

LegCo Panel on Transport
Follow-up to the meeting on 29 March 2000

What is the regulatory framework for the Creative Star?

The Transport Bureau is in support of the development and promotion of an omnibus travel card which provide convenience to the commuters. It is our objective that the financial burden on cardholders should as far as possible be minimized.

Creative Star, as a limited company established under the Companies Ordinance (Cap. 32), is subjected to the provisions of that Ordinances.

In addition, the Banking Ordinance (Cap. 155) provides the Hong Kong Monetary Authority (HKMA) with the power to approve and regulate the issue of multi-purpose stored value cards. The Octopus card has been granted exemption from the need to be authorized under the Banking Ordinance. This reflects the fact that the use of the card is largely limited to transport-related payments. At present, Creative Star is required to submit financial information to HKMA on a quarterly basis. As part of the condition for exemption, HKMA has also imposed a number of restrictions on the Octopus card which include the followings:

- (a) the core use of the card is for payment of transport services provided by its shareholders;
- (b) some non-core uses may be allowed within transport premises e.g. pay phone inside railway stations; and
- (c) the aggregate value of transactions for the non-core uses should not exceed 15% of the total value of transaction.

Apart from the above regulatory framework, the Transport Bureau will ensure that the following commitments made by Creative Star Limited will be met:

- (a) to ensure that the public transport application of the Octopus Card is given top priority;
- (b) to ensure that the reasonable operational demands of other non-shareholding public transport operators are met; and
- (c) to treat different public transport modes on a consistent basis in determining the transaction fee.

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