

## **LEGISLATIVE COUNCIL BRIEF**

Securities and Futures Commission Ordinance (Cap. 24)  
Commodity Exchanges (Prohibition) Ordinance (Cap. 82)  
Commodities Trading Ordinance (Cap. 250)  
Securities Ordinance (Cap. 333)  
Stock Exchanges Unification Ordinance (Cap. 361)  
Securities (Insider Dealing) Ordinance (Cap. 395)  
Securities (Disclosure of Interest) Ordinance (Cap. 396)  
Leveraged Foreign Exchange Trading Ordinance (Cap. 451)

### **ADAPTATION OF LAWS (NO. 20) BILL 1999**

#### **INTRODUCTION**

At the meeting of the Executive Council on 22 June 1999, the Council ADVISED and the Chief Executive ORDERED that the Adaptation of Laws (No. 20) Bill 1999 (Annex) should be introduced into the Legislative Council.

#### **BACKGROUND AND ARGUMENT**

2. Article 160 of the Basic Law states that –

“Upon the establishment of the Hong Kong Special Administrative Region, the laws perviously in force in Hong Kong shall be adopted as laws of the Region except for those which the Standing Committee of the National People’s Congress declares to be in contravention of this Law. If any laws are later discovered to be in contravention of this Law, they shall be amended or cease to have force in accordance with the procedure as prescribed by this Law.”

and Article 8 of the Basic Law states that –

“The laws previously in force in Hong Kong, that is, the common law, rules of equity, ordinances, subordinate legislation and customary law shall be maintained, except for any that contravene this Law, and subject to any amendment by the legislature of the Hong Kong Special Administrative Region.

3. On 23 February 1997, the Standing Committee of the National People's Congress adopted a decision on the treatment of laws previously in force in Hong Kong. It provides, among other things, that the existing Hong Kong laws are to be adopted as laws of the Hong Kong Special Administrative Region and these laws shall, unless the context otherwise requires, be construed in accordance with specified principles of interpretation. These interpretative principles are included in the Hong Kong Reunification Ordinance (Ord. No. 110 of 1997) and are now incorporated as section 2A and Schedule 8 in the Interpretation and General Clauses Ordinance (Cap. 1). However, although the Interpretation and General Clauses Ordinance laid down how terminology inconsistent with the Basic Law or with the status of Hong Kong as a Special Administrative Region of the People's Republic of China are to be construed, it is considered unacceptable to retain such terminology in our laws. Accordingly, we now need to introduce further legislation to effect the necessary textual amendments.

## **THE BILL**

4. Most of the proposed amendments in the Bill are merely terminological changes. For example, references to "立法局" will be replaced by "立法會" and references to "the Governor" will be replaced by "the Chief Executive".

5. Amendments particular to the Bill are those references to "Crown" in the definitions of "corporation" in the Commodities Trading Ordinance (Cap. 250) and the Securities Ordinance (Cap. 333) which will be adapted to "Government" to reflect the policy intent of the legislation and to achieve consistency with the same definition in other securities related legislation. In view of Article 9 of the Basic Law, relevant provisions of these two ordinances are also amended so that records may be kept in either the English or the Chinese language.

## **COMMENCEMENT**

6. The Bill provides that, subject to Article 12 of the Hong Kong Bill of Rights, the adaptations when passed into law shall take effect retrospectively, as from the date of the establishment of the Hong Kong Special Administrative Region.

## **LEGISLATIVE TIMETABLE**

7. Subject to Members' approval of the introduction of this Bill into the Legislative Council, the legislative timetable will be -

Publication in the Gazette	2 July 1999
First Reading and commencement of Second Reading debate	14 July 1999
Resumption of Second Reading debate, committee stage and Third Reading	to be notified

## **HUMAN RIGHTS IMPLICATIONS**

8. The Department of Justice advises that the proposed Bill is consistent with the human rights provisions of the Basic Law.

## **BINDING EFFECT**

9. The amendments will not affect the current binding effect of the existing provisions of the various Ordinances covered by the Bill.

## **FINANCIAL AND STAFFING IMPLICATIONS**

10. There are no financial or staffing implications arising from the Bill.

## **PUBLIC CONSULTATION**

11. Since the amendments are essentially straightforward adaptations, consultation with the public is not considered necessary.

## **PUBLICITY**

12. A press release will be issued on the gazettal day, i.e. 2 July 1999. A spokesman will be available to handle media enquiries.

## **ENQUIRIES**

13. For enquiries, please contact Mr. Bryan P K Chan, Principal Assistant Secretary for Financial Services at 2528 9161.

**FINANCIAL SERVICES BUREAU**

**File Ref.: G6/66/9C (98)**

**ADAPTATION OF LAWS (NO. 20) BILL 1999**

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A BILL

To

Adapt certain Ordinances to bring them into conformity with the Basic Law and with the status of Hong Kong as a Special Administrative Region of the People's Republic of China.

Enacted by the Legislative Council.

**1. Short title**

This Ordinance may be cited as the Adaptation of Laws (No. 20) Ordinance 1999.

**2. Commencement**

(1) This Ordinance shall be deemed to have come into operation on 1 July 1997.

(2) Subsection (1) shall be subject to Article 12 of the Hong Kong Bill of Rights set out in Part II of the Hong Kong Bill of Rights Ordinance (Cap. 383).

**3. Amendment of Ordinances**

The Ordinances specified in the Schedules are amended in the manner indicated in those Schedules.

SCHEDULE 1

[s. 3]

SECURITIES AND FUTURES COMMISSION ORDINANCE

1. Section 5 of the Securities and Futures Commission Ordinance (Cap. 24) is amended -

- (a) in subsections (1) and (3), by repealing "Governor" wherever it appears and substituting "Chief Executive";
  - (b) in subsection (4), by repealing "總督" where it twice appears and substituting "行政長官";
  - (c) in subsections (5), (6), (7) and (8), by repealing "Governor" and substituting "Chief Executive".
2. Section 9(5) is amended by repealing "立法局" and substituting "立法會".
3. Section 10(1) and (7) is amended by repealing "Governor" and substituting "Chief Executive".
4. Section 11 is amended -
- (a) in subsection (1), by repealing "Governor" and substituting "Chief Executive";
  - (b) in subsection (2), by repealing "總督" and substituting "行政長官".
5. Section 12 is amended by repealing "立法局" and substituting "立法會".
6. Section 14 is amended -
- (a) in subsection (2), by repealing "Governor" and substituting "Chief Executive";

- (b) in subsection (3), by repealing "立法局" and substituting "立法會".
- 7. Section 16(2) is amended by repealing "立法局" and substituting "立法會".
- 8. Section 18(2) and (3) is amended by repealing "Governor" wherever it appears and substituting "Chief Executive".
- 9. Section 21 is amended -
  - (a) in subsection (1), by repealing "Governor in Council" and substituting "Chief Executive in Council";
  - (b) in subsection (2), by repealing "總督會同行政局" and substituting "行政長官會同行政會議";
  - (c) in subsection (9) (b), by repealing "Governor in Council" and substituting "Chief Executive in Council".
- 10. Section 22(4) (a) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
- 11. Section 33(3) and (15) (b) and (c) is amended by repealing "立法局" and substituting "立法會".



12. Section 47(1), (5) and (6) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
13. Section 50(3) (a) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
14. Section 52(1), (2), (3) (c), (5), (6) and (8) is amended by repealing "Governor in Council" wherever it appears and substituting "Chief Executive in Council".
15. Section 53 is amended by repealing "立法局" and substituting "立法會".
16. Section 54(1) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".

SCHEDULE 2

[s. 3]

COMMODITY EXCHANGES (PROHIBITION) ORDINANCE

1. Section 7 of the Commodity Exchanges (Prohibition) Ordinance (Cap. 82) is amended by repealing "Governor" and substituting "Chief Executive".

SCHEDULE 3

[s. 3]

COMMODITIES TRADING ORDINANCE

1. Section 2(1) of the Commodities Trading Ordinance (Cap. 250) is amended, in the definition of "corporation", in paragraph (a), by repealing "Crown" and substituting "Government".
2. Section 13(1) and (2)(b) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
3. Section 25 is amended by repealing "Governor in Council" where it twice appears and substituting "Chief Executive in Council".
4. Section 45(2) is amended by adding "Chinese or" before "English" where it twice appears.
5. Section 109(2) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
6. Section 115 is amended by repealing "Governor in Council" where it twice appears and substituting "Chief Executive in Council".

SCHEDULE 4  
SECURITIES ORDINANCE

[s. 3]

1. Section 2(1) of the Securities Ordinance (Cap. 333) is amended, in the definition of "corporation", in paragraph (a), by repealing "Crown" and substituting "Government".

2. Section 14(2) is amended by repealing "Governor" and substituting "Chief Executive".
3. Section 29 is amended by repealing "Governor in Council" wherever it appears and substituting "Chief Executive in Council".
4. Section 66(2) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
5. Section 82(3) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
6. Section 83(2) is amended by adding "Chinese or" before "English" where it twice appears.
7. Section 132(1) is amended by repealing "立法局" and substituting "立法會".
8. Section 146(2) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".
9. Section 149 is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".

1. Section 37 of the Stock Exchanges Unification Ordinance (Cap. 361) is amended by repealing "Governor in Council" wherever it appears and substituting "Chief Executive in Council".
2. Section 41(1) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".

SCHEDULE 6  
SECURITIES (INSIDER DEALING) ORDINANCE

[s. 3]

1. Section 5(2) of the Securities (Insider Dealing) Ordinance (Cap. 395) is amended -
  - (a) in paragraph (a), by repealing "行政局" and substituting "行政會議";
  - (b) in paragraph (b), by repealing "立法局" and substituting "立法會";
  - (c) in paragraph (d) -
    - (i) by repealing "Governor or" and substituting "Chief Executive or";
    - (ii) by repealing "Governor in Council" and substituting "Chief Executive in Council".
2. Section 15(2) is amended by repealing "Governor" and substituting "Chief Executive".

3. Section 26(2) is amended by repealing "立法局" and substituting "立法會".
4. The Schedule is amended, in paragraphs 4, 6, 7 and 8, by repealing "Governor" wherever it appears and substituting "Chief Executive".

SCHEDULE 7 [s. 3]  
SECURITIES (DISCLOSURE OF INTERESTS) ORDINANCE

1. Section 53(1) of the Securities (Disclosure of Interests) Ordinance (Cap. 396) is amended by repealing "Governor in Council" and substituting "Chief Executive in Council".

SCHEDULE 8 [s. 3]  
LEVERAGED FOREIGN EXCHANGE TRADING ORDINANCE

1. Section 44(3) and (16) (b) and (c) of the Leveraged Foreign Exchange Trading Ordinance (Cap. 451) is amended by repealing "立法局" and substituting "立法會".

Explanatory Memorandum

The purpose of this Bill is to adapt certain Ordinances to bring them into conformity with the Basic Law and with Hong Kong's status as a Special Administrative Region of the People's Republic of China (clause 3, Schedules 1 to 8).

2. The Ordinances adapted and their respective Schedule numbers under the Bill are -

Commodities Trading Ordinance (Cap. 250)	Schedule 3
Commodity Exchanges (Prohibition) Ordinance (Cap. 82)	Schedule 2
Leveraged Foreign Exchange Trading Ordinance (Cap. 451)	Schedule 8
Securities and Futures Commission Ordinance (Cap. 24)	Schedule 1
Securities (Disclosure of Interests) Ordinance (Cap. 396)	Schedule 7
Securities (Insider Dealing) Ordinance (Cap. 395)	Schedule 6
Securities Ordinance (Cap. 333)	Schedule 4
Stock Exchanges Unification Ordinance (Cap. 361)	Schedule 5
3. The Bill also provides that the adaptations when passed into law shall take effect retrospectively, as from the date of the establishment of the Hong Kong Special Administrative Region (clause 2).