

Bills Committee on Clearing and Settlement Systems Bill
Second meeting on 26 March 2004

List of follow-up actions to be taken by the Administration

1. To strengthen the institutional arrangements to avoid any perceived or potential conflict of the Hong Kong Monetary Authority (HKMA)'s roles as an overseer as well as a system operator, the Administration is invited to consider the need to appoint an external party to oversee the work of the new Policy and Oversight Division of HKMA. In this connection, the Administration is invited to take the following actions:
 - (a) To make reference to the arrangements for the Operations Review Committee to oversee the work of the Independent Commission Against Corruption's investigative arm and the Trustees of the Hong Kong Special Administrative Region Government Land Fund Trust to oversee the operation of the Land Fund;
 - (b) To provide details of the Administration's proposal of establishing a subcommittee under the Exchange Fund Advisory Committee and consider setting out the relevant arrangements in the Bill; and
 - (c) To provide information on the measures adopted by overseas economies to guard against any perceived or potential conflict of the central bank's roles as both a system overseer and system operator/settlement institution/owner of certain key clearing and settlement system, in particular, whether an external party is appointed to oversee the oversight work of the central bank.

2. To address members' concern about whether the clearing and settlement systems based and/or operating outside Hong Kong but accepting for clearing or settlement transfer orders denominated in Hong Kong dollars are covered by the Bill, the Administration is invited to take the following actions:
 - (a) To clarify whether the Bill (e.g. clause 51 (Power of Monetary Authority to require information to be given) has extra-territorial effect and if so, to consider setting out the relevant arrangements in the Bill; and
 - (b) To provide information on the practices adopted by overseas economies in this regard.