



HONG KONG MONETARY AUTHORITY
香港金融管理局

24 February 2004

Ms Connie Szeto
Clerk to Financial Affairs Panel
Legislative Council
3/F, Citibank Tower
3 Garden Road
Hong Kong

Dear Ms Szeto,

I refer to your letter of 4 February 2004. Our reply to your questions is as follows:

- (a) *To provide information and figures on the non-interest income of authorized institutions (AIs) derived from brokerage, share registry and wealth management services in recent years.*

According to the regular banking return on securities related activities, on an aggregate basis, banks' income from securities dealing and investment advisory services to clients in recent years were as follows:

<i>Period</i>	<i>As percentage of non-interest income</i>
First half of 2003	13.8%
2002	10.1%
2001	8.4%

Around one-third of the above income was sourced from private banking clients. In relation to retail clients, the contribution from transactions done through the Hong Kong Stock Exchange has been decreasing. During the first half of 2003, transactions executed on the Hong Kong Stock Exchange only accounted for 17% of the total turnover of the retail securities transactions handled by banks. The remaining transactions covered overseas equities, debt securities, mutual funds / unit trusts and structured products. The HKMA does not have information on banks' income derived from nominee services (including share registration).

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- (b) *To provide information on supervisory actions taken on AIs' securities business since the commencement of the Securities and Futures Ordinance on 1 April 2003.*

Since the commencement of the Securities and Futures Ordinance (SFO) on 1 April 2003, the securities activities of 17 registered institutions (RIs) have been inspected by the on-site examination teams of the HKMA. The HKMA has also refined its examination approach on RIs' securities activities to achieve further coherence with the SFC's approach towards other securities intermediaries. As part of the standard procedures, areas of concern identified during examinations as well as the required improvements in internal controls are brought to the attention of the senior management of the RIs. In reply, they need to set out specific timeframe for implementation of the HKMA's recommendations. In general it is considered that the regulated activities of RIs have been conducted in compliance with the applicable legal and regulatory requirements under the new regime.

Since 1 April 2003 the HKMA has put in place procedures to deal with and, if necessary, investigate matters concerning RIs' securities activities that may trigger disciplinary sanctions. These procedures are similar to those of the SFC. In accordance with the Memorandum of Understanding between the HKMA and the SFC, the HKMA notifies the SFC upon the opening of each case for investigation and keeps the SFC informed of the progress and the conclusions.

The HKMA conducts fit and proper assessments on institutions applying to become RIs and persons applying to become executive officers (EOs) of RIs. The process is conducted in close co-ordination with the SFC and, where necessary, conditions restricting the business scope of the RIs and/or their EOs are imposed by the SFC and the HKMA respectively. On a day-to-day basis, the HKMA also conducts background checks on individuals seeking to be entered in the HKMA register of relevant individuals. In cases where the background checks revealed material information that was relevant to the fit and proper assessment of an individual, the HKMA has notified the RI concerned of such information to facilitate the RI in fulfilling its statutory obligation to ensure that its relevant individuals are fit and proper to be so engaged. Where necessary, the HKMA has also required the RI concerned to take proper action in such a way as to ensure consistency with the SFC's licensing decision in respect of similar cases.

We hope you find the above information useful.

Yours sincerely,



(Osbert Lam)
for Chief Executive
Hong Kong Monetary Authority



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香港金融管理局

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司徒少華女士

司徒女士：

本函是回答閣下於2004年2月4日的來信中提出的問題。

(a) 提供有關近年認可機構來自經紀業務、股份登記及財富管理服務的非利息收入的資料及數字。

根據銀行定期提交的證券有關業務的銀行業申報表，整體而言，近年銀行來自證券交易及投資顧問服務的收入如下：

期間	佔非利息收入百分比
2003年上半年	13.8%
2002年	10.1%
2001年	8.4%

上述收入中約有三分之一是來自私人銀行客戶。零售客戶方面，經香港聯合交易所進行的交易所帶來的收入一直下降。於2003年上半年，於香港聯合交易所進行的交易僅佔銀行所處理的零售證券交易總成交額的17%。其餘的交易包括海外股票、債務證券、互惠基金／單位信託基金及結構性產品。金管局並沒有關於銀行來自代名人服務（包括股份登記）的收入資料。

(b) 提供有關自《證券及期貨條例》於2003年4月1日生效以來就認可機構的證券業務採取的監管行動的資料。

自《證券及期貨條例》於2003年4月1日生效以來，金管局的現場審查組共審查了17家註冊機構的證券業務。金管局亦修訂了其對註冊機構證券業務的審查方法，務求與證監會審查其他證券中介人所採用的方法更為一致。作為標準程序的一部分，金管局會通知註冊機構的高級管理層有關審查中發現的需要關注環節以及內部管控中需要改進的地方。註冊機構的高級管理層作出回應時，需定下具體時間表以實施金管局的建議。一般而言，註冊機構均能按照新制度下所適用的法例及監管規定經營受規管活動。

金管局自 2003 年 4 月 1 日起已制定程序，以處理及在有需要時調查涉及註冊機構可能會觸發紀律處分的證券業務有關事宜。這些程序與證監會的程序類似。根據金管局與證監會簽署的《諒解備忘錄》，金管局會在每宗調查個案開始時通知證監會，並會就有關的進度及結果知會證監會。

金管局就申請成為註冊機構的機構及申請成為註冊機構的主管人員的人士進行「適當人選」評估。金管局在進行有關程序時與證監會保持緊密合作，證監會及金管局亦會在有需要時分別對註冊機構及／或其主管人員附加條件，以限制其業務範圍。金管局的日常審查工作，亦包括對要求列入金管局的有關人士資料紀錄冊的人士進行背景審查。若在背景審查中發現與「適當人選」評估有關的重要資料，金管局會將該等資料通知有關的註冊機構，以便該註冊機構可履行其法定責任，確保有關人士是受聘擔任該職位的適當人選。如有需要，金管局亦會要求有關的註冊機構採取適當行動，以確保與證監會就類似個案的發牌決定一致。



(林家賢代行)
香港金融管理局總裁

2004 年 2 月 24 日