立法會
Legislative Council

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Bills Committee on
Securities and Futures Bill and Banking (Amendment) Bill 2000

Verbatim transcript of meeting
held on Friday, 18 May 2001, at 10:45 am
in Conference Room A of the Legislative Council Building

Members present	**:**	Hon SIN Chung-kai, (Chairman) Hon Margaret NG, (Deputy Chairman) Hon Eric LI Ka-cheung, JP Hon NG Leung-sing Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP Hon Jasper TSANG Yok-sing, JP Hon Ambrose LAU Hon-chuen, JP Hon Henry WU King-cheong, BBS Hon Audrey EU Yuet-mee, SC, JP
Members absent	**:**	Hon Albert HO Chun-yan Dr Hon David LI Kwok-po, JP Hon James TO Kun-sun Hon Bernard CHAN Hon Abraham SHEK Lai-him, JP
Public officers attending	**:**	Miss AU King-chi Deputy Secretary for Financial Services Miss Vivian LAU Principal Assistant Secretary for Financial Services Mr Frank TSANG Assistant Secretary for Financial Services Ms Phyllis KO Senior Assistant Law Draftsman

Attendance by invitation	**:**	Mr Mark DICKENS Executive Director, Supervision of Markets, Securities and Futures Commission
		Mr Brian HO Senior Director, Corporate Finance, Securities and Futures Commission
		Mr Anthony WOOD Senior Counsel, Securities and Futures Commission
Clerk in attendance	**:**	Mrs Florence LAM Chief Assistant Secretary (1)4
Staff in attendance	**:**	Mr LEE Yu-sung Senior Assistant Legal Adviser
		Mr KAU Kin-wah Assistant Legal Adviser 6
		Ms Connie SZETO Senior Assistant Secretary (1)1

主席：

我們今天所討論的是《證券及期貨條例草案》第XV部。我們邀請政府的代表進入會議室。委員會秘書已發出了4份文件給各位，包括：CB(1)1210/00-01(01)是第XV部的介紹文件；CB(1)1210/00-01(02)是政府回應公眾的意見；CB(1)1251/00-01(01)是我們法律顧問的意見；CB(1)1195/00-01(01)號文件是International Swaps and Derivatives Association Corporation提交的意見書，中文的文本載於CB(1)1226/00-01號文件。

今天政府代表首先會向各位介紹第XV部。委員會秘書已於5月11日把有關文件派發給各位，中文文本亦於5月17日發出給各位。副局長會首先向各位介紹，其後Mr Mark DICKENS亦會向大家講解這份文件。我們會舉行兩次會議討論這部分，包括今天及下星期一下午2時30分。

副主席：

主席，在討論今天的議程前，可否容許我先說一句，因為我上次不能出席會議。關於《證券及期貨條例草案》第290條，即關於疏忽是否會導致刑責這方面的問題，我有強烈的意見。我上次也曾提到，在民事方面的責任訂得過高，而在刑事方面的責任則訂得過低。我知道有很多同事已反映這個意見，所以我不再詳述。

主席：

可否就關注補充一遍？

副主席：

民事方面訂得過高。就具備所有意圖方面的規定，可能導致不能足夠保護投資者的利益，我在上次會議也曾提到這一點。在條例草案第290條的刑責訂得過低，所以民事及刑事這兩方面不應相同。

主席，因為我知道上次已有很多同事就條例草案第290條提出問題，所以我在此不再重複。我提出的意見理由可能與大家所提出的有所分別，但我不想浪費大家的時間，只想把我對第290條和增加刑責問題的強烈反對紀錄在案。或者將來有機會我再與大家詳細討論，多謝主席。

主席：

我們已在上次會議花了很多時間討論第290條和第268條的關係，我亦有提出意見。我們稍後進行條文審議的時候亦有機會討論，但我們已經就有關政策背後的問題作出頗詳細的討論。今天首先歡迎副局長介紹關於權益披露的第XV部。

財經事務局副局長區璟智女士：

多謝，主席先生。如往常一樣，我們在討論每一個章節時會作出一個簡介，稍後我亦會請SFC的同事向各位詳細講解每一條條款。

條例草案第XV部只有一個目的，就是如何更新我們現有的證券權益披露制度。這部分可能是非常技術性及頗為複雜的條文。在制定更新權益披露制度時，其實我們主要的政策考慮，是如何可更適時、更timely地為投資者提供一些更完備和更準確的資料，希望投資者作出多些較有根據的決定。這方面的問題尤其重要，是因為現時的市場越來越複雜，監管機構很多時未必可以監管每一個產品和每一個活動。但最重要的是，有關的市場活動，如果可以影響市價或影響公眾如何去看市價的資料，最佳的辦法可能是可以第一時間向公眾披露，待投資者自己作出決定。

這個制度除了可以幫助投資者瞭解究竟由甚麼人控制上市公司股份，或掌握上市公司控制權外，我亦希望通過這個改革，可以披露一些資料，而這些資料是以往並沒有作出披露的，但我們覺得這些資料足以影響市場人士如何評價一間上市公司的股值。

有關的諮詢過程其實頗為漫長。證監會首先於1998年就當時市場、傳媒，立法會議員所反映的意見，擬備了一份諮詢文件，進行了一個很廣泛的諮詢。隨後於1999年年中，發表了有關諮詢的結果。基於這個諮詢結果，我們於去年4月草擬了《白紙草案》，再進行一個全面的諮詢。在諮詢的過程中，由於這部分可能影響市場的日常運作，當局與市場人士，尤其是大規模的市場參與者，進行了相當密集的討論。我們也花了很多時間與市場人士進行探討，研究如何可改善《白紙草案》。現有的《證券及期貨條例草案》第XV部，其實是歸納了這數次諮詢的意見，並包括了在1999年及2000年，我們在立法會當時的委員會就這一部分所提出的論點。

第XV部的披露制度的主要目的，可以簡單歸納為4點：第一，剔除現時在《證券(披露權益)條例》中屬過時或不必要的繁複要求，以求盡量簡化。第二，將一些與披露權益相關的規管安排，與實際的類似安排看齊。第三，其中一些條款必定會適合市場近期的最新發展。第四，擴大有關市場價格、證券交易、股份權益等資料披露的範圍。通過這些工具或這些渠道，研究我們的市場透明度可否達至國際認可的水平，這是最主要的考慮因素。

在整個諮詢過程中，大家也有一個共識。作為一個國際金融中心，我們要確保自己的披露制度要與其他市場看齊，不單止是在規管的安排上看齊，還需要看看，能否通過這些安排達至其他市場所具有的透明度水平。增加市場透明度，不單止可令投資者作出一些更有根據的投資決定，亦可減少一些市場操控或不法造市活動的發生，使我們的市場運作更加公平。

在進行草擬工作時，我們也關注到若制訂這些新披露要求，可能會對規管者造成一些負擔或增加他們的成本。我們也考慮到，如果有過多的資料給予投資者，可能未必有幫助，在某些情況下甚至會產生混亂，我們還要考慮這些因素。我們希望現在這個建議能達致一個平衡，一方面是透明度能達致國際水平，但又不希望過分披露資料令投資者產生混亂，以及令負責披露的人士承擔一些無謂的負擔。

驟眼看來，第XV部的草擬方法可能比較複雜，但我們所考慮的因素，當中包括有關條例是於1988年最初制定，已沿用了十數年，很多市場人士，包括法律界人士向我們反映，表示他們已熟習了現有草擬的方法及披露的模式。當局若新增一些規則，便不要將舊的規則大幅度修改，希望盡量能夠保留原有的草擬或披露的方法，令市場人士更容易適應。大家現時所看見的條例，草擬方式可能比較複雜，但與原有條例的草擬方式較為類似。這個草擬方式的優點是盡量將疑點減少。當時的草擬方式可能較為複雜，但疑點的空間較少。

條例草案有多個具體的建議，稍後Mr DICKENS會詳細向大家解釋。我在此點題3個主要的項目：第一，我們建議將一些重大持股量的最低披露界線由10%減至5%。第二，將具報期限自5個營業日減至3個營業日。有關規管的披露安排在這些方面可與國際看齊。在披露安排方面，其他市場也是大致上減至5%，以及縮短至兩至3天，這些方面可與國際安排看齊。

不過，是否通過這些安排就能達致國際市場要求的透明度？我們抱有懷疑的態度。這是因為香港具有一個獨特的市場情況，這是很多投資者及市場人士也不時提及的，就是以國際金融中心的標準來看，我們股票市場的市值較別人為低。我們大部分上市公司的公眾持股量，相對別人來說也是較低。因為這兩個現象，以致我們的披露安排若不齊備時，便會很容易出現一個扭曲市場的情況。相對於其他國家來說，若總市值大、公眾持股量多的話，扭曲情況可能沒那麼容易發生。所以我們也要考慮一下，就

是規管安排是否與別處看齊就足夠呢，是否需要一些特別的措施去盡量解決本地的難題呢？

歸納下來，也根據證監會於1998、1999年，以及去年進行的詳細諮詢工作，我們建議將若干披露規定的適用範圍擴大至淡倉、未發行的股份，以及以現金結算的衍生工具。現時來說，就這些工具訂有若干的披露規定，但並不全面。我們希望這次可把它擴闊，可以補充我剛才所提到的不足情況，使投資者所獲得的資料可以較為齊全。

這些意見全是回應上市公司的訴求，以及較小規模的市場參與者對我們的訴求。他們的要求是希望監管機構能加強規管衍生工具、淡倉的活動等等。我們覺得這些工具和市場活動，對於轉移風險和增加市場的流通量十分重要。加強規管可能並非一個好方法，但我們可以積極跟進加強透明度的問題，這便是對市場人士意見的回應。

我剛才也曾強調，在諮詢過程中我們花了特別多的時間，與較大型的市場參與者進行討論，研究若加入這些要求，如何可以令他們在遵守要求方面盡量減少負擔？我們在這方面的確花了很多時間。主席先生，自從我們進行這一系列的諮詢後，即使於《藍紙草案》公布後，我們也不斷與市場參與者進行工作會議，看看有哪些方面將來可能透過通過附屬法例以方便他們運作。

簡單來說，我們在《藍紙草案》中其實進行了主要的修訂，希望減省大型市場參與者的規管負擔，包括縮減有關披露持倉量的詳情和引入一些豁免。剛才我亦提過，我們要隨著市場發展來引入這些豁免，所以我們稍後會向大家提出建議，希望給予證監會一些權力，就像我們討論市場失當行為時所建議的條例，於某些情況下可以進行豁免，方便大型市場參與者。因為市場的變遷，就一些活動來說，假如進行披露，可能會影響業務的發展。那麼我們便要作出考慮，假如不影響投資者的利益，我們可以考

慮採取另一個方法去處理。就是通過這個諮詢過程，第XV部便演變成今天大家所見到的方案。

現在我們正跟市場人士研究是否有些特別情況可以豁免，我舉一個例子，例如《藍紙草案》公布後，有些於市場進行借貸活動的較活躍參與者向我們表示，某些借貸活動於條例草案當中所建議豁免的涵蓋範圍可能不夠廣泛，草擬的方式可能需要更加廣泛，才可把現時新發展的股票借貸活動包括在內，這是我們很樂於考慮的。為了這個問題，證監會的同事已和市場參與者成立了一個工作小組，就日後的豁免安排再進行詳細的探討。

或者我將以下時間交給Mr DICKENS，請他詳細講解關於披露的規管制度的安排。

主席：

各位同事，這部分比較技術性和複雜，我們給予Mr Mark DICKENS多些時間，好嗎？

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

Thank you, Chairman. I think probably the thing to keep in mind is that the burden of this legislation falls on two classes of people – directors and chief executives who have to disclose everything, including a one share change in their interests, and have to also declare interests in relation to debentures; and substantial shareholders – that is those who have interests in 5 per cent or more of the shares. Substantial shareholders have to disclose when they cross the 5 per cent limit, and then they disclose when they go for a successive 1 per cent bands.

That is the basic thing, and whenever I say something has to be disclosed read it "Subject to those qualifications", that it is only if it is over 5 per cent or it is moving through a 1 per cent band. As Miss AU said, we have tried to stick to the conceptual basis of the old law, although it is very technical, mainly because the industry had become accustomed to it. That involves also having the provisions in three groups. Divisions 2, 3 and 4 are about substantial shareholders; 7, 8 and 9 pick up directors and chief executives. The main differences, apart from some technical things about concert parties and other stating interests for substantial shareholders, as I have said, directors and chief executives disclose everything; substantial shareholders are subject to the bands. The other divisions deal with maintenance of registers, and they double up a bit; investigations into the interest in shares, and the imposition of restrictions on shareholdings and listed corporations.

The first thing we tried to do with the legislation was minimize the unnecessary part of the compliance burden. The first thing we did was to bring in a de minimis exemption. This will be unique to Hong Kong. Under the present law, as I have said, substantial shareholders disclose when they go through the threshold, which will be 5 per cent, and then when they cross successive 1 per cent bands. The way the 1 per cent is calculated is a rounding down, so if you go to 6.5 per cent, that counts as 6. If you go to 6.9 per cent, that still counts as 6. The problem that arises in practice is that sometimes – and it particularly arises for people like custodians and fund managers – they are close to a band, so they are on 6, more or less. Minor fluctuations in the shareholding require successive disclosure, so what we have tried to do is say that if you are no more than half a per cent away from your last notification, you do not have to make a subsequent notification.

We have set that example out on page 4 of the paper, and it is perhaps clearer to just look at it than for me to try to summarize it in words. You will see that there are two notifications that are not required, and the reason is that the last notification would have been at 6.2 – that is 3 on the chart. 5.9 is not very far from 6.2; 6.5, you are between the same band anyway, so you do not have to notify but still counts as 6, but when you drop all the way down to 5.6 a notification requirement is triggered, and what you would disclose is two things:

that you are at 5.6 per cent, and that you are above 5 per cent. That is the de minimus exemption, and as I said, it is ahead of the other overseas jurisdictions.

The second exemption, which is also ahead of overseas jurisdictions, is exempting transactions between members of a wholly owned group of companies. Now, there is a rule called the one-third rule, which means a holding company, and a holding company is a company which has more than one-third of the voting rights in the company down. It has to aggregate the interests of the companies below it. So it will be showing the group interest, even if that is only held in one company down the chain, or maybe more than one company in the chain. For that reason, and because economically the control is probably with the holding company, we decided it was appropriate to exempt intra-group transactions between wholly-owned subsidiaries, so that if you just move the shares around between wholly-owned subsidiaries, move them from one small company in the group to another wholly-owned company in the group, no disclosure requirement is triggered.

The next minimization of the disclosure burden was made very largely in response to representations from the investment management, custodian and banking industries, and the trustee industry.

Because of the one-third rule, where a group operates a separate fund management company called an investment manager, a separate custodian and a separate trustee company - and a good example of a group that is HSBC, which has all these separate subsidiaries – the one-third rule means that all of the interests in those subsidiaries are aggregated and attributed to the holding company, in my example, HSBC, which then has to issue a notice. So two things happen. It is much easier to get to the 5 per cent threshold and be subject to the ordinance, and it is much easier to go through the 1 per cent level; so the frequency of notification goes up, because you are aggregating across the group.

What we have decided is that where the interests are held in separate subsidiaries, and those subsidiaries act separately without reference to the holding company, or without

reference to each other, the aggregation rule does not apply. So if you have 4.5 per cent in the fund management company and 4.5 per cent in the custodian company, it does not add up to 9 per cent unless those companies do not act independently of the holding company and each other. If they do collaborate, it adds up to 9 per cent and it has to be disclosed.

Again as part of our consultations with major investment banks, particularly the overseas houses, we decided that we were being a bit parochial in allowing exemption for security interests – that is shares held as security for financing, basically – only to apply to Hong Kong licensed and authorized institutions. So we have widened that exemption to cover approved overseas jurisdictions and schemes, approved by the SFC in a recognized jurisdiction. That was to avoid being too parochial in that respect.

The next exemption was for holders, trustees and custodians of collective investment schemes. There had always been a provision in the Securities Disclosure of Interests Ordinance, which was meant to mean that an interest that subsisted by virtue of a unit trust or mutual fund corporation was to be disregarded. The wording was not all that clear, and market participants asked us to take the opportunity of the new legislation to make the wording clearer. So we have now made it perfectly clear that the unit holder does not have to disclose an interest held through a collective investment scheme. The trustee or custodian does not have to disclose those interests, but the fund manager, who is the person who makes the investment and voting decisions in relation to the shares held by the collective investment scheme, will have to be caught; and again in order to provide a level playing field between overseas and Hong Kong regulatees, we have extended that to holders, trustees and custodians of approved overseas schemes. The procedure is set out in clause 314(4) and 8(2)(xi).

The next thing we have tried to do to reduce the burden of disclosure is to provide for standard disclosure forms that must be used under 315(5). Under the current law, you may use a form provided by the SFC, and many people do use that form; but we have decided that going forward in order to make it very easy for people to comply, so they do not have to

read 150 pages of technical legislation, we will provide a much more detailed form, and this will eventually feed into electronic filing as electronic filing becomes easier. We have consulted the market on the forms. We released them in, I think, March, and we have received only two comments on the forms, but we will continue talking to market participants about how to streamline the forms and make them simpler.

The other change – and here again we are leading overseas practice – was to delete the current requirement in the Securities Disclosure of Interest Ordinance that the identity of the registered holder of the shares and the change in the particulars of the identity of the registered holders be disclosed. The reasons for that are manifold. It is quite an administrative burden because it is largely useless in relation to shares in CCASS, because the registered owner is CCASS, the central depository. That does not give you any useful information at all. In relation to shares that are in street name, every time you re-register the shares or you deposit them in CCASS, you have to put in a form, but there are so many shares already in CCASS that you are not actually learning anything useful through the disclosure of the name in which the shares are registered, particularly in relation to the old street name shares that are still circulating in Hong Kong, where it may be 5, 6, 10, or 20 owners ago, and the shares might have been re-registered unless there was a dividend. So we have decided to get rid of that unnecessary filing burden and just have people disclose the number of shares in relation to which they have an interest.

Those are the main reductions in the burden, although as I go through, you will see there are some qualifications on what we had in the White Bill. As Miss AU said, the three major changes that increase transparency are: the threshold drops from 10 per cent to 5 per cent. That brings it into line with the mainland, the US and most of the Asian markets. It is a little bit higher than the UK's 3 per cent, but we thought it was better to achieve a consistent approach throughout Asia and to be consistent with the US. We are dropping the notification period from 5 days to 3 business days, and that is in clauses 316(1) and 339(1). It is one day longer than in the UK, Singapore and Australia, but shorter than in the US. The main reason for going for 3 days rather than 2, which is what we originally proposed, is that

when we talked in particular to global fund managers and to the global investment houses, we found that because of the way their information-gathering systems work – and they have to track their interests in Hong Kong shares, no matter where in the world they are held or acquired – they lose one business day automatically, updating their computers in, for example, New York, and we therefore felt it was better to give them time to assemble the information and to disclose it in a reasonable period. In relation to disclosures prompted by an external event, that is where you do not do the acquiring or disposing, the period is 10 business days.

Another thing we did is set out in paragraph 37. Under the existing ordinance concert party agreements have to be disclosed. So if A and B have agreed together to acquire shares in company T, A and B basically have to treat each other's interest as their own and disclose them, and they fall under obligations to keep each other informed of changes in their shareholding. There were a number of cases in the early 90s, and it may be that they are starting to occur again, where the 25 per cent public float required to be maintained by the SEHK was breached. What was happening was that in companies which were not able to attract sufficient investor interest, the controlling shareholder would basically loan money, usually to his employees or associates, to subscribe for, or buy, the shares. So the real public float was lower than 25 per cent because the controlling shareholder had 75 per cent, and people were beholden to him for the purchase price of the shares had the remaining shares or most of the remaining shares. What we have done in clause 308, we treated that, in effect, as a concert party arrangement, any arrangement under which a controlling shareholder provides a loan or security for a loan, to enable another person to buy shares in the same listed corporation. That proposal received general market support because a large number of market participants could remember the circumstances of the early 90s.

Also to increase disclosure, we have, in clause 313(4) and for directors in clause 336(4), extended the disclosure scheme to cover the interests of what is now called "the founder of a discretionary trust". That is a person who has founded the trust and who still retains de facto or de jure power. It is a factual test over what the trustee does in relation to the shares held by the discretionary trust; and you would ascertain whether or not a person is

caught by this disclosure obligation by looking at all the facts of the case. The definition of "founder" is something on which we specifically consulted twice, and the definition that has resulted was actually very largely suggested by the market. One of the leading legal firms was very helpful in helping us to fine tune the definition so that it did not catch either too much or too little.

This is not really a huge change, but presently lenders who hold shares as security for loans do not have to disclose that, unless the borrower has defaulted and the lender has enforced the security under the pledge. During the financial turmoil we had a number of situations where shares prices, in particular in middle-sized and smaller listed companies, suddenly plunged. The reason they plunged was that the banks were exercising their security and selling the shares on market. That led to a considerable debate which we raised in the consultation paper, as to whether the substantial shareholder should be required to disclose the fact that they pledged the shares, and the banks should be required to disclose that the shares had been pledged.

Views were extremely divided in the public consultation, but on balance we decided that discretion was the better part of valour and that we should not impose undue burdens on the market. What we have attempted to do in clauses 314(1)(e) and (6) is to clarify the point at which interest ceased to be exempt from disclosure. That is that you do not have to disclose shares pledged as security until the lender is both entitled to exercise voting rights following a default, and has shown an intention or taken any step to exercise the voting rights; or the power of sale has become exercisable and the shares are offered for sale. But it is before the point at which they are sold.

Consideration in terms of agreements: SDIO does not require substantial shareholders to disclose consideration for acquisitions or disposals of interests in shares. Directors are required to disclose consideration, but not substantial shareholders. The US, Australia and New Zealand require disclosure of consideration, and they also require disclosure of agreements or the material terms of agreements on acquisition or disposal. The

reason for that is that it is market-sensitive information. It is very useful to general investors to know the price at which the substantial shareholders were able to buy or able to sell, or more generally acquired or disposed of an interest in shares, particularly if that price is away from the market price, either significantly below it or significantly above it.

Again we have refined this proposal significantly in the light of the two rounds of consultation Miss AU has referred to. We are proposing that there be disclosure of consideration payable or receivable, whether the transactions take place on exchange or off exchange. That is clause 317(1)(f). But we are not requiring disclosure of consideration in relation to dealings in derivatives; nor are we requiring disclosure of agreements or the terms of agreements relating to off-exchange transactions. Then when we thought the logic of that through, we worked out that short positions are largely created by virtue of derivatives, so there should be no disclosure there; and if they are created by virtue of stock borrowing and lending agreements, the disclosure is actually quite meaningless because there is a conventional premium that is paid on a stock loan. It is actually quite low and has nothing to do with the value of the stock. It is the price you pay for borrowing the stock for a limited period, so it is totally out of line with the underlying value of the stock block.

Another problem we have had in Hong Kong is that by and large substantial shareholders do not hold shares personally. They hold them through proprietary companies, and unless they are shown on the Registrar of Companies records as directors of those companies, the identities of the individual who in fact has control over the shares will not be disclosed. All you will know is that it is the name of a $2 company, ABC Pty Ltd, and you may be able to search and find the directors, but that still does not help you know who is controlling the shares. So we are asking in clause 317(4) that an unlisted corporate substantial shareholder has to disclosure the identity of any person in accordance with whose directions or instructions its directors are accustomed to act. If it is a listed company it does not need to do that, because that is already a matter of public record. We removed an exemption which currently exists for investment managers incorporated in Hong Kong, and for locally incorporated trust companies. Again we consulted on this. We had a choice.

We could either extend the exemption to provide a level playing field between Hong Kong and non-Hong Kong entities, or we could remove the exemption. The market supported the removal of the exemption. I have already mentioned the other exemptions like the disaggregation exemption that reduced the burden of that exemption being removed.

Miss AU has referred to this in Hong Kong and I may say in other markets, but it is particularly acute in Hong Kong because of our small public float – a lot of what happens in relation to the price of shares and of large dealings in the shares in the market is driven by derivative transactions. Some of those derivative transactions have to be disclosed, and the easiest example of a transaction that is currently disclosed under SDI is a call option that is physically settled. The holder of that call option is taken as having an interest in the underlying shares and has to disclose the shares. But put options do not have to be disclosed, and if the options are cash-settled, or the derivatives are cash-settled, then no disclosure is required either.

That leads to quite misleading disclosure, and the reason it is misleading is that you are only getting a partial picture. In paragraph 53 we give the example of a substantial shareholder – it may be a major investment bank in this particular example – who purchases 100 million shares in a company, as a hedge to cover a call option he has written. He has written a call option. The holder of the call option can ask the investment bank to give him 100 million shares. So what the substantial shareholder does is to purchases up to 100 million shares in the market to hedge his position. In practice it probably will not be 100 million shares exactly. It will be a number under that, because of what is called delta hedging, which means that the further the option is away from its exercise, either because the price is away from the exercise price or it is a long time to go, the less shares the investment bank will actually need to hedge its position. But as we get closer and closer to option expiry, it needs more and more shares in order not to be caught suddenly having to deliver shares it does not hold.

If it discloses the acquisition and it does not disclose the option, then the picture you get is that this major international investment bank likes this company. It has just bought 100 million shares, and that is bullish news because you cannot see the other bit of information, which is that it is liable to have those shares called away from it, so in fact it has an economically neutral position in the shares. It is not taking a position on whether the price will go up or down. It does not regard this as necessarily a good investment. It is doing something different.

In paragraph 54 – and I will not go through this example in detail, although I am happy to take questions on it – we give an example of a scheme that we came across. We came across this sort of scheme a number of times. We just picked the best example, where on the surface the market sees a substantial shareholder buying shares, and intermediary number 1 buying shares, and intermediary number 2 buying shares – all of which is extremely positive for the share price. In this particular example our substantial shareholder, who wanted the share price to go up, got a sort of double benefit. Not only did he receive more cash from the intermediaries so that he could buy more and more shares, but the market also perceived the intermediaries as taking a bullish view and regarding this as a good company. The underlying economic reality was that they had no exposure, because the whole deal could be unwound by either side by way of put and call options. What we are saying is that if the market can see all of this it will not be tempted to draw the wrong conclusion about what is happening.

That then gets us to something that is mentioned in paragraph 61, that the local business community as opposed to the international investment banks is quite concerned about the lack of transparency in relation to derivative dealings, because it knows that derivative transactions, in particular over the counter or off-market transactions, may be having a significant impact on what is happening to its share price and to share trading; but without the transparency they are unable to determine what the effect is and what is actually driving these movements. So they support, as does the Hong Kong Institute of Security

Dealers, extending the transparency, and that was the position the Commission had been advised to take, by its own advisory committee.

That is easier said than done. Having done that, we then started amending the provisions, and I will take you rapidly through the provisions themselves. Clause 302 provides that you take into account shares that are the underlying shares of equity derivatives. Clause 313(8) sets out the circumstances in which you are taken to have an interest in shares, with the underlying shares of equity derivatives; and clause 313(9) tells you the number of shares; clause 313(10) tells you when you cease to be interested; and then 313(11) to (14) complete the scheme by talking about the number in which you cease to be interested. There are similar provisions for directors and chief executives.

The other thing that happens under these derivatives is that you end up with a thing that we have called "a short position" in clause 299(1). You have a short position if you have a put option. You can make someone take the shares off you, or if you are the subject, the writer, as it is usually called, of a call option, someone can pull the shares away from you; or you make money if the shares go down, or you reduce a loss if the shares go down. So basically you have a short position if you are better off if the share price goes down. That is a bit of an over-simplification, but it helps to keep it in your head.

Then we have used a series of provisions that have to pick up short positions. One of the main reasons this ordinance has grown from the previous SDIO is that the provisions that used to apply just to shares now have to be extended to cover derivatives and the short positions. So the number of provisions has actually multiplied a bit. We have grafted them on and made them march more or less in parallel.

The rules in relation to short positions are basically the same as for long. You only have to disclose short positions if you are 5 per cent long - in other words, if you are a substantial shareholder; and you only have to disclose short positions in excess of 1 per cent. Then it is subject to the normal 1 per cent change rule, so you disclose at 1 per cent, 2 per cent

and so on; and you disclose if you drop back below 1 per cent. We use the same rounding-down mechanism.

That is the basic picture in relation to derivatives. Allied to that, but not quite the same thing, is the new requirement to disclose a change in the nature of an interest. We mentioned the call option example before. If I have a call option over 100 million shares that is physically settled, I disclose that I have got that call option under the current ordinance, but I do not make disclosure when I exercise that option, and I go from having an interest, which means I cannot vote the shares or sell the shares, to an interest which means I can vote the shares and can sell the shares, and vice versa.

So if I hold the shares and I sell them to Miss AU, but I get a call option back, that does not show up. Miss AU may have to make disclosure, but I make no disclosure, and if you go back to the earlier example of our substantial shareholder and our two intermediaries, the substantial shareholder did not have to disclose the sale of those shares because he got a call option back, so he stayed in the same position under SDIO. That is the easy example.

Another example is stock lending, and this is leading to the situation Miss AU described. The stock borrowing and lending market is a little bit complicated, and the first thing that complicates it is what is referred to as the lending or borrowing is in actual legal terms an outright sale which transfers full title, with a right to receive back an equivalent number of securities.

So the legal form is that the so-called borrower has bought the securities and can dispose of them and exercise full rights of ownership. He is subject to an obligation to return an equivalent number of securities when called upon to do so, when there is a so-called recall. So the borrower under the current ordinance has to disclose. The lender, although he has sold the securities and now has only a right of recall, discloses nothing under the current ordinance because he started with 100 million shares, he has turned that into an economic call option, but nothing else has happened.

Under the new law the lender would have to disclose, and so you would be able to see that the nature of the interest has changed. That is all dealt with. Essentially the magic is done in clause 304(1)(d).

By catching derivatives and by catching stock borrowing, we have created some complications for the professional parts of the industry, in particular for the major investment banks which do a lot of stock borrowing and lending business, and quite a lot of option-related business, particularly over the counter options, off-exchange options, and do a lot of stock borrowing and lending. We have engaged in a lot of discussion with the market, to try and minimize the unnecessary disclosure burden that we have caused for those professional people. In relation to derivatives, basically we have managed to agree with the industry that we will compress the level of detail that is required to be disclosed, so that they do not have to disclose the consideration, strike price, option premium, option price, exercise period, the date of expiry of the option, but they do have to disclose the fact of its existence and the number of shares to which it relates. That reduces most of the payment that they were worried about, which was that if everyone knew exactly what their option position was, and exactly how much money they were making from it, and exactly when it had to be expired, they would be vulnerable to the counter dealing activities, if I could put it that way, of their competitors, who would know that a person was obliged to buy or sell a particular number of shares around about a particular day, and was in effect a false buyer or false seller. So they could be front-run, or even worse things could happen to them in terms of squeezing them in the market. We have reduced the level of transparency required there, but there is still enough transparency for the market to be able to see how the example on page 12 actually works in practice.

In relation to stock borrowing and lending, we have an exemption in the bill for so-called conduit stock borrowing and lending. You are a conduit stock borrower and lender if, for example, you are an investment bank and you borrow stock from a custodian in order to lend it to one of your clients; and because that transaction brushes out we decided we would

not need to disclose it, because we will still have disclosure by the ultimate lender and disclosure by the ultimate borrower, and what happens in the middle is not all that important. It is just generating unnecessary notices.

As we worked through the issues with the working group we have set up on this, we have found that that provision needs to be refined. We are currently engaged in discussions with the Pan Asian Securities Lending Association and with a group of investment banks, working through the very detailed way in which we need to create exemption and to create offsetting burdens. It is too early to say exactly how that process will turn out, but I can say this: the stock borrowing and lending industry has exploded since 1998, when we first released our consultation paper. It is estimated – and there are no reliable figures on this – but market estimates for the markets now involves around 10 billion US, worth of stock a year in Hong Kong. That has become quite a big and very complex industry.

It has also become more complex because as it turns out, stock borrowing and lending does not attract stamp duty, so the transactions can be structured as stock borrowing and lending transactions to the stamp duty advantage, so that has made the transactions even more complex. What we will be asking for at a later stage is an amendment to give us the power, subject to appropriate safeguards, to make rules to cover stock borrowing and lending, so that we can craft an appropriate disclosure regime for that particular better part of the industry.

To conclude, can I just emphasize a few points? The burden of this legislation falls on directors and chief executives, and on a very small part of the market as well as that, on people who own 5 per cent or more. We thought that technical issues which are a subject of the representations, and with which we are now grappling – and we are not under-estimating the importance of these people, or the importance of their business – affect less than 20 firms in Hong Kong. They have some very technical issues and they run very complex businesses, and we need to work through their issues with them; but they do not go

to a burden on the community as a whole. They go to a burden in a very esoteric and very small - - I am sorry. Small in number; large in terms of dollars as part of the industry.

I conclude there, Mr Chairman.

主席：

Thank you。在你們回應業界意見的文件，即CB(1)1210/00-01(01)號文件第3頁，大型公司Group of nine提出的常見問題是："Errors or delays in compliance are likely to occur very frequently and it is objectionable in principle that any such error or delay, even though inadvertent, is a criminal offence."我想提出一個問題，在刑事責任上這條法例會否有大轉變？會否有一些defence能給予這些errors or delays。如有關人士在過程中並沒有獲得任何明顯的利益，這又可否作為一個免責條款或defence？現在很多公司的負責人可能需要經常出外公幹，他們在回來後可能發覺已過時或漏報了，有甚麼defence能給予他們呢？

首先第一個問題是刑事責任會否有重大的轉變，以及有甚麼defence？

財經事務局副局長區璟智女士：

如不遵守披露要求，現時也需要負上法律責任。今次草擬的條例草案，最大分別是把披露的要求擴大了，以致出現違規的情況可能較多，這便是業界所憂慮的問題。剛才主席所提的問題很好，其實我們也曾與業界磋商，詳細研究現在與將來的法例可以有甚麼免責的安排，以及有甚麼新措施。或者請Mr DICKENS與各位討論一下。

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

The nature offence provision in relation to substantial shareholders is clause 319, and there is a similar provision in relation to directors, but it does not say anything that is different in any material respect. The first thing I would like to say is that the burden has not been increased over the previous years. The second is that the defence replies to a person who fails to perform a duty of disclosure within the specified period or in purported performance of a duty, makes a statement which is grossly reckless, falsely misleading in a material particular, and he knows that all these are reckless. There is no negligence in this one.

The duty arises when you become aware, or have knowledge, of the interest and the time runs from then. Basically the 3 days run from awareness. Inadvertence, even though it is not a defence as such, means that if you just do not know you have the interest, you will not be caught. If you do know, and you are late, technically you will have committed an offence. If you put something wrong in the disclosure, knowing or being reckless as to whether it is false or misleading in a material particular – for example, getting a phone number wrong will not matter – then the offence is committed. The defence under subsection (2) is actually a very limited defence. You are under an obligation to give the notifications to the listed company and the Stock Exchange more or less at the time. If that does not happen, it is a defence that you took reasonably practical steps to comply with that section. The other defences are technical defences that relate only to specific offences. They do not relate to the general offences of failing to perform a duty within the specified time.

As we have said in the response, we are hoping to make this whole system work on the disclosure forms we have given people, so that it will be easier for them to comply with what has become a highly technical part of the law, by following the forms. It would be extremely difficult to prosecute in practice a person who had filled out the form in good faith, even if, for some technical reason, he had not managed to comply with one of the technical provisions. Even if it did not go to whether or not he could be found guilty, it would

certainly be a circumstance in mitigation, and it would be a matter to be taken into account by us in deciding whether or not to prosecute.

主席：

在這個defence中，如政府向違規的人士提出起訴，是不用去證明他是否有利益上的得益，對嗎？

財經事務局副局長區璟智女士：

不需要。

主席：

不需要，他主要是.....

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

If he proves that his interests have changed, or one of the other things have happened – he has acquired an interest, disposed of an interest or changed the nature of an interest, and the exemptions do not apply, and the form was not either filled in properly and was grossly misleading, or the form was not lodged in due time.

主席：

在這個問題上，我也曾看你們所作出的比較。以美國或英國的法例為例，相關的政府機構在提出檢控時，是否需要證明該人有利益上的得益？這個問題可分為兩個層次，假如受規管的人士違規，監管者可以對他施以penalties性質的懲罰。但如果他所干犯的是刑事法例，這個offence所施加的

刑罰是監禁6個月的話，就海外的其他法例而言，是否需要證明他有利益上的得益，例如他透過買賣股份而獲利？

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

I will check on that, but the best to my knowledge and belief, no; and the reason is that these are filing requirements. Failure to file is an offence; not failure to file and making money out of it. The idea is to maintain the integrity of the disclosure system and the integrity of what used to be called "the register", so that you have to file, and if you do not file, whether or not you benefitted from it.

主席：

我明白，在應該作出權益披露的情況下，假如有關人有所遺漏或出錯，證監會有權作出懲罰，我們也接受這點，也不覺得有問題。但一旦涉及刑事方面，仍然是那個問題，我舉一個例子，例如某人需要出外公幹，秘書通知他簽署有關的文件，但由於他遲了回港而沒有簽署，政府便對他作出刑事檢控。當然這個case可能比較extreme，但由於他在過程中沒有金錢上的得益，有沒有一些法例可以提供一項免責辯護？

財經事務局副局長區璟智女士：

我相信要詳細說明。其實這些是擁有一間上市公司超過5%股份的公司董事或主席，不是……

主席：

我知道是公司董事，我明白。

財經事務局副局長區璟智女士：

對，不是證監會對持牌人士所採取的制裁行動可以做到的，他們亦未必需要直接向證監會申請牌照，我相信大部分也不需要。我們現在考慮的問題是，當他們的持股量達到某個水平的時候，怎樣鼓勵他們進行披露，怎樣鼓勵他們於限定時間內進行披露，而沒有超過時限。

關於檢控的政策，我們以往也曾提過，第一，要合乎公眾利益，當然還有考慮其他因素，但這是最首要的考慮。

主席：

各位同事，有沒有其他問題？余若薇議員。

余若薇議員：

主席，也是相同的問題，關於懲罰方面。

我認為這些懲罰似乎並無持續性。一旦超過時限便會觸犯法例，就是超過了所規限的3天時限便觸犯了這個罪行，而要作出罰款。當局會否考慮就該罪行訂明一個持續性，例如每天計算呢？因為某些人可能因為某些原因而忘記作出申報，若他在限期後才補回，就等如是告知當局他忘記作出申報，但如果每天罰款，有一個持續性的話，他會補回申報的機會是否比較大，會否有這個考慮呢？

財經事務局副局長區璟智女士：

我想我們會參考外國的經驗，看看有沒有地方曾經嘗試過這方法，而發覺是有效的。我相信刑事罰則的阻嚇作用其實已很足夠，我相信那些明知故犯的人要顧及後果。

余若薇議員：

主席，我明白那個阻嚇作用。我的意思是，有些人會覺得，反正已過了限期，便不去補報，因為這即是告訴別人自己犯了罪。但是如果罪行每天仍然持續，原來每天也正在犯罪，會有一個更大的推動力令他作出補報。

財經事務局副局長區璟智女士：

我明白，即是每天罰款。也有這些先例，但不是這類的違規行為或犯罪行為，我們看看外國的經驗有甚麼可以參考的地方。

主席：

吳靄儀議員。

副主席：

主席，其實這部分非常重要，因為作出披露其實是整個監管過程的中心，所以披露太多還是太少的問題是很重要的。如果披露是不足夠的話，就不能進行監管，也因此不能令投資者得到保障。但另一方面，如果披露的要求太高，首先，被監管的人當然要付出代價，在實施這套制度的時候，也需要增加經費和人手，對融資方面的流通也一定會有壞影響，所以我相信有關這段的問題，差不多是這個委員會當中最重要的一個部分。

主席，我想問一下，第一，我們的披露水平和種類跟其他市場比較，究竟是怎樣。第二，相對於我們香港的實況來說，究竟是否足夠呢？因為我不熟悉這些事情，我實在覺得這個很困難，，雖然Mr DICKENS很小心地向我們講解，但我還是覺得某程度上有困難。

Mr DICKENS, where the trigger point is 4 per cent, the threshold is 5 per cent interest, you have shown in annex 2 how this compares with other jurisdictions. How do we count the 5 per cent? What is the 5 per cent, and in the declaration do we use the same definition as other jurisdictions?

Thank you.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

The answer to that is: because we catch cash-settled derivatives, for example, and we count towards the 5 per cent any long interest in shares, so we count shares you own, shares you have borrowed because you own them subject to a right of recall, shares over which you have a call option which is physically settled – and so far that is the same as Australia and the UK. We also count shares in which you have a call option or a derivative over, which is nearly cash-settled. So although the interest can never turn into a share, we count that as part of the 5 per cent. On that basis it is easier to get to our 5 per cent than to get to, say, Australia's 5 per cent or the New Zealand 5 per cent. We are similar to the US, who also catch cash-settled derivatives. The UK has a lower threshold anyway, but our 5 per cent is more easily hit than, say, Australia, New Zealand or Singapore, because we count some extra things towards the 5 per cent.

Deputy Chairman:

Mr Chairman, on that question, when the LegCo delegation was in the United States, we were consulted by some market players, and they suggested that our 5 per cent beneficial interest - - is it a beneficial interest? Is that right? They have a complaint - I do not know whether it has been updated – that it is not sufficiently clearly delineated, and they

suggest that the way it is defined in the United States is clearer. Have they mentioned this to you?

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

Can I say that I would not accept that? What their local counterparts are saying is that our definitions are far too comprehensive and catch far too much. We have taken a black letter approach. This is a pretty good debate. The Americans catch beneficial interest and they define it in a very purposive sort of way; and then the SEC has elaborated on that with interpretive notes. Because of the US tradition of a very purposive construction of their statute, it covers, I think, much the same ground as ours does. We had to ask them about cash-settled derivatives because you cannot find that written down anywhere. You have to ask the SEC what the legislation means.

What we have done is to list out everything we wanted to catch, and we have done it on essentially a UK black letter law model. So if you have a voting interest or any form of ownership interest, or any form of conditional interest that can become an ownership interest, or an interest under a cash-settled derivative, we have spelled all that out. I think we catch everything.

Deputy Chairman:

Yes. Mr DICKENS, I think here it is about large or small. It is about clarity. Perhaps you can direct me to the parts of the Bill setting out how the 5 per cent is defined, and what it includes.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

Here we go. This is going to be hard.

Deputy Chairman:

I am sorry. You can let me have it afterwards.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

I think that would be better.

Deputy Chairman:

Because afterwards - - anyway I am going to have to take notes, and I probably would get it wrong. If you could show how it is defined in the US, I think they refer to a section 13(d) or something, definition. They have given us a document. Later on perhaps I can find it for you.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

I think the easiest thing for us to do is this: we will just put 13(d) on one side of the page, and all the provisions we have got that do the same work on the other.

Deputy Chairman:

That would be very good. Thank you.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

There are a lot of them.

財經事務局副局長區璟智女士：

主席，請Law Draftsman簡單解釋在草擬過程當中的安排。

高級助理法律草擬專員高意潔女士：

好的。主席，條例草案第302條第(3)款的“須具報的權益”，是指任何人擁有權益的有關上市法團有關股本中的股份總面值，要等於某個百分率，該百分率是須具報百分率水平，達致該水平的時候，該人的權益便需要具報。甚麼是“具報百分率水平”呢？我們可以繼續看第306條第(1)款，當中已很清楚列明那個百分之五.....

副主席：

可否再說一次剛才讀出的那一段？

高級助理法律草擬專員高意潔女士：

302條第(3)款，條例草案第C2147頁的最尾部分。可以看到當中提到“具報百分率水平”，即是說該人所有的權益如果達致這個水平，是需要具報的。如果我們繼續看第306條第(1)款，條例草案第C2158和C2159頁。當中已明顯地列出該水平是百分之五。

主席：

這個"prescribed by regulations"，即是要有規例？

副主席：

不是。

高級助理法律草擬專員高意潔女士：

現有條例所訂明的是百分之五，但是這個百分之五將來可能有需要變動的話，我們可以藉此規例來訂明另一個的百分率，這個規例，根據第365條，是由行政長官會同行政會議訂立的。

財經事務局副局長區璟智女士：

是否即附屬法例？

高級助理法律草擬專員高意潔女士：

附屬法例，對，沒錯。

財經事務局副局長區璟智女士：

需要立法會的審議。

主席：

OK,好。

副主席：

主席，其實問題不在於是否5個百分點，而在於"interest"一字上，即哪一種利益？尤其是由第302至306條，由306條又回到305條，似乎令人難以明白。

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

This is very complex, which is why I think we had best deal with this one in writing, but most of what I think you are asking about is found on page C2175, where it talks about interests to be taken into account for the purpose of notification. Subsection (1) basically says this section applies in working out whether a person has or ceases to have an interest, so this is the code. Then "a reference to an interest" is a reference to an interest of any kind whatsoever. It is pretty broad there. "...and for that purpose any restraint or restriction shall be disregarded". So it covers interests that are going to grow up to be interests, if I can put it that way.

Then it does a similar thing for a short position. It also tells you to regard a restraint or restriction. It deals specifically with property held on trust, in subsection (4), and tells you who has an interest in the case of a discretionary trust. Despite the width of (2) there are a number of things here that remove doubt. (5) goes on to catch a person who has entered into a contract for purchase or a person who is entitled to exercise any right conferred by the shares or to control the exercise of any such right. (6) gives you an extended meaning of "control", and again it refers to this contingent right which can grow up to be a right. That is the way I always look at it. Then you have (7), which is another form of interest in shares – a right to call for delivery or to sell for order. It is a very difficult approach from the American drafted approach, but you can see it goes on and on and on.

Deputy Chairman:

Yes. I do not think we need to copy the American approach, but so long as we attain the goal of being clear. Mr DICKENS, may I suggest that once you have put it on paper, the provisions in our bill, and put it side by side with the American legislation, rule or whatever it is, I think it will be very useful, if you then put it to the practitioners to see if there is any reason they should find it unclear or uncertain in our approach. Of course if you are used to a particular way of description you will always find it is better because you are more used to it. So I am not going to take that as a kind of criterion, but rather looking at ours, the proposal here, what precisely is it that they find difficult? Maybe in time they will also get used to it. Could we do that?

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

I think what they find difficult is their American lawyers. The local practice wanted us to stick to the existing drafting formula because they know what it means. It has been hallowed by 10 years of usage, and it corresponds to that in the UK. Australia uses a concept called "relevant interest", but it is the same sort of black letter law approach where you want to catch everything, which we say, and then you go through every particular case just to make sure there is no room left for argument. Our local profession is quite happy with this definition, and you will notice that G9, the Law Society, HKAB, are not complaining about lack of clarity. They are happy that we have drafted this relatively clearly, and by their standards in a relatively user-friendly way.

I think I agree with you. If you had not grown up with this particular way of doing things for the last 10 years, it would be nice to have a more purposive approach. But we faced a dilemma at the outset. We went and talked to a number of leading commercial firms and they said "Please leave it the way it is. We've got 10 years of interpretation. We've got opinion on this. We've been giving guidance to our clients. We like this. It works".

Deputy Chairman:

Yes. So could you show me the document once it is prepared?

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

Yes, of course.

Deputy Chairman:

Mr Chairman, if nobody else is asking a second question, Mr DICKENS, I do not pretend to be able to understand your very carefully prepared paper, particularly because I do not know how - - I am just not familiar with the whole operation in this field; but once you have lowered the threshold and then you have provided exceptions and so on and so forth, what are we left with? Are we better off than before, or have we ended up being not better but different? How do you assure us that that is sufficient for our situation?

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

We are significantly better off than before. The exemptions nearly all relate to the professional part of the industry, and I will come back to that in a second. So we have caught all of the substantial shareholders with more than 5 per cent, and the exemptions, apart from the *de minimis* exemption which I think is clear enough in your example, all relate to people like fund managers, investment banks and custodians, and they are limited exemptions designed to deal with specific parts of their business.

One of the reasons we are going to be seeking a safe harbour power is that at the moment we have caught stock borrowing and lending; we have caught the whole industry.

What we need to work out in relation to that is how to preserve enough information. We want the information that there has been a loan; we want the information that there has been a borrowing; but we are not sure we want all the intermediate steps, because there might have been any number of parties involved in transmitting the shares along a chain from a custodian to the ultimate borrower or seller.

The answer is: the reductions in disclosure burden, apart from things like listed shareholders, relate mainly to a very small class of professionals, including banks. The banks have got their security interests exempted. They have always had them exempted. Now we are looking at crafting exemptions in relation to very technical parts of the industry. Not only have we expanded it to catch more substantial shareholders – which is dropping the threshold – but we have also caught all these derivative interests. At the moment some only of them are caught, and because some only are caught, what you are in fact getting is very misleading disclosure, if you get disclosure at all; and you will be able to see more of the economic picture. So, yes; it is of significant increase in transparency.

Deputy Chairman:

Mr Chairman, we are constantly being told that people in this market are very clever, so the rules you make they would be able to get around. I do not suppose they suggested the exemptions for nothing. Are you satisfied that these exemptions would not leave the kind of loopholes which are very useful to clever people? For example, looking at your paper, on page 4 you have this figure, and the "n"s represent notification; the "e"s represent exemption. Looking at the second "e", as compared with the first "e" there has been a change of, I think, .6 per cent.

The reason why it is exempted is because of the "n" before the first "e", so it is still within that level. That is one thing I do not understand. Why is it that just because it goes to that level, the change in the meantime, of over .5 per cent, should not be disclosable? Let me also go to paragraphs 16 and 17 where you talk about intra-group transactions. You say

that if it is within the same group then it is not reportable. I immediately ask myself "Why should they want to?" What is the purpose of this intra-group transaction? Would it also in some way have any effect, because if not, then clearly they do not do senseless things, so why are you able to exempt that? I thought I had better ask two questions at the same time, so you know where my mind is going, namely in a very suspicious sort of direction.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

I assure you that I spent 20 years being very suspicious of these people. It is pretty much my profession. With that said, the rationale for figure 1 is that near enough is good enough, and that small differences really do not make any difference to the overall market in the shares. The last notification was 6.2. 5.9 is roughly that, and 6.5 is roughly that. In the current ordinance you can go all the way from 6.01 to 6.99 without making a disclosure anyway. Because of this whole bands thing, what you are getting is a broad picture rather than the exact shareholding of the substantial shareholder.

On pages 16 and 17 gives the sorts of reasons they move things around. You are quite right. An industrial group or a property company would very rarely bother moving things around, except that there might be some small tax advantage from time to time. The sorts of movements that are more likely to occur are within, again, the investment banking and banking groups where they move the shares from one subsidiary to the other, and that is why we are saying it has to be 100 per cent wholly owned, so there is absolutely no change at all in the ultimate beneficial ownership.

Essentially for risk management purposes, they might be moving it from a licensed entity to an unlicensed entity so it does not count against them for the financial resources rules, for example. They might be moving it from one trading book that has a particular limit on the exposure it is allowed to have, to another entity which has a different limit. They do that sort of thing not only frequently, but daily, and sometimes even hourly.

For example, in some of the stock borrowing and lending transactions, the interest actually moves through a number of companies in the group before it gets to the ultimate borrower. It is complicated, but we could go and get you some more examples. We do not think there is room for avoiding this one. The actual provision that is currently in the Bill, 304(9) and (11) will be slightly amended so that when the - -

Deputy Chairman:

Clause 304 (11). Is that right?

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

Clauses 304(9) and (11), which are on page C2153. 2153 indeed. You will see that it spells out the 100 per cent ownership, and they have to be either both 100 per cent-owned subsidiaries or a holding company and its 100 per cent-owned subsidiary. What we are going to do with that is make sure that the interest is treated as remaining, for disclosure purposes, in the hands of the group company which first acquired the interest, so that when the interest goes out of the group or the company holding the interest drops below 100 per cent, that will trigger a disclosure.

However, I find it hard to think of any increasing transparency that the market is getting by knowing that its 100 per cent-owned subsidiary, ABC Pty Ltd, incorporated in BVI versus BCA Pty Ltd, incorporated in BVI, which is the usual way these things are done. What they need to know is who calls the shots, for want of a better word, in relation to those shares. Which group is it in? Are these Goldman Sachs shares? Are they Lee CARSE's shares? Are they Mark DICKENS' shares? Not which particular entity he happens to be using.

Chairman:

Audrey?

Hon Audrey EU Yuet-mee, SC, JP:

Thank you, Mr Chairman.

Mr Chairman, as the Vice Chairman pointed out, this is a very important section of the Bill. It talks about very complicated provisions with respect to disclosure of interest. In fact it introduces very new provisions which, as Mr DICKENS explains, are unique to Hong Kong. One would have thought that there would be, therefore, many, many reactions; but going through the list of comments, the comments seem pretty mild to me. I hope Mr DICKENS can perhaps explain a little of the consultation processes gone through, because I notice these two booklets that have just been given to us this morning on the consultation. Can you tell us what are the classes of people who will be mostly affected by this extension which is proposed? Who might unknowingly have been caught by the new provisions, and has probably not really been aware of the consultation or would perhaps have missed the consultation, so that their comments are therefore not reflected in the schedules we have seen? Who are the most vulnerable targets, in short?

The other thing is, Mr DICKENS – probably I am the only person in this room who would not understand the term – can you, for my benefit, explain "cash-settled derivatives" and why it is that it only relates to cash-settled derivatives, and not something - -

Miss AU King-chi, Deputy Secretary of the Financial Services:

I think before Mark comes in to it and I could probably make that remark quite rightly, if Mark agrees, that the most severance submissions we have received appeared during the White Bill consultation exercise. That is because we have intensively engaged

this route of - - potentially affected audience that we managed to fill in some viable exemptions on amendments to the Blue Bill, to make sure that these professional people can continue to deal with what are market practices and are now accepted at the present moment. That is why, from the summary of comments, you cannot really detect this sort of comments, because they have been dealt with. Let Mark share with us the whole consultation process since 1998.

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

In 1998 we released the consultation paper, and in April 1999 we released the consultation conclusions. The people who commented on the consultation paper were five listed companies, including three banks, four financial services groups, three asset management groups, one trust company, one stockbroker, one accountant, five lawyers, three regulators – because it attracted some interest overseas – and twelve industry groups representing company directors, company secretaries, corporate finance investment banking practitioners, fund managers, financial analysts, trustees, stockbrokers, commercial banks, derivatives users and dealers, accountants and lawyers – in other words, the professional groups really paid quite a lot of attention to this.

The extension to derivatives was the most controversial thing, and we have made no mistake about that. The proposal originally came from our advisory committee, our statutory advisory committee, which was obliged to consult every 3 months. When we took our original proposals to them they basically said: "You've got to be joking. You have to catch derivatives". Then having got the comments in the consultation conclusions we reduced the ambition of our proposals in relation to derivatives. We then published the White Bill which was in line with the consultation inclusions. The professional part of the industry, and in particular the major investment banks, which at that stage I think were G10, but have since become G9, made very, very strong representations in relation to the coverage of derivatives.

We did a number of things. Under the bureau's auspices we met with the group a number of times, but we also went out and engaged in one-on-one consultation not only with their compliance officers, who we were mainly talking to, but with their dealers and their traders and the people who operated that part of their business, to see what the real concerns were. The result of that was that their real concerns from the point of view of the traders and dealers – and I might say, the senior management of the major investment banks – was not the compliance burden. They think compliance officers should have compliance burden; that is what they are paid for. But the economic risk they ran if someone else knew too much about their business. Therefore we had already agreed to drop the consideration, the pricing of the options. We now dropped the exercise period, the nature and the exercise date, so that now you disclose you have 100 million vanilla options over 100 million shares, and you do not say anything else. That, as I said, ameliorated the concerns a lot.

What is a cash-settled derivative? It is simple. Good old-fashioned derivative warrants, which are a relatively familiar product. You can go down to the stock market and you can buy a derivative warrant. If you ever bother reading the terms of it, which most people do not, you find it can be settled in one of two ways. You can actually get the underlying share, which is a share in Cheung Kong, or you can get the cash difference between the price under the warrant and the price of the share on the market. Some of the warrants go further, particularly over-the-counter warrants, and all you can get is the cash. You have no right to physical delivery at all. So a cash-settled derivative is one where there – it is not in the legislation, unfortunately – is no right to physical delivery. That is the way the market uses them. What the market would say to you, or was saying to us, is that it is fair enough to catch physically-settled derivatives because they grow up to be shares or they can grow up to be shares, but it is not fair to catch cash-settled derivatives because by definition you will never get the share.

Our response to that is that economically the two are exactly the same, and in terms of their impact on the underlying market, the two are very, very similar. If I grant you a

physically settled option, I have the risk that one day I may have to give you the stock. So I either buy the stock or buy some of the stock, or keep a very close eye on the stock price and start to buy if it looks as if you may exercise. If it is purely cash-settled I have to pay you the difference between that price and the market price; and the way to hedge my risk is in fact to buy the physical stock or to buy another derivative of the physical stock. In the end all these transactions end up being hedged in the physical market.

That is why you will sometimes see that when a share price starts to go down a little bit in one of the more popular stocks, or go up a little bit, the amount of market activity in that stock is actually exaggerated by what is called delta hedging. Delta hedging is all these people who have written or possess options, selling and buying the stock they either need if they are buying or do not need if they are selling, any more to hedge their position. It exaggerates the price swings in the market. Does that help?

Hon Audrey EU Yuet-mee, SC, JP:

I am sorry. I still do not follow why you - - since, as you say, economically it is the same, why do we catch one and not the other?

Mr Mark DICKENS, Executive Director, Supervision of Markets, Securities and Futures Commission:

We are catching both. We catch physically settled and cash-settled. It is just that all the fuss has been about the cash-settled. Accept that we are on very strong ground with physically, and they hoped we were a little bit less economically aware than we are in relation to cash-settled. We caught both. We have caught everything.

Chairman:

Margaret?

Deputy Chairman:

Can I ask you a political question? I remember the 1998 September incident, when the Financial Secretary went into the market and bought a lot of shares, LegCo was very interested as to what shares and how much of which he bought. We were not given that information. Apparently when the SFC asked for that information the SFC was also not given the information, if I remember correctly. If this Bill is passed, what is the effect of the disclosure rule on a Financial Secretary going into the market to buy shares?

財經事務局副局長區璟智女士：

情況並沒有改變。如果我沒記錯的話，其實於1998年發生的事件，政府已在最快的時間向公眾交代.....

副主席：

請問是否於3月？

財經事務局副局長區璟智女士：

.....究竟股份的分佈情況是怎樣。當時是一個比較危急的情況，大家還需要考慮策略，因為當時我們的自由市場已給別人corner，在權益披露及維護金融市場的穩定性中間要取得一個平衡。

副主席：

主席，其實我的意思是，如果條例草案現在通過了，與當時還沒有這條條例草案有何分別？現在區局長說並沒有分別。那即是說，在當時的情況下，財政司司長也需要向證監會披露他在市場購買了甚麼類型的股

票。假如條例草案當日已經通過，他需要向證監會披露甚麼呢？其實我們最關心的是，若私人機構需要向證監會作出披露，我們必然也要向證監會作出披露，否則公眾便會說政府是不用守法的。當局可能會提出很多充分的理由，例如因為金融市場需要、公眾的利益等等。但如果只是一句公眾利益，政府便不用向證監會作出披露的話，公眾便會對自由市場有所質疑了。

所以我想再問如果條例草案的條款已於當天實踐的話，財政司司長需要向證監會作出甚麼披露呢？

財經事務局副局長區璟智女士：

財政司司長也要依照這法例需向證監會披露資料。不過，根據當時的情況，如過早披露會影響整個策略。據我了解，財政司司長事後已在第一時間向立法會及公眾作出交代。

主席：

那時當局也要遵守當時的threshold，對嗎？

財經事務局副局長區璟智女士：

那時的threshold是10%，將來是5%，同樣是有一個threshold。

主席：

那時是5天，現在是3天？

財經事務局副局長區璟智女士：

現在是3天，對。

副主席：

當時有否於5天之內.....

財經事務局副局長區璟智女士：

但是那個時間，政府是不須遵守這些要求的，考慮到當時在那麼危急的情況下，遵照有關規定便會將自己的策略完全披露出來。

主席：

不是，sorry。政府是否不包括在內的？

財經事務局副局長區璟智女士：

是的，政府在整個條例中也不包括在內。

主席：

即是這條例不bind政府的？

財經事務局副局長區璟智女士：

是。但是我剛才所說的，是假如事實上政府真的做出這些事關重要的行為，沒有理由不向公眾交代，沒有理由不向立法會議交代，上次已經是盡快作出交代。

副主席：

主席，我覺得很有問題，我記得上次是需時頗長的。當然，財政司司長可能認為是盡快，但那“盡快”也需時頗長，今天我們審議的這個條款訂明是3天內，余若薇議員更提出3天後若不繳交，再按天計算罰款。

我們的條例以往對政府沒有約束力也不足為奇，因為1998年之前，我們做夢也想不到財政司司長可以動用納稅人的錢去入市，所以沒有約束的話，我不覺得有甚麼特別，因為可能認為條例跟政府沒有關係。但既然現在我們知道有這個事實的存在，為何仍是這一套，而不約束政府呢？

財經事務局副局長區璟智女士：

再以1998年的事件為例，我們不希望再有這個情況出現。財政司司長所做的事，其實是為了公眾利益。我知道副主席對“公眾利益”這句話存有疑問，但是在目前的制度，我們接受行政當局是為了公眾利益做這件事，而不是為了私利。萬一法例中真的要求財政司司長或政府在作出這行為時，達到百分之五的披露要求，在這制度之下，政府便要按照這個規距，於多少天之內要作出披露，是沒有彈性可言的。如果套入當時的情況，政府入市的策略可能過早曝光，令這個策略可能失敗。結果，受損的其實是我們金融體制的穩定性，以致公眾利益，我希望各位議員於當中作一個平衡。

記得1998年的時候，政府已就這點向立法會作出交代。立法會曾詢問當局為何不盡快作出交代等等。各位也可以查看紀錄。如果我沒有記錯的話，據我當時的理解，政府已表示是第一時間告訴大家。但是，假如將所持股份的百分比告訴大家，對手也可以清楚知道的時候，那個策略便可能失敗。但今天的情況可能不一樣。

副主席：

主席，我可否要求一些資料。上次的經驗或多或少也有很多評論，當年財政司司長和金融管理局總裁任志剛先生絕對不接受這些批評。但即使接受或不接受，市場上是有很多批評，亦表示有關做法對於自由市場、不干預是起了一些負面作用。

雖然政府事後表示，其實其他國家的政府亦非常艷羨我們可以入市，說這樣做真是英明神武，但可否比較一下，政府現在所享有的這些權力，其他政府是否也會有呢？如果其他政府也有這些權力，是否也是要求別人作出披露，而政府仍然是不受約束，可以不作出披露，或者不在要求的期限內作出披露？可否向我們說明實情，好讓我們能夠掌握更多其他地區的資料呢？因為我們每次草擬條例草案的時候，我也是要求看看其他地區的情況，然後再針對我們香港的實際情況衡量。

財經事務局副局長區璟智女士：

我們當然可以就外國於這方面的安排提供資料。但關於剛才副主席提出1998年的事件，我們沒有羨慕自己可以這樣做，如果要我們選擇，我們希望不需要這樣做，這是第一點。

第二點，當時不是我們干預自由市場，而是我們的自由市場被別人干預到失去供求動力和可以自由運作的地步。我們事後也跟外國的有關機構解釋過，他們也很瞭解、很明白。事後大家也可以看到，美國中央銀行在逼不得已下也採取類似的行動，雖然規模沒有那麼龐大。

我們市場的為難之處跟外國有所不同，剛才我也提過，我們的市值比較小，很多情況之下，市場扭曲的機會比較容易。股票市場上次差不多被人操控到定於那一個價位也可以，政府是逼不得已才作出那個行動。

在那個非常時期，如果別人已不跟隨你的遊戲規則去做，而你仍要繼續單方面即時透明的話，很可能出現的結果是我們的策略失敗。其實，

最重要的是，當時我們事後盡快向大家交代，究竟就每一個股份而言，擁有該公司股權的百分之幾。我們也遵從了這些守則，如果按規定是達到百分之十便作出披露，我們當然會依足。在上次的事件中的確有這樣做。我相信政府當時已作出充分解釋，立法會後來也接納了該解釋。

副主席：

請給我們一些資料。我一直在研究法例，研究別人的法例。

財經事務局副局長區璟智女士：

別人的法例似乎跟我們有所不同。

主席：

是，我知道。

副主席：

你讓我們先看一看，稍後仍可以繼續作出解釋。

財經事務局副局長區璟智女士：

好。

主席：

胡經昌議員。

胡經昌議員：

主席，簡單跟進副主席的提問。

剛才提到1998年那個危機，如果整套法例通過了，你估計會否有同樣事情發生，就是政府仍需要入市呢？

坦白說，過去可能有很多事情已經引致一個失控情況，那是我們的自由市場已經被人操控了，以致政府要入市。很明顯，這套法例理論上能做到不被人操控，否則也不用幹那麼多事情。假如當時有這套法例，你認為會否出現當時的情況呢？

財經事務局副局長區璟智女士：

胡議員這個問題其實很好。自從亞洲金融風暴發生之後，在1998年年尾，其實國際間的財經官員和金融監管機構也曾討論究竟我們可以做些甚麼？因為當時香港正處於接收這些痛苦的位置，我們並不是引發這個危機的人。但為何我們不是引發這危機的人，卻仍有這種情況出現呢？因為在其他地方，他們借美元，然後以本土的貨幣來發債，雖然是短線的錢，但在本地發長線的債。當中一些國家可能有財政赤字、政府內部可能有貪污的情況。我們看到一些國家有這種情況，但香港沒有，當時的財政很穩健，有很多盈餘；我們沒有借美元，然後在香港放港元的債；我們沒有作短線的借貸，在香港放長線的債。

但為何我們有這情況出現呢？正因當時大家都意識到一點，就是那時的金融市場已經變得很全球化，個別的關卡不能阻擋資金的流轉。現時亦然，資金的流轉那麼快，以小小一個香港市場，很難抵禦外來資金流竄的衝擊，當時我們所面對的便是這個挑戰。

剛才我說過，事發之後，有很多國際的機構通過不同的層面來討論，他們當時想的，是怎樣設計一套international financial architecture，即

一個國際金融框架，藉以增加透明度。我們不是要規管貨幣流轉的情況，因為貨幣流轉總是需要的，也不是針對某一些基金的流竄，因為市場是如此運作，它是流轉得那麼快，為其顧客爭取利潤，而是研究我們能否知多一點、瞭解多一點。這個討論現時仍然持續。我們香港可以發表到意見的地方，我們也盡量去提供意見。

故此，若回答胡議員的問題，便是我們只能盡已所能做我們所能做到的事。例如我們相信透明度高是有好處的，那麼我們便盡量去提高透明度。但單靠香港，是不可以令全世界都如剛才你所說的international financial architecture，單靠香港很難增加這些國際資金的流竄情況的透明度。因此，這不是一個萬試萬靈的靈丹妙藥，但就香港市場來說，我們維護我們自己市場參與者的利益，都希望市場有較高的透明度，起碼對我們的市場來說，也會提高公平度。

主席：

讓胡經昌議員先跟進吧。

胡經昌議員：

主席，政府已回答了我的提問。根據我所聽到的回應，政府是有點希望在訂立法例後，不會再出現如1998年的情況。

財經事務局副局長區璟智女士：

不是，我沒有這麼說。

主席：

政府是希望改善的，對嗎？

財經事務局副局長區璟智女士：

對。

胡經昌議員：

你亦希望如此，否則也不用處理這個問題。

但正正又回到我們上一次所討論的第XIII及XIV部分，政府告知我們已參考了澳洲那一套。若剛才我沒聽錯或聽漏的話，今次這部分，有很大部分也參考了英國的做法，只是參考，不是抄襲。

剛才副主席或主席也提到與其他國家比較這個問題。上次到美國訪問或在香港開會時，Linklaters亦曾提供過一些意見，我知他們現在尚在討論，覺得在須披露的權益方面，現時的範疇比以前要大很多，並包括很多如剛才所說的衍生工具，諸如此類。

有關那方面，在附件2也基本上作出簡單的比較，但我覺得這比較並不全面。因為在某些部份只參考了美國和澳洲的例子，而沒有提到英國，有時又以新西蘭作樣本。可否就某一層面，就如剛才副主席所提到的，真的作一個列表？例如講述一下澳洲在那方面的情況。

主席：

問題是牽涉到對政府的……

胡經昌議員：

不是的，我現時所說的，是擬備一個列表就某些事項作出比較，例如像unissued voting share capital，在英國、美國和澳洲是怎樣的情況？不要參考其他國家的情況，基本上只以這3個國家作出比較。接著例如short position，與其他國家比較的情況。我認為這樣便會很清楚。究竟我們是想跟從國際性的標準，還是要超越這個標準？如果超越國際標準，我們便有如蓋世太保，比別人還要厲害。故此，如果有一個列表來作出比較，我認為大家能較清晰地瞭解。

我相信你會說，別人也想學我們。不過別人為何做不到呢？我也想知道，別人如果想做，為何會做不到？是基於甚麼理由？他們所擔憂的是甚麼？我相信有一個列表會比較清楚。因為這份文件其實十分複雜，亦不簡單；第二，我相信將來的影響層面會比較大，尤其是國際投資者會認為，既然是那麼複雜或嚴格，他們便不來投資。最終受影響的可能亦是我們。這些都是必須解答的問題，政府能否提供一些這樣的比較？

主席：

我不知道工作量會否太繁重。不過如果你看那些回應，剛才Audrey亦提到，其實並不很強烈。第1、2點剛才都問過，問題是政府對副主席的見解的回應太廣泛，而且這問題在第一次會議應已問過。

副主席：

我們可以很容易做到。

主席：

對，很容易做。但至於你說要作詳細的比較，你要多少國家是.....

財經事務局副局長區璟智女士：

那是很困難。

胡經昌議員：

只是3個而已，主席。他們一直所提到的是英國、美國、澳洲這3個國家的比較而已，我沒有要求你做星加坡、紐西蘭的調查，我們最主要都是看這3個國家而已。

副主席：

我不希望將來的比較只是單單提到澳洲的法例是否約束政府、英國的法例是否約束政府。現時我們針對的問題是，如果政府是要入市的話，是要在甚麼程度下受到其法例的規管所約束。

主席，我亦想問一個非政治性的問題，純粹是一個技術問題。就是在現時的條例草案下，例如盈富基金，由於有這樣的性質，它是否受到這條條例的監管？在披露方面，其責任會是怎樣呢？

財經事務局副局長區璟智女士：

是完全……

主席：

盈富基本很清楚，它是一個普通的基金而已。

財經事務局副局長區璟智女士：

一個獨立的有限公司。

主席：

副主席的問題你清楚了吧，那個不太困難。

財經事務局副局長區璟智女士：

那個我們可作安排。

主席：

但胡經昌議員那個要求，你們有沒有困難，即那個extensiveness是否很大？

財經事務局副局長區璟智女士：

其實我們知道這個課題很技術性，不可以如橙與橙般作出比較，每個國家的寫法也不同。其實我們採用的是一個比較容易明瞭的方法，在附件2裏，大家作出一個比較。如果大家可以體諒行政當局在這方面的困難，以及我亦想大家想清楚，告訴我們其實你想對哪一點有較多的認識，我們會較容易去做。就附件2，其實我們已做了一個我們覺得是方便大家參閱的比較。譬如說，就個別需要具報項目某一個種類的比較，你希望能夠有詳細一點的資料，我們可能會比較容易做。我希望大家體諒一點，就是這些比較的資料未必對你有所幫助，它是很複雜的。

我剛才也曾強調，香港的市場有其獨特性。即使將美國、英國的資料全部抄錄，都未必適合。現時比較可以作比較的資料，如披露界線、具報日期等很清楚，如10%、5%或多少天等，那個較容易作出比較。其餘的則要視乎其背景，例如剛才胡議員所說的短倉、淡倉；在一些地方，主要股東是不能拋空股票的。若是那個情況，它便不用披露了，因為不會出現

這情況。這些是我們在這裏想盡量交代，並在此述明的情況。若要知道有關的背景，我們首先要如此寫，讓你們能夠較容易明白。

胡經昌議員：

主席，這便是我剛才所說的，就是別人為何不做或不需要做，你尚未解釋？

財經事務局副局長區璟智女士：

我們在附件2中已列明了。所以如果你認為於哪些地方希望知多一點資料，那會幫助到我們。我希望大家問這些問題時都瞭解到，我們希望大家在查資料時不會令大家覺得複雜，因此，有哪些地方是你想有較多資料的，就這方面作比較，我們可能會較容易進行研究調查。

主席：

附件2以外，你有些甚麼資料想要的？

胡經昌議員：

主席，不如我稍後擬備一份列表，由她填寫資料，可以嗎？即我列出一些item，否則，我要花很多時間說明。

主席：

我認為附件2其實已經是一個比較，即重要的事宜已有提及，問題是你想要細節到甚麼程度？

副主席：

或者一個較好的做法，是以附件2來作基礎，表明你想就哪一個範圍的內容需要進一步的資料，這樣大家會較容易跟進。

主席：

我們下個星期一下午2時30分繼續第XV部分的會議，多謝各位。

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