

Panel on Financial Affairs

List of outstanding items for discussion
(as at 1 February 2018)

**Proposed timing
for discussion at
Panel meeting**

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

The Multilateral Instrument seeks to implement treaty-related measures to counter base erosion and profit shifting in a multilateral context. Hong Kong obtained the endorsement of the Central People's Government in December 2016 to extend the application of the Multilateral Instrument to Hong Kong's Comprehensive Avoidance of Double Taxation Agreements ("CDTAs"). In June 2017, China became a signatory of the Multilateral Instrument.

March 2018

The Administration indicates that it needs to give effect to the Multilateral Instrument in Hong Kong so as to modify the application of some of Hong Kong's existing CDTAs in a synchronized and efficient manner, and proposes to brief the Panel of the legislative approach and its implementation plan.

The Administration plans to introduce the relevant legislative proposals into the Legislative Council ("LegCo") in June 2018.

2. 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 its budget for the financial year 2018-2019.

March 2018

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3. 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 fourth quarter of 2018.

March 2018

4. Retention of two supernumerary directorate posts and creation of a supernumerary directorate post in the Financial Services and the Treasury Bureau ("FSTB")

The Administration will consult the Panel on the retention of two supernumerary directorate posts and creation of a supernumerary directorate post in FSTB. It plans to submit the staffing proposal to the Establishment Subcommittee and the Finance Committee in May 2018 and June 2018 respectively

March 2018

5. 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 enterprises in the local securities industry to apply

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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.

6. Legislative proposals on loss-absorbing capacity requirements under Financial Institutions (Resolution) Ordinance (Cap. 628)

The Administration proposes to brief the Panel on the proposed approach for introducing the loss-absorbing capacity requirements for authorized institutions and the related tax treatments in Hong Kong. It plans to introduce the relevant legislative proposals into LegCo in the second quarter of 2018.

April 2018
(To be confirmed)

7. 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.

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.

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8. 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

9. Briefing by the Financial Secretary on Hong Kong's latest overall economic situation

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

June 2018

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

The Administration proposes to brief the Panel on Securities and Futures Commission's ("SFC") 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)

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

2nd quarter of 2018
(To be confirmed)

12. Proposed Amendments to the Occupational Retirement Schemes Ordinance (Cap. 426)

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

To be confirmed

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bill into LegCo in July 2018.

13. 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

14. 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.

15. 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.

16. 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

17. 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

At the meeting on 21 November 2017, the Panel on Commerce and Industry considered and agreed with Hon Michael TIEN's suggestion of holding a joint meeting with the Panel on Economic Development and the Panel on Financial Affairs ("FA Panel") to discuss issues relating to the development of Bay Area. Chairman of FA Panel has agreed to hold the proposed joint Panel meeting in due course.