

Panel on Financial Affairs

List of outstanding items for discussion
(as at 30 October 2017)

**Proposed timing
for discussion at
Panel meeting**

1. Briefing by the Financial Secretary ("FS") on Hong Kong's latest overall economic situation

The Panel has invited FS to brief the Panel and all other Legislative Council ("LegCo") Members on macro economic issues on a regular basis since mid-1999. Such briefings are normally held in June and December each year.

December 2017
June 2018

2. 2018-2019 Budget consultation

FS will consult LegCo on the 2018-2019 Budget.

December 2017

3. Application of Multilateral Convention on Mutual Administrative Assistance in Tax Matters in Hong Kong

The Administration proposes to brief the Panel of the key steps in extending the Multilateral Convention on Mutual Administrative Assistance in Tax Matters ("Multilateral Convention") to Hong Kong, after passage of the relevant amendment bill which empowers the Chief Executive-in-Council to make orders to give effect to the Multilateral Convention and other tax agreements on international cooperation. The Administration plans to submit an order on the Multilateral Convention to LegCo for negative vetting in the first half of 2018.

December 2017

The Administration consulted the Panel in June 2017 on the proposal of seeking the application of the Multilateral Convention to Hong Kong.

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4. Creation of a Chief Assessor post in the Tax Treaty Section of Inland Revenue Department ("IRD")

The Administration will seek the Panel's support to create a Chief Assessor post in IRD to cope with the additional workload arising from enhancing tax transparency, combating cross-border tax evasion and implementing new tax proposals. It plans to submit the staffing proposal to the Establishment Subcommittee ("ESC") and FC in January 2018 and February 2018 respectively.

December 2017

5. Creation of a permanent directorate post in the Companies Registry

The Administration will consult the Panel on the creation of a permanent directorate post in the Companies Registry. It plans to submit the staffing proposal to ESC and FC in January 2018 and February 2018 respectively.

December 2017

6. Risk-based Capital ("RBC") Regime for the insurance industry of Hong Kong

The Administration proposes to brief the Panel on the consultation on the legislative framework for implementing the RBC Regime. It plans to introduce the relevant legislative proposal into LegCo in the second half of 2018.

December 2017
(To be confirmed)

7. Occupational Retirement Schemes (Amendment) Bill 2018

The Administration proposes to brief the Panel on the proposed legislative amendments to forestall the use of occupational retirement schemes for tax evasion purposes. It plans to introduce the relevant amendment bill into LegCo in July 2018.

January 2018

**Proposed timing
for discussion at
Panel meeting**

8. Companies (Amendment) Bill 2018

The Administration proposes to make technical amendments to the Companies Ordinance (Cap. 622) to improve its clarity and operation, as well as to further facilitate business. It plans to introduce the relevant amendment bill into LegCo in February or March 2018.

January 2018

9. Briefing on the work of Hong Kong Monetary Authority ("HKMA")

The Chief Executive of HKMA briefs the Panel on the work of HKMA on a regular basis. Such briefings are normally held in February, May and November each year.

February 2018
May 2018

In his Budget Speech for 2015-2016, the Financial Secretary ("FS") announced the decision to establish the Future Fund ("FF") for placement in longer-term investments with a view to securing higher returns for the fiscal reserves. The FF was set up on 1 January 2016.

Dr Hon Fernando CHEUNG suggested in his letter dated 10 November 2016 that the Panel should discuss the issue of the operation of FF. Dr CHEUNG's letter and the Administration's written response were circulated to members vide LC Paper Nos. CB(1)272/16-17(01) and (02) on 9 December 2016. HKMA is invited to brief members on the investment of FF at its work briefings.

10. Budget of Securities and Futures Commission ("SFC") for the financial year of 2018-2019

In line with the usual practice, SFC will brief the Panel on its budget for the coming financial year.

February 2018

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for discussion at
Panel meeting**

11. Review of the effectiveness of the new regulatory measures to tackle money lending-related malpractices

The Administration proposes to brief the Panel on the review outcome regarding the effectiveness of new regulatory measures to tackle money-lending related malpractices.

February 2018

Separately, Hon CHEUNG Kwok-kwan expressed concern in his letter to the Chairman on 17 October 2017 that the existing legislation could not effectively regulate the improper use of personal data in making loan applications, and suggested that the Panel should discuss the issue. Mr CHEUNG's letter dated 17 October 2017 to the Chairman was issued to members vide LC Paper No. CB(1)113/17-18(04) on 27 October 2017.

12. Budget of the Insurance Authority ("IA") for the financial year 2018-2019

In line with the practice in 2017-2018, IA will brief the Panel on the main features of its budget for the coming financial year.

March 2018

13. Retention of two supernumerary directorate posts and creation of one supernumerary directorate post in the Financial Services Branch of the Financial Services and the Treasury Bureau

The Administration will consult the Panel on the retention and creation of these supernumerary directorate posts. It plans to submit the staffing proposal to ESC and FC in May 2018 and June 2018 respectively.

March 2018

14. Policy Holders' Protection Scheme ("PPS") Bill

The Administration will brief the Panel on the legislative proposals of PPS Bill. It plans to introduce PPS Bill into LegCo in the second half of 2018.

March 2018

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for discussion at
Panel meeting**

15. Application of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("BEPS Multilateral Convention") in Hong Kong

The BEPS Multilateral Convention seeks to implement treaty-related BEPS measures in a multilateral context. China became a signatory in June 2017 and Hong Kong was covered by way of territorial extension.

March 2018

According to the Administration, Hong Kong needs to implement BEPS Multilateral Convention so as to modify its existing Comprehensive Avoidance of Double Taxation Agreements in a synchronised and efficient manner. The Administration will brief the Panel of the legislative approach and its implementation plan. It plans to introduce the relevant legislative proposal into LegCo in June 2018.

16. Development of Financial Technologies ("Fintech")

The Administration will provide an update on the local Fintech landscape and measures to support the development of the industry.

April 2018
(To be confirmed)

At the meeting on 12 October 2017, Hon CHAN Chun-ying and Hon Mrs Regina IP suggested that the Administration should update the Panel on the development of Fintech and digital currency in Hong Kong (including the threats they posed to financial safety of Hong Kong), particularly in the banking, insurance and securities sectors. Mr CHAN's letter dated 18 October 2017 to the Chairman was issued to members vide LC Paper No. CB(1)113/17-18(05) on 27 October 2017.

In addition, Hon Christopher CHEUNG Wah-fung suggested at the meeting on 12 October 2017 that the Panel should discuss issues relating to the use of online client identity verification in opening securities accounts, and measures to assist small and medium-sized

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enterprises in the local securities industry to apply Fintech in their operation. Mr CHEUNG's letter dated 12 October 2017 to the Chairman was issued to members vide LC Paper No. CB(1)113/17-18(02) on 27 October 2017.

17. Annual briefing on the work of the Financial Reporting Council ("FRC")

In line with the usual practice, FRC will brief the Panel on the work of FRC in the past year and the work plan for the year ahead.

May 2018

18. Financial Institutions (Resolution) Ordinance (Cap. 628) ("FIRO") – Rule on application for a clawback order and rule on presentation of winding up petition to the Court of First Instance

The Administration proposes to brief the Panel on the two sets of rules to be made by the Chief Justice under FIRO. The rules seek to regulate the practice and procedure of the Court in connection with the application for a clawback order and presentation of winding up petition to the Court of First Instance respectively. The Administration plans to introduce the relevant legislative proposal into LegCo in the second quarter of 2018.

2nd quarter of 2018
(To be confirmed)

19. Proposed amendments to the Securities and Futures (Professional Investor) Rules ("PI Rules")

The Administration proposes to brief the Panel on SFC's proposed amendments to PI Rules. It plans to introduce the relevant legislative proposal into LegCo in the second quarter of 2018.

2nd quarter of 2018
(To be confirmed)

20. Legislative proposals to update the financial resources requirements for licensed corporations

The Administration will brief the Panel on the proposed amendments to the Securities and Futures (Financial Resources) Rules to enhance the regulatory capital regime for licensed corporations. It plans to introduce

2nd quarter of 2018
(To be confirmed)

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the relevant legislative proposal into LegCo in the fourth quarter of 2018.

21. Work of the Mandatory Provident Fund ("MPF") Schemes Authority ("MPFA") in enhancing MPF System

At the meeting on 12 October 2017, Hon Starry LEE suggested that the Administration should update the Panel on the work of MPFA in enhancing MPF System, including MPFA's initiatives and measures to further drive down the management fees of MPF schemes.

To be confirmed

22. Enhancements to the Stock Exchange of Hong Kong Limited's ("SEHK") decision-making and governance structure for listing regulation

SFC and the Hong Kong Exchanges and Clearing Limited ("HKEX") launched a joint public consultation on proposed enhancements to SEHK's decision-making and governance structure for listing regulation in June 2016 and issued the consultation conclusions on 15 September 2017. The Panel was briefed on the progress of the consultation at the meeting on 18 April 2017.

To be confirmed

At the meeting on 12 October 2017, Hon CHAN Chun-ying suggested that the Panel should invite relevant parties including SFC and HKEX to brief members on the way forward and follow-up actions to be taken.

23. Consultation on the proposed New Board and a review of the Growth Enterprise Market ("GEM")

On 16 June 2017, HKEX and SEHK launched a consultation to on a package of proposals to broaden capital markets access in Hong Kong and strengthen Hong Kong's listing regime through two separate papers: (a) the New Board Concept Paper; and (b) the Consultation Paper on the Review of GEM and Changes to the GEM and Main Board Listing Rules.

To be confirmed

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In her letter to the Chairman on 13 October 2017, Hon Mrs Regina IP suggested that the Administration should update the Panel on the matter. Mrs IP's letter was issued to members vide LC Paper No. CB(1)113/17-18(03) on 27 October 2017.

24. Establishment of a sovereign wealth fund in Hong Kong

At the meeting on 12 October 2017, Hon Mrs Regina IP suggested that the Panel should discuss issues relating to the establishment of a sovereign wealth fund in Hong Kong. Mrs IP's letter dated 13 October 2017 to the Chairman was issued to members vide LC Paper No. CB(1)113/17-18(03) on 27 October 2017.

To be confirmed

25. Opportunities for the financial services sector in the development of Guangdong-Hong Kong-Macao Bay Area ("Bay Area")

At the meeting on 12 October 2017, Hon Mrs Regina IP suggested that the Panel should discuss matters relating to enhancing opportunities for the financial services sector and the flow of capital in the development of Bay Area. Mrs IP's letter dated 13 October 2017 to the Chairman was issued to members vide LC Paper No. CB(1)113/17-18(03) on 27 October 2017.

To be confirmed

26. Operation of the Asian Infrastructure Investment Bank ("AIIB")

At the meeting on 12 October 2017, Hon Dennis KWOK suggested that the Administration should brief the Panel on the work progress of AIIB.

To be confirmed