic information about the procedures and documentation requirements. HKMA would urge banks to strike a proper balance between compliance with CDD requirements and facilitating the public and local companies in opening accounts.

Securities and futures markets

Budget of the Securities and Futures Commission for the financial year of 2016-2017

19. The Panel discussed the proposed budget of the Securities and Futures Commission ("SFC") for the 2016-2017 financial year at the meeting on 15 February 2016. While welcoming SFC's proposal to extend the annual licensing fee holiday for licensed intermediaries for another two years from 1 April 2016, some members were concerned that the proposed headcount increase in SFC's Intermediaries Division might imply tightening of supervision of intermediaries. These members opined that SFC should step up its efforts in regulating newly listed companies instead and streamline the investigation procedures in saving costs so as to contain the expenditure on professional and legal fees.

20. SFC advised that the proposed headcount increase in the Intermediaries Division was to cope with the substantial increase in the number of licensed intermediaries and was not aimed for tightening regulation of small and medium-sized brokers. As regards the professionals engaged by SFC, they were mainly legal and financial experts with relevant experience in market regulation. The size of professional and legal fees reflected the high demand for such professional services in the market.

21. Some members expressed concern about the trend of "backdoor listings" of Mainland companies through the purchase of shell companies listed in Hong Kong, and enquired how SFC would strengthen regulation in this area in maintaining the quality of the Hong Kong securities markets and protecting investors. SFC responded that it was conducting review with the Hong Kong Exchanges and Clearing Limited ("HKEX") on possible abuses of the current Listing Rules and adequacy of the Rules in dealing with backdoor listings. The two bodies were also examining the division of work between themselves relating to listing matters.

22. In view of the increasing interconnection between the securities markets of Hong Kong and the Mainland, some members expressed concern as to how SFC would protect the integrity of the Hong Kong market. SFC advised that SFC had entered into a Memorandum of Understanding with the China Securities Regulatory Commission ("CSRC") to strengthen cross-boundary regulatory and enforcement cooperation. SFC endeavoured to ensure that sufficient information could be obtained from the Mainland regulators to deal with misconduct of Mainland companies listed in Hong Kong.

Expansion of the scope of the short position reporting regime in Hong Kong

23. SFC introduced a short position reporting regime in Hong Kong in June 2012. The reporting regime covered the constituent stocks of the Hang Seng Index, Hang Seng China Enterprises Index ("HSCEI") and other stocks specified by SFC. Given the significant growth in short selling activities of securities not covered in the reporting regime, such as collective investment schemes (e.g. exchange traded funds, Real Estate Investment Trusts and other Unit Trusts/Mutual Funds), the Administration and SFC briefed the Panel on the proposal to expand the existing reporting regime to cover all securities that could be short sold at the Panel meeting on 15 February 2016.

24. While the Panel had no objection to the proposed expansion in the existing short position reporting regime, some members sought details on the regulatory cooperation between SFC and CSRC in taking enforcement actions against short selling activities in their markets and whether overseas regulators could take enforcement actions in Hong Kong.

25. SFC stressed that while it had signed agreements under the International Organization of Securities Commissions with regulators of other jurisdictions including the Mainland for providing mutual assistance in investigation and enforcement, such regulators could not take enforcement actions by themselves in Hong Kong. SFC further clarified that Hong Kong investors could not easily short sell A-shares through the Shanghai-Hong Kong Stock Connect and investors in the Mainland were not permitted to conduct short selling in the Hong Kong market. Moreover, as currently some H-shares were not constituent stocks of HSCEI, the proposed expansion in the short position reporting regime could enhance transparency of short selling activities in Hong Kong. The Securities and Futures (Short Position Reporting) (Amendment) Rules 2016 was tabled at the LegCo meeting of 2 March 2016 for the negative vetting procedure. No amendment was made to the Amendment Rules which will come into operation on 15 March 2017.

Development of the financial services industry in Hong Kong

Development of financial technologies

26. The Steering Group on Financial Technologies ("the Steering Group") was set up by the Administration in April 2015 for advising measures to develop Hong Kong into a financial technologies ("Fintech") hub. The Steering Group released its report in February 2016 putting forward a series of recommendations. The Panel discussed with the Administration on the

strategies and measures to support the development of Fintech at the meeting on 11 April 2016.

27. Members welcomed the recommendations of the Steering Group in general, and called on the Administration to step up its efforts in developing Fintech. Pointing out that Fintech development in Hong Kong had lagged behind that of other jurisdictions, some members considered that the Administration should take the lead in adopting Fintech in various government operations and review whether there were inadequacies in the current regulatory regimes hindering the development of Fintech. Some members urged the Administration to put in place a clear legislative framework for Fintech development and refrained from over-regulation. They also stressed the importance to protect personal data privacy and interests of consumers and investors.

28. The Administration explained that its strategy was to foster an ecology conducive to Fintech development. Regulators including HKMA, SFC and the Office of the Commissioner of Insurance ("OCI") had established dedicated platforms to enhance communication with the Fintech community, and would explore the use of technologies to complement their existing regulatory processes. As regards the regulatory framework for Fintech, the Administration advised that many services provided by Fintech companies could operate under the existing legal framework. For new financial products or services developed by Fintech companies, if general consumers or retail investors were the targets, the Administration must ensure that the relevant regulatory regime would provide adequate protection to them, and that the regime would be commensurate with the risks of the Fintech applications concerned. The Administration attached importance to safeguarding data security in Fintech applications, and protection of personal data privacy of consumers and investor, which were vital in maintaining public confidence in using Fintech.

29. As the development of Fintech would inevitably phase out existing jobs in the financial services sector, the Panel called on the Administration to assist the employees concerned to prepare themselves for the changes ahead. To support the financial services sector and the banking industry in seizing the huge opportunities to be brought by Fintech, the Panel considered it essential for the Administration to nurture talents, continue to engage stakeholders and assist them in coping with the challenges ahead.

30. The Administration advised that it would collaborate with the industry and stakeholders in stepping up training for existing practitioners to enhance their interest in using Fintech and skill-sets to take advantage of the opportunities provided by applying Fintech in the financial services industry,

and encourage existing financial institutions to develop innovative financial products and services as well as enhance its efficiency through applying Fintech. It was noted that the banking sector had already organized a number of programmes to promote the use of Fintech.

Work of the Financial Services Development Council

31. The Panel received a briefing on the work of the Financial Services Development Council ("FSDC") at the meeting on 4 January 2016. Noting that FSDC had made a number of recommendations for enhancing the development of the Hong Kong financial markets and financial services industry since its establishment in early 2013, members enquired about the progress of the Government and the regulators in taking forward the recommendations.

32. FSDC advised that the Government had put great emphasis on FSDC's recommendations. FSDC would closely monitor the progress in taking forward the various recommendations and inform the public of the latest development through FSDC's annual reports. The Administration pointed out that as the recommendations had implications on the existing regulatory regimes, it needed time to consider them and consult relevant stakeholders in working out the implementation details. Some of FSDC's proposals also required amendments to existing legislation and it took time to formulate the relevant legislative proposals.

33. On the institutional and funding arrangements of FSDC, some members opined that the Administration should review the matter with a view to strengthening FSDC's ability in conducting research and promotional activities, and consider providing FSDC with executive power to implement its recommendations so as to bring timely benefits to the financial services industry. The Administration advised that it might be inappropriate to provide FSDC with policy execution power given that it was set up as a government advisory body to engage the financial services industry and formulate proposals for promoting the further development of the financial services industry. The majority of staff members of FSDC were seconded from HKMA, SFC and the Hong Kong Trade Development Council who possessed knowledge and expertise in various subject areas and were able to provide valuable inputs to facilitate the work and future development of FSDC. The Administration would strengthen FSDC's manpower resources in conducting research. The budget for FSDC was expected to increase to \$6.5 million in 2016-2017.

Establishment of an exchange distribution platform for funds

34. At the meeting on 22 March 2016, the Administration and SFC briefed the Panel on the preliminary thinking on the initiative of establishing an exchange distribution platform for funds ("EDPF") in Hong Kong. The initiative would diversify the fund distribution channels in Hong Kong, thereby strengthening its position as an asset management centre.

35. Members supported the initiative in general for benefits of reducing the costs of investors, and helping brokers, the fund industry and HKEX to expand their business. Some members stressed the need to ensure a level playing field between banks and brokers in the distribution of funds, and enquired about HKEX's plans in taking forward the initiative and measures to motivate brokers to utilize EDPF.

36. The Administration advised that HKEX would commence a phased replacement of its securities clearing and settlement systems, and the new systems would include post-trade processing system capabilities to support participants in mutual fund-related trade and position handling. The Administration, SFC and HKEX would liaise with brokers and fund managers to gauge their views on the system requirements in developing a distribution platform catering their operations. Many brokers in Hong Kong welcomed the establishment of EDPF to bring new business opportunities for the trade. The Administration had set aside resources for talent training in the asset and wealth management sector, including training for brokers to enhance their capacity in distribution of funds. SFC had also liaised with a number of organizations for providing training to market practitioners to enhance their knowledge of financial products and the relevant regulatory regime. These training initiatives would be complementary to the establishment of EDPF in Hong Kong.

37. Noting that investors in Hong Kong had been accustomed to buying funds through banks, some members enquired about measures to enhance investors' understanding of EDPF and change their behaviour in purchasing funds. The Administration advised that it would liaise with the Investor Education Centre and other stakeholders to launch relevant investor education programmes in due course, such as the operation and features of EDPF and the investment risks of products distributed through the platform.

Regulatory arrangements to tackle malpractices by financial intermediaries for money lending

38. In view of the unscrupulous business practices of some companies in promoting or arranging loan services for customers in recent years, the Panel and LegCo Members have urged the Administration to review the existing regulatory regime for money lenders and associated financial intermediaries ("intermediaries") to combat such malpractices. At the meeting on 11 April 2016, the Administration briefed the Panel on the proposed measures to tackle the malpractices by intermediaries. The Panel noted that the Administration would adopt a four-pronged approach to enhance protection for the public against unscrupulous intermediaries, namely enhancing Police enforcement; enhancing public education and publicity; strengthening support for financial advisory services provided by non-governmental organizations; and introducing more stringent regulatory measures by imposing additional licensing conditions and disclosure requirements on money lenders.

39. Members urged the Administration to tighten regulation over unscrupulous money lenders and associated intermediaries, including increasing sanctions to deter their illegal acts, mandating audio-recording of the loan negotiation process and introducing a cooling-off period for loan agreements and standardizing the required documents. Some members also suggested that the Administration should consider banning the operation of intermediaries or introducing a licensing system for intermediaries to regulate their activities and standardize their names so that the public would be better aware of their identities.

40. The Administration advised that while the Money Lenders Ordinance (Cap. 163) ("MLO") prohibited a money lender or its agents or employees or any persons acting for the money lender from demanding any fee from a borrower other than the interest charged on the loan, a number of unscrupulous intermediaries had sought to conceal their relationship with money lenders in order to circumvent the statutory prohibition on separate fee charging. To address the problem, the Administration would introduce more stringent licensing conditions on money lenders to enhance effective enforcement of the statutory ban on separate fee charging. The proposed additional licensing conditions would require intermediaries to be formally appointed by money lenders, and money lenders had to report the identities of their intermediaries to the Registrar of Money Lenders for inclusion in the public register of money lenders for public information. Before entering into a loan agreement with a prospective borrower, the money lender would be required to confirm with the borrower whether he/she had entered into any agreement with an intermediary. This could prevent money lenders from using the excuse of lack of knowledge to conceal their relationship with intermediaries and facilitate enforcement

actions against separate fee charging by intermediaries. Moreover, to ensure transparency and ensure that the prospective borrowers were aware of their repayment obligations before taking on a loan, money lenders would be required to explain all terms of repayment to their borrowers, including the interest rate and the amount of interest payments. Furthermore, to better protect personal data privacy, money lenders who intended to use personal data provided by a third party for their business purposes would be required to obtain written confirmation from the third party that it had obtained the personal data in accordance with the relevant legislation. As regards the suggestion of introducing a licensing system for intermediaries, the Administration advised that this involved complicated issues, including the need to obtain general consensus on clear definitions of intermediaries and intermediary activities, the permissible scope and level for the charging of intermediary fees, etc. Such issues would require careful consideration and consultation with the stakeholders and the wider public.

41. Members further called on the Administration to conduct a comprehensive review of MLO, including lowering the current cap of 60% per annum on the effective interest rate for a loan, capturing all fees charged by a money lender and its intermediary in the same loan under the interest rate cap, and tightening regulation over debt collection activities.

42. The Administration explained that under the proposed additional licensing conditions, any fee charged by the intermediaries would have to be reflected in the interest charged by the money lenders, rather than for the intermediaries to separately charge the borrowers. The Administration opined that adjusting the cap on effective interest rate might not be an effective means to address the issue of separate fee charging by money lenders and intermediaries. As it took time to review MLO, the proposed measures under the four-pronged approach which would be rolled out in phases, could address the malpractices by intermediaries more timely.

43. The Panel also raised concerns over advertisements of money lenders and intermediaries containing misleading information and encouraging imprudent borrowing. Members called on the Administration to tighten the regulation of advertisements on money lending and suggested that relevant advertisements should be required to include a "health warning" to alert the public about the risks of over-borrowing. The Administration took note of members' views.

Establishment of the Independent Insurance Authority and its proposed budget for the financial year of 2016-2017

44. With the enactment of the Insurance Companies (Amendment) Ordinance 2015 in July 2015, the Administration established the Independent Insurance Authority ("IIA") in December 2015 to take over the duties of OCI and administer an independent regulatory regime for insurance intermediaries to replace the existing self-regulatory regime in phases. The Panel was consulted on the funding proposal for establishing IIA and the exit arrangement for the existing Insurance Officers in OCI at the meeting on 7 December 2015. The Administration and IIA further briefed the Panel on IIA's proposed budget for the financial year of 2016-2017 prior to seeking approval of FS at the meeting on 6 June 2016.

45. The Panel noted that the Administration planned to provide a lump sum of \$650 million for meeting the first four years of operation of IIA. Some members enquired whether the Administration would top up the shortfall if the proposed lump sum provision was insufficient. Some members also expressed concern about IIA's long-term target to meet about 70% of its expenditure through levies on premiums of insurance policies and the remaining 30% by various authorization/licence and user fees ("the proposed 70:30 split") as they considered that IIA's expenditure should be borne by insurers and insurance intermediaries who would benefit from the new regulatory regime.

46. The Administration advised that if the proposed lump sum provision turned out to be inadequate, it might consider different options including the provision of additional funding to IIA in the form of a loan. Given the healthy and stable development of the insurance industry in the previous years on which basis the income projection of IIA had been worked out, it was envisaged that the proposed \$650 million would be sufficient to support the operation of IIA in the initial years. As regards the proposed 70:30 split, the Administration stressed that the proposal aimed to enable IIA to have stable sources of income for achieving financial independence after several years of operation. The Administration subsequently included \$450 million of the lump sum provision in the Estimates of Expenditure 2016-2017 (which was approved by LegCo in the context of the Appropriation Bill 2016) for meeting IIA's shortfall in the first two years of operation. According to the Administration, it planned to provide the remaining \$200 million to IIA tentatively in 2018-2019.

47. On the recruitment of IIA's staff, the Panel noted that IIA would recruit around 180 staff members in 2016-2017. Some members were of the view that IIA should consider recruiting the existing staff of OCI given the latter's valuable experience and the benefit of ensuring a smooth transition to the new

regulatory regime. IIA should also consider recruiting its staff in phases to avoid causing adverse impact on the stringent manpower situation in the insurance industry. The Administration explained that IIA would decide its own recruitment policies and conduct open recruitment for staff. Given the relevant working experience of existing staff of OCI, they should have an edge over others in competing for jobs in IIA. IIA advised that it would recruit staff in phases and make reference to similar arrangements, including the level of remuneration, adopted by other statutory regulators.

48. The Panel also exchanged views with IIA on its role and functions. Members stressed the need for IIA to strike a proper balance between regulation and development of the insurance industry, enhance the regulation of insurance products with investment features and strengthen professional training of insurance intermediaries. IIA responded that it would liaise with SFC on the regulation of investment-linked insurance products with a view to aligning their regulatory standards in the long run. IIA would examine the feasibility of streamlining the complaint handling mechanism under the existing regulatory regime to improve its efficiency, and consider measures to enhance the professional knowledge of insurance intermediaries.

Other work

49. During the 2015-2016 legislative session, the Panel also discussed with the Administration and related bodies on the following subjects:

- (a) next phase of implementation of the over-the-counter derivatives regulatory regime;
- (b) establishment proposals for staffing support to advance financial cooperation with the Mainland, and take forward initiatives in various areas relating to the financial services industry;
- (c) funding proposal on the replacement of the procurement and contract management system and the unallocated-store program of the Government Logistics Department;
- (d) briefing by FS on the launch of the public consultation on the 2016-2017 Budget;

- (e) briefing by the Secretary for Financial Services and the Treasury on the relevant policy initiatives in the Chief Executive's 2016 Policy Address;
- (f) briefing by the Financial Reporting Council on its work in 2015;
- (g) latest development in relation to the environmental, social and governance disclosure requirements of listed companies; and
- (h) a Member's bill to amend the Professional Accountants Ordinance (Cap. 50).

50. From October 2015 to June 2016, the Panel held a total of 9 meetings.

Council Business Division 1
Legislative Council Secretariat
29 June 2016

Legislative Council

Panel on Financial Affairs

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to financial and finance matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

**Legislative Council
Panel on Financial Affairs**

Membership list for 2015 - 2016 session

Chairman	Hon NG Leung-sing, SBS, JP
Deputy Chairman	Hon Christopher CHEUNG Wah-fung, SBS, JP
Members	Hon Albert HO Chun-yan Hon LEE Cheuk-yan Hon James TO Kun-sun Hon CHAN Kam-lam, SBS, JP Hon Abraham SHEK Lai-him, GBS, JP Hon Vincent FANG Kang, SBS, JP Hon Jeffrey LAM Kin-fung, GBS, JP Hon Andrew LEUNG Kwan-yuen, GBS, JP Hon WONG Ting-kwong, SBS, JP Hon Starry LEE Wai-king, JP Hon CHAN Kin-por, BBS, JP Hon Mrs Regina IP LAU Suk-yea, GBS, JP Hon LEUNG Kwok-hung Hon James TIEN Pei-chun, GBS, JP Hon Charles Peter MOK, JP Hon Kenneth LEUNG Hon Dennis KWOK Hon SIN Chung-kai, SBS, JP
	(Total : 20 members)
Clerk	Ms Connie SZETO
Legal Adviser	Mr YICK Wing-kin