For discussion
on 7 December 2005

EC(2005-06)9

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 148 – GOVERNMENT SECRETARIAT: FINANCIAL SERVICES AND THE TREASURY BUREAU (FINANCIAL SERVICES BRANCH)
Subhead 003 Recoverable salaries and allowances (General)

HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE
Subhead 006 Recoverable salaries and allowances (Companies Registry Trading Fund)

Members are invited to recommend to Finance Committee the creation of the following supernumerary posts within the first half of 2006-07 –

Financial Services and the Treasury Bureau (Financial Services Branch)

1 Administrative Officer Staff Grade B
(D3) ($127,900 - $135,550)

for a period of 60 months

1 Administrative Officer Staff Grade C
(D2) ($110,000 - $116,800)

for a period of 48 months

Companies Registry

1 Deputy Principal Solicitor/non-civil service
position at DL2-equivalent
(DL2) ($110,000 - $116,800)

for a period of 48 months

/**PROBLEM** .....

PROBLEM

We need dedicated support at directorate level to take forward the rewrite of the Companies Ordinance (CO).

PROPOSALS

2. We propose to create the following three supernumerary posts within the first half of 2006-07 to cope with the additional workload arising from the rewrite of the CO –

(a) one post of Administrative Officer Staff Grade B (AOSGB) (D3) and one post of Administrative Officer Staff Grade C (AOSGC) (D2) for a period of 60 months and 48 months respectively in the Financial Services Branch (FSB) of the Financial Services and the Treasury Bureau; and

(b) one post of Deputy Principal Solicitor (DPS) (DL2)/non-civil service position at DL2-equivalent for a period of 48 months in the Companies Registry (CR).

JUSTIFICATION

The Companies Ordinance

3. Company law provides the legal framework which enables businessmen to form and operate companies and sets out the parameters within which companies must operate, in order to safeguard the interests of those parties who have dealings with them such as shareholders and creditors. As at 31 October 2005, there were 546 045 companies on the register of companies, which were formed and registered locally in Hong Kong, comprising 538 227 private companies and 7 818 public companies.

4. The proposed rewrite aims to ensure that the Ordinance will provide Hong Kong with an up-to-date legal infrastructure attuned to its needs in the 21st century through streamlining and modernising its provisions, strengthening its existing corporate governance framework and leveraging from company law developments around the world. At the macro level, the exercise will enhance Hong Kong's status, competitiveness and attractiveness as a major international business and financial centre. The new CO could help save the compliance and business costs incurred by over 500 000 companies. The rationale for and expected

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Encl. 1 benefits of the rewrite are set out at Enclosure 1. Our view that it is necessary to start rewriting the CO now, rather than amending it in a "piecemeal" fashion, was strongly supported by the Standing Committee on Company Law Reform[1] (SCCLR) and by members of the Bills Committees established to scrutinise the companies amendment bills in recent years. In addition, many Members of the Legislative Council (LegCo) Panel on Financial Affairs expressed support for the proposed rewrite when we briefed the Panel earlier in July and November 2005.

Workload arising from the rewrite

5. The CO is one of the longest and most complex pieces of primary legislation in Hong Kong, with currently over 600 sections and subsections and 20 schedules. Although many amendments have been made in recent years, many parts of the Ordinance are based on the major United Kingdom (UK) company law reforms contained in the Companies Act 1948 and some subsequent reforms such as those contained in the Companies Act 1976. Given this background, and in the light of the number and complexity of issues involved, the proposed rewrite will be a very major exercise involving a significant amount of work, including two key components as outlined in paragraphs 6 to 8 below. Given the extensive nature of the exercise, we consider it prudent to adopt a phased approach. More specifically, we intend to rewrite the non-winding up provisions[2] in the first phase of the exercise, as they affect the daily operation of more than 500 000 live companies. We shall then deal with the winding-up provisions[3] in the CO, which primarily deal with companies in liquidation and are administered by the Official Receiver's Office, in the second phase of the rewrite. Details of this second phase of the rewrite will be formulated in due course.

Research and drafting

6. We need to conduct a significant amount of legal/policy research into the existing provisions of the CO, and the corresponding provisions as well as

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1 The SCCLR was established in 1984 to advise the Financial Secretary on necessary amendments to the CO as and when experience shows them to be required. It also advises on amendments required to the relevant legislation on the securities side with the objective of providing support to the Securities and Futures Commission in administering the legislation. Members of the SCCLR include representatives of the Securities and Futures Commission, Hong Kong Exchanges and Clearing Limited and relevant government departments, as well as personalities from the relevant sectors or professions such as accountancy, legal and company secretarial.

2 Major issues involved could include, for example, the enforcement and oversight of accounting standards; problems relating to the present registration system of company charges; matters relating to voting by institutional shareholders at company meetings and the idea of empowering beneficial shareholders to exercise their voting rights; the question of introducing a no-par value share regime and the corresponding capital maintenance rules.

3 Mainly Parts IVA, V, VI and X of the existing CO and the relevant subsidiary legislation.

developments in company law taking place in other major common law jurisdictions. We need to identify issues associated with the operation of the provisions, work out options on how to tackle them, analyse their advantages and disadvantages, formulate recommendations, prepare drafting instructions, draft the new Companies Bill, respond to the public interest groups as well as the various business, commercial and professional sectors and assist the LegCo to scrutinise the Bill.

7. While review and reform of company laws in other jurisdictions would serve as good reference for our proposed rewrite, given the economic and social differences between those jurisdictions and Hong Kong, extensive research and analysis of the policy and legal background to the company laws in those jurisdictions will be needed to see whether they should be adopted in the new Companies Bill. It is not an acceptable option simply to copy, say, the UK Bill into Hong Kong's law books.

Consultation

8. The SCCLR would play a key role in the exercise, including keeping an overview of the rewrite and advising on all the major proposals/recommendations arising from the rewrite. Moreover, to ensure that the new CO would suit Hong Kong's circumstances, we would involve other stakeholders in the course of the rewrite. These stakeholders include the relevant professional bodies[4], chambers of commerce, market practitioners and company law academics. Apart from gauging their insight/views through means such as the issue of consultation documents, dedicated advisory groups comprising SCCLR members and the stakeholders' representatives will be formed to advise on the details of the legislative proposals. As regards the general public, we intend to adopt a two-pronged approach – to conduct public consultations (pre-White Bill consultations) in stages on key issues[5] that may have a major impact on the future CO and to issue a White Bill so that interested parties can comment on the proposals in a holistic manner. The pre-White Bill consultations will be undertaken on a "topic" basis so that research and drafting of the White Bill in respect of other topics can be carried on in parallel so as to expedite the rewrite exercise.

9. On the basis of our current estimate, the future CO would comprise
Encl. 2 approximately 24 parts which are listed at Enclosure 2. Taking into account the

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4 For example, the Law Society of Hong Kong, the Hong Kong Bar Association, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Hong Kong Institute of Directors.

5 For example, the idea of introducing a no-par value share regime and the corresponding capital maintenance rules.

complexity of the main issues and the experience of other major legislative exercises, the Department of Justice (DoJ) has advised that the proposed rewrite will probably be **the largest exercise ever conducted** in respect of one ordinance in Hong Kong.

Staffing Requirement

Companies Bill Team

10. In view of the extent and complexity of the tasks involved, we consider it necessary to form a dedicated Companies Bill Team (CBT) to take forward the rewrite. Moreover, any overhaul of the existing law relating to the incorporation, management and dissolution of companies will have profound implications for a wide spectrum of stakeholders in the community. Consequently, there has to be sufficiently high level policy input and solid legal work from dedicated officers who have suitable expertise and extensive experience in legislative work. Organisationally, a Steering Committee, chaired by the Permanent Secretary for Financial Services and the Treasury (Financial Services) and comprising senior representatives of relevant departments such as the CR and DoJ, will be established to steer the rewrite.

11. In terms of structure and manpower, we consider it a minimum for the CBT to have two integrated Policy and Legal Research Divisions. It is simply not possible for one division to be responsible for all the policy/research work within the envisaged time frame. First, the span of responsibility assumed by the legal and policy directorate officers of one single division in the CBT would become far too wide. This would certainly not be conducive to the effective and efficient supervision of the CBT's work which, in turn, would adversely affect the rewrite exercise. Second, a substantial part of the review is related to subjects which are highly complex and technical e.g. share capital, capital maintenance, charges and security interests, many of which basically have, to date, not been subject to any review. As such, they will require a significantly greater degree of policy/legal research and analysis than may be necessary in the case of the other areas of company law to be reviewed.

12. In the light of the above, we consider that a structure involving two divisions is necessary and fully justified. This structure is based on the estimated workload likely to be generated by the proposed exercise which involves a complete review and rewrite of the CO. As a "ballpark" estimate, we believe that the workload involved could well be equivalent to the preparation of 20 ordinary amendment bills or more. The proposed structure will enable work to proceed in parallel on a number of different fronts at the same time and ensure that sufficient time and resources will be available to consider particularly complex issues such as the capital maintenance.

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13. The CBT will also need to heavily draw on the professional advice and input of the DoJ, in particular the Law Drafting Division, and the Commercial Unit of the Civil Division of the Department.

14. We have critically assessed the **minimum** staffing resources using the **leanest** possible organisational structure required. To ensure that the new Companies Bill is a quality piece of work and available within a reasonable time frame, we consider that a total of seven directorate (three in the FSB[6], and two each in the CR and DoJ) plus 15 non-directorate staff (two in the FSB, seven in the CR and six in the DoJ) are required for the rewrite.

15. We have also critically examined the workload of the existing staff in the coming years. As a result of the examination, relevant bureau and departments have managed to meet over two-fifths of the staffing requirements by absorbing the additional workload through internal re-deployment i.e. four directorate posts (with one each in the FSB and CR, and two in the DoJ) and five non-directorate posts (with one in the FSB and four in the CR). Consequently, there will only be a need to create three supernumerary directorate posts (with two in the FSB and one in the CR) and ten non-directorate posts (with one in the FSB, three in the CR and six in the DoJ). All the posts are proposed to be created for a limited period of 24 to 60 months. The staffing requirements are summarised at Enclosure 3. Detailed justifications for the individual directorate posts are set out in paragraphs 17 to 29 below.

Encl. 3

16. In addition, we intend to engage an external expert(s)[7] who possess(es) legal expertise and private sector experience in several particularly complex areas of the company law (e.g. capital maintenance). The engagement can be in the form of consultancy services for a fixed term of, say, 36 months (from the launch of the rewrite to the completion of the White Bill), with the option of an extension. The proposed engagement is considered a more cost-effective way (vis-a-vis expanding the number of CBT members) of tapping the necessary expertise whilst recognising that the limited number of experts in relevant complex areas of company law might only wish to make themselves available on a consultancy basis. Furthermore, whilst outside consultants are expected to provide expert advice to the rewrite, the exercise must be steered and underpinned by policy and legal officers of the Government to ensure that a quality draft legislation will be in place within the planned time frame.

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[6] Including one AOSGC who will be re-deployed on a "50% basis". Please see paragraph 23.

[7] We estimate that the total non-recurrent expenditure, subject to negotiations with the selected consultant, would be about $19 million – $22 million. The estimate is drawn up after having regard to the prevailing market rates for an expert of the required level of experience and expertise.

Creation of one supernumerary post of AOSGB in FSB

17. As mentioned before, the tasks involved in the rewrite are complex and will require a considerable amount of high level policy work. The proposals in the new Companies Bill will have profound implications for a wide spectrum of stakeholders in the community including over 500 000 companies, thereby requiring the co-ordination of concerted efforts among various government bureaux and departments, regulators, professional bodies and other key stakeholders. Many of the issues involved are controversial. Some examples of these are enforcement and oversight of accounting standards; problems relating to the present registration system of company charges such as the meaning and ambit of security interests and registrable security interests; matters relating to voting by institutional shareholders at company meetings and the idea of empowering beneficial shareholders to exercise their voting rights; the effect of abandoning the concepts of authorised share capital and par value; as well as how creditors' interests can be safeguarded and protected under a no par system, etc.

18. All these factors make it essential for the CBT to be headed by a senior directorate officer pitched at the rank of AOSGB, who can provide sufficiently high level policy input, and possesses suitable expertise and extensive experience in legislative work. He/she should be underpinned by two integrated Policy and Legal Research Divisions each comprising one AOSGC plus one DPS/non-civil service position at DL2-equivalent. Being the head of the CBT, the AOSGB will be responsible for ensuring the smooth running of the CBT; co-ordinating concerted efforts among various stakeholders (both inside and outside the Government) in preparing the new CO; overseeing the work of the external consultant; organising public consultations (including the issue of a White Bill); leading the Administration's team to assist the LegCo in scrutinising the legislative proposals, and so on.

19. At present, there are two posts of Deputy Secretaries (Financial Services), i.e. Deputy Secretary (Financial Services)1 (DS(FS)1) and Deputy Secretary (Financial Services)2 (DS(FS)2), in the FSB. The DS(FS)1 is mainly responsible for policy matters and legislation relating to securities and futures sector, banking and financial market development. Within these policy areas, there are a number of key initiatives currently under way. These include giving statutory backing to major listing requirements; preparing for the implementation of the New Basel Capital Accord; rolling out the Deposit Protection Scheme; promoting Hong Kong's financial services in the Mainland, and the development of the asset management industry and bond market. The DS(FS)2 is currently responsible for policy matters and legislation relating to census and statistics, insolvency administration, accountancy, insurance, Mandatory Provident Fund (MPF)

schemes and other retirement schemes, companies and corporate governance. Over the next few years, he/she will need to spearhead several major policy initiatives including establishing the Financial Reporting Council; proposals regarding an insurance regulatory authority independent of the Government; piloting the feasibility study for establishing policyholders' protection funds and the review of the supervision of assets of long term insurers, both of which will have a significant impact on the insurance landscape; and implementing improvements to the MPF system, including the introduction of important amendments to the MPF legislation, which will enhance the retirement protection infrastructure in Hong Kong. Moreover, he/she will continue to support the work of the Advisory Committee on Human Resources Development in the Financial Services Sector, which is a 26-member advisory committee on human resources strategies for the further development of Hong Kong's financial services sector. All these initiatives are important in maintaining Hong Kong's status as an international business and financial centre.

20. The workload arising from these initiatives, in addition to on-going commitments such as liaison with the Hong Kong Monetary Authority, CR, Official Receiver's Office and Securities and Futures Commission, facilitation of Hong Kong's financial service suppliers to explore opportunities made available under the Mainland and Hong Kong Closer Economic Partnership Arrangement, etc., will already fully occupy the two DS(FS)s over the next few years. In view of this, it would be unrealistic for them to take on the proposed rewrite of the CO, which, as mentioned in paragraph 9 above, is probably the largest legislative exercise ever to be conducted in respect of one ordinance and is expected to last for several years.

21. In view of these considerations, we propose to create a supernumerary AOSGB post (provisionally to be designated as Deputy Secretary (Financial Services)3 (DS(FS)3)) in the FSB for a period of 60 months to act as the
Encl. 4 head of the CBT. The proposed job description of the post is at Enclosure 4.

Creation of one supernumerary post of AOSGC in FSB

22. As mentioned in paragraph 11 above, the CBT will have two integrated Policy and Legal Research Divisions. Each of the divisions will include an AOSGC, who will report to and assist the DS(FS)3 in the discharge of the functions under the CBT. More specifically, the two AOSGCs will be primarily responsible for providing policy input into the company law research; analysing and formulating policy options; drafting papers/documents for purposes such as internal deliberations or public consultations (including the White Bill consultation); assisting and participating in the relevant consultation exercise;

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preparing drafting instructions for the new CO and submissions to bodies like the Executive Council and LegCo; liaising with other government bureaux and departments, advisory groups, professional bodies, etc. on company law matters; providing secretariat support to the Steering Committee chaired by the Permanent Secretary for Financial Services and the Treasury (Financial Services); and participating in the Administration's team to assist the LegCo in scrutinising the new Companies Bill. As regards the distribution of work between the two divisions, we will take into account factors such as the complexity and correlation of the relevant subject matters, as well as the workload to be involved. For instance, it would be logical to assign one division to deal with the subjects of company formation, share capital and the allotments of shares and debentures, so that these related subjects would be considered in a coherent manner. The same would apply to the consideration of the offences and inspection/investigation-related provisions. A possible way to distribute the subjects[8] to be handled by the two divisions is set out at Enclosure 2.

23. At present, there are five Principal Assistant Secretaries (Financial Services) (PAS(FS)s) in the FSB. Their existing responsibilities are summarised at Enclosure 5, covering various areas in financial services, including securities and futures, banking, insurance, the MPF and other retirement schemes. One of the PAS(FS)s, namely Principal Assistant Secretary (Financial Services)4 (PAS(FS)4), is currently responsible for policy matters regarding companies, insolvency, accountancy and corporate governance. We propose to re-deploy this post to one of the two divisions under the CBT, and provide support to the DS(FS)3 throughout the whole rewrite exercise. He/she will continue to look after those aspects of his/her duties (approximately 50%) concerning subjects such as insolvency, accountancy and corporate governance. The revised job description of the PAS(FS)4 post after taking on the responsibility for the rewrite exercise is at Enclosure 6.

Encl. 5

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24. Since the other existing PASs are already stretched to their limit given the workload arising from various new initiatives and numerous on-going commitments, it is not viable to find another existing AOSGC post in the FSB for the other division of the CBT. Doing so would necessitate the halting of many of our other important initiatives on the banking, insurance, securities and MPF fronts. We therefore propose to create one supernumerary AOSGC post (provisionally to be designated as Principal Assistant Secretary (Financial Services)6) for this purpose. The proposed job description of the post is at Enclosure 7. After critically reviewing the expected workload of the CBT and its distribution throughout the rewrite exercise, we propose that the duration of this supernumerary AOSGC post be limited to 48 months only.

Encl. 7

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[8] Refinements may be necessary as the rewrite proceeds.

25. The organisation chart of the FSB showing the proposed changes is at
Encl. 8 Enclosure 8.

Creation of one supernumerary post of DPS/non-civil service position at DL2-equivalent in CR

26. The legal research function in the CBT will be a significant and essential part of the rewrite exercise. In this respect, the legal officers in each of the two divisions under the CBT will need to be supervised by a DPS. The two DPSs will be professionally responsible to the Registrar of Companies, but operationally report to the DS(FS)3, in the discharge of their functions under the CBT. More specifically, they will be primarily responsible for overseeing and supervising the conduct of the necessary in-depth legal research into the existing provisions of the CO including subsidiary legislation as well as comparable provisions and recent developments in other common law jurisdictions. This research will cover, among other things, the policy intent and operation in practice of the relevant provisions. In the course of the research, the DPSs will identify issues associated with company law and possible options on how to tackle them; draw up specific briefs to seek the expert advice of the external consultant; participate in discussion of any matters relating to the new CO; and assist in the consultations with stakeholders and the public. They will also participate in the Administration's team to assist the LegCo in scrutinising the new Companies Bill.

27. At present, the CR has six directorate officers, namely the Registrar of Companies (D4), Registry Manager (D2), Business Manager at the rank of Chief Treasury Accountant (D1), Registry Solicitor at the rank of DPS (DL2), Assistant Principal Solicitor (DL1), and Secretary to the SCCLR at the rank of DPS (DL2). After reviewing their existing duties, the Registrar of Companies considers that one of them, namely the Secretary to the SCCLR, can take up duties ensuing from the rewrite of the CO throughout the whole exercise as the bulk of his current workload already concerns company law research and making recommendations for possible legislative reform. The revised job description of the post after taking on the
Encl. 9 responsibility for the rewrite exercise is at Enclosure 9. Provisionally, it will be re-designated as Deputy Principal Solicitor (Company Law Reform)1. He/she will provide legal support to one of the two divisions in the CBT.

28. The posts of the Registry Manager and Business Manager do not require legal input; hence, the posts cannot be deployed to the CBT. As regards the Registry Solicitor and Assistant Principal Solicitor, they are mainly responsible for giving legal advice to the Registrar of Companies and the CR staff and supervise the CR's prosecution policy and investigations into complaints about breaches of

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the ordinances administered by the CR. Both officers are also involved in giving legal advice and advising on changes in policy in relation to licences granted to guarantee companies, company name complaints, and restoration, deregistration and striking off of companies. In recent years, the CR's prosecution policy has been expanded with the result that the number of prosecutions undertaken in 2004-05 is nearly seven times those issued in 2002-03. In 2004-05, a total of 1 760 summonses were issued against companies for failure to comply with their obligations under the CO, compared with 275 summonses issued in 2002-03. Given this workload and the five-year span of the rewrite exercise, the Registrar of Companies considers that it is impossible to re-deploy them to take on the rewrite exercise without very adversely affecting the operation of the CR.

29. Consequently, we propose to create one supernumerary DPS post/non-civil service position at DL2-equivalent (provisionally to be designated as Deputy Principal Solicitor (Company Law Reform)2) in the other division in the
Encl. 10 CBT. The proposed job description of the post is at Enclosure 10. After critically reviewing the expected workload and its distribution throughout the rewrite exercise, we propose that the post be created for a period of 48 months. If no suitable candidate is available within the civil service, we would resort to recruitment of non-civil service contract staff. The organisation chart of the CR
Encl. 11 showing the proposed changes is at Enclosure 11.

30. In addition to the five directorate posts (including two to be made available through re-deployment), the CBT will be supported by nine non-directorate posts, namely two Senior Administrative Officers, five Senior Solicitors and two Solicitors. Among these posts, one Senior Administrative Officer, three Senior Solicitors and one Solicitor will be re-deployed within the FSB or CR. The remaining posts (i.e. one Senior Administrative Officer, two Senior Solicitors and one Solicitor) will need to be created for a period of 24 to 48 months. Moreover, the clerical support required by the CBT will be absorbed by
Encl. 12 the FSB and CR. The proposed organisation chart of the CBT is at Enclosure 12.

Staffing arrangements in DoJ

31. The Law Drafting Division of the DoJ will be responsible for drafting a White Bill for public consultation and subsequently, a new Companies Bill for introduction into the LegCo. Moreover, the draftsmen will be the key officers of the Administration in assisting the LegCo to scrutinise the new Companies Bill. It is estimated that the resulting workload will require the dedicated commitment of one drafting counsel at the rank of Deputy Principal Government Counsel (DL2)

32. The rewrite will inevitably involve many complicated and wide-ranging legal issues affecting company law and the roles of the CR, auditors, investigators, minority shareholders, creditors and other stakeholders. In addition, the rewrite will require detailed advice on legal policy matters, human rights, the Basic Law, and changes to the criminal law (substantive, procedural, evidential and penalties) as well as regulatory, administrative/public law and private law aspects affecting companies and their stakeholders. To tackle these issues, the CBT will need the assistance of professional advice from the DoJ. In this regard, the Commercial Unit will act as the Department's key interface with the CBT. It will help to ensure that the drafting instructions are not only clear and sufficiently detailed to permit drafting to proceed smoothly but also fully and correctly reflect the policy intent. Where the subject matter requires input from other divisions of the DoJ, such as the review of the offences and penalty provisions and other provisions which will necessarily touch on issues like human rights and prosecution, the Commercial Unit will also co-ordinate the advice provided by different divisions of the DoJ. The dedicated commitment of one counsel at the Deputy Principal Government Counsel level is required to cope with the additional workload arising from the rewrite exercise.

33. By stretching the limits of existing manpower within the DoJ, it is considered possible to absorb the workload without creating supernumerary Deputy Principal Government Counsel posts. However, six non-directorate posts of five Senior Government Counsels and one Personal Secretary II will need to be created for a period of 36 to 54 months to tackle the additional workload in various divisions in the DoJ.

TIME FRAME

34. On the assumption that approval would be obtained from the Finance Committee of the LegCo in January 2006 for the creation of the proposed directorate posts/position above, we envisage the following time frame for the rewrite –

	Activity	**Tentative Timing**
(a)	Finance Committee's approval	January 2006
(b)	Formation of the CBT	Q1 2006 – mid 2006
(c)	Research and preparation of the White Bill (including public consultations on major issues in stages)	Mid 2006 – mid 2009
(d)	Consultation on the White Bill	Mid – end 2009
(e)	Revision of the White Bill	Q1 2010 – mid 2010
(f)	Introduction of the New Companies Bill into the LegCo	Q3 2010

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REFERENCE TO OTHER EXERCISES

35. By way of example, as regards the situation in the UK, Members may wish to note that the UK Department of Trade and Industry (DTI) has deployed a dedicated team of staff to undertake the review of the UK Companies Act. The DTI's companies bill team was established in July 2001 to take forward the work of transforming the recommendations of an independent company law review into legislation. Although the size of the team has fluctuated according to which particular stage has been reached in the review, we understand that, during the heaviest middle phase of the project, the team (not counting clerical and other support staff) comprised a total of approximately 22 staff of whom 12 were policy staff and ten were lawyers. Of these, the ranks of two staff on the policy side and two staff on the legal side were pitched at a very senior directorate level while the ranks of most of the remaining staff were pitched at either deputy or assistant directorate level. In addition, the DTI team did not count the two parliamentary counsels, who were responsible for law drafting. Furthermore, the DTI team received considerable support from other staff in the DTI including very senior directorate staff as well as other bodies such as the Law Commission for England and Wales.

FINANCIAL IMPLICATIONS

36. The proposed creation of three supernumerary directorate posts will bring about an additional notional annual salary cost at mid-point of $4,302,000, as follows –

Rank	**Notional Annual Salary Cost at Mid-point** **$**	**No. of posts**
AOSGB (D3)	1,580,400	1
AOSGC (D2)	1,360,800	1
DPS (DL2)/ non-civil service position at DL2-equivalent	1,360,800	1
	4,302,000	3

The full annual average staff cost, including salaries and staff on-costs, is $6,133,000.

37. The proposal to rewrite the CO necessitates the creation of ten time-limited non-directorate posts at a notional annual mid-point salary cost of $8,228,160 and full annual average staff cost of $13,231,000.

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38. Having regard to the cost of the additional posts and the estimated expenditure for the engagement of external consultant(s), the total estimated cost of the rewrite exercise will be about $89 million – $91 million, to be spent over a period of five years. Sufficient provision is available under the CR Trading Fund to meet this requirement, which is estimated to be about 8% of the total expenditure of the Trading Fund during the same period. The rewrite is not expected to have impact on the fees charged by the CR Trading Fund.

ESTABLISHMENT CHANGES

39. The establishment changes in the FSB and CR for the last two years are as follows –

Establishment (Note)	Number of posts			
	Existing (as at 1 November 2005)	As at 1 April 2005	As at 1 April 2004	As at 1 April 2003
FSB				
A	12#	12	17	16
B	49	49	60	60
C	90	90	108	108
Total	**151**	**151**	**185**	**184**
CR				
A	6#	6	6+(1)	6+(1)
B	26	26	26	26
C	263	281	292	307
Total	**295**	**313**	**324+(1)**	**339+(1)**

Note:
A - ranks in the directorate pay scale or equivalent
B - non-directorate ranks the maximum pay point of which is above MPS Point 33 or equivalent
C - non-directorate ranks the maximum pay point of which is at or below MPS Point 33 or equivalent
( ) - number of supernumerary directorate post
As at 1 November 2005, there were no unfilled directorate posts in the FSB and CR.

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CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

40. The LegCo Panel on Financial Affairs was consulted on 7 November 2005. Members generally supported the idea of rewriting the CO, which can provide a modernised legal infrastructure for the establishment and regulation of companies. However, some Members asked the Administration to provide further information on certain issues such as the feasibility of providing the necessary staff support through internal re-deployment. More specifically, our responses to the salient comments given are set out as follows –

(a) We note some Members' concern over the creation of directorate posts. Subsequent to the Panel meeting on 7 November 2005, the Administration has again critically re-examined its manpower position and, as a result, the DoJ agreed to absorb the additional workload in the Commercial Unit of their Civil Division which would otherwise require a supernumerary Deputy Principal Government Counsel post. Thus, the Administration now proposes to create three, instead of four, supernumerary directorate posts. We would like to point out that all the proposed posts are time-limited. Moreover, the proposed rewrite is a major new undertaking, probably the largest legislative review ever to be taken in respect of one ordinance and of a scale which cannot be absorbed by the existing directorate staff without impacting very adversely on the existing workloads in the relevant bureau and departments.

(b) Some other Members asked whether the duration of the proposed directorate posts is sufficiently long to cope with the work arising from the scrutiny of the new Companies Bill. Our current assessment is that the proposed three directorate posts, together with the re-deployment of four existing directorate posts, should allow us to have the adequate directorate staffing support required throughout the rewrite exercise, including the scrutiny of the new Companies Bill by the LegCo.

(c) A few Members asked how the proposed posts would be filled. In this regard, the Administration's intention is to fill the relevant legal staff posts with the most suitable candidates with the required professional qualifications and experience in company law/reform. For instance, we would welcome private sector practitioners or professionals who have experience in company law review/reform in other major common law jurisdictions to apply for the relevant posts.

(d) Since the legal staff to be recruited will be required to possess the necessary qualifications and experience, we believe the CBT could proceed with the required work once it has been established. We

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would also like to emphasise that the proposed timetable, namely using three years to review hundreds of legislative provisions (many of which are highly complicated) and produce a White Bill, is already very tight.

(e) As mentioned in paragraph 34 above, our tentative timetable is to introduce the new Companies Bill into the LegCo in the third quarter of 2010, i.e. at least 21 months before the expiry of the fourth term of the LegCo in 2012. This, coupled with the point that there will be thorough consultation including the issue of a White Bill before the introduction, gives us reasonable grounds to believe that sufficient time should be available for the LegCo to scrutinise the new Companies Bill.

(f) As regards the question of whether the Law Reform Commission may be invited to conduct a review of the company law so as to reduce the resources required, we consider that given its terms of reference and membership, the SCCLR should be the more appropriate body to advise the Administration on company law matters. More importantly, we do not expect that there would be any saving in resources under the Law Reform Commission option, as the same amount of, if not more, additional resources would still be required for undertaking background research, consultation and law drafting work. Furthermore, inviting the Law Reform Commission to take up such a complex exercise would have a knock-on effect on its work in other important areas of law reform.

CIVIL SERVICE BUREAU COMMENTS

41. Having regard to the justifications put forward, the Civil Service Bureau supports the proposals contained in the paper and considers the grading and ranking of the proposed posts to be appropriate.

ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

42. As the posts are proposed on a supernumerary basis, their creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Financial Services and the Treasury Bureau
November 2005

Needs and Benefits of the Rewrite Exercise

Needs

(A) Implement the Recommendations of the Standing Committee on Company Law Reform (SCCLR)

In 2000, the SCCLR published "The Report of the Standing Committee on Company Law Reform on the Recommendations of a Consultancy Report of the Review of the Hong Kong Companies Ordinance" (SCCLR's Report). Subsequently, the SCCLR undertook a major corporate governance review and issued two consultation papers in 2001 and 2003 respectively. While many recommendations of the SCCLR's Report and the review have been implemented in the context of a series of major companies amendment bills[1] over the past few years, we have now reached a stage where many of the remaining recommendations, such as restructuring of the Companies Ordinance (CO), reform of the capital maintenance provisions, modernisation of statutory language, etc., can be taken forward only in the context of a rewrite of the Ordinance.

(B) Resolve Issues Inherent in the Existing Ordinance

2. There are issues inherent in the existing CO which can be handled only through a rewrite of the Ordinance. Firstly, the structure of the CO leaves much to be desired with, for example, most of the core provisions regarding a company's registered office, register of members, company administration, general meetings, accounts and audit, company inspections, directors and other officers, loans to directors, arrangements and reconstruction and shareholder remedies are all found in Part IV (Management and Administration). There is a prima facie need to break up and re-arrange this part in order to improve accessibility and clarity. Secondly, many of the existing provisions of the CO are arranged in a confusing manner, in particular Part II (Share Capital and Debentures), Part IIA (Distribution of Profits and Assets) and Part IV (Management and Administration). Thirdly, given the age of the CO, it is inevitable that it includes antiquated concepts and unclear provisions. Some notable examples of these are in Parts II and IIA mentioned above, Part III (Registration of Charges), the underlying assumption of

/paper-based .....

[1] Notably the Companies (Amendment) Ordinance 2003 and Companies (Amendment) Ordinance 2004 which implement the SCCLR's recommendations on matters such as the formation of one-member companies, reduction in the threshold for circulating shareholders' proposals, removal of directors by ordinary resolution instead of special resolution, and enhancement of shareholders' remedies including the introduction of a statutory derivative action.

paper-based communications between a company and its members as well as the lengthy and arguably "incomprehensible" provisions regarding directors' loans and directors' remuneration. Uncertain, unclear, unnecessary and out-of-date provisions will inevitably impose additional costs on business through, for example, the need to obtain professional advice more often than necessary.

(C) Keep Pace with International Developments

3. Hong Kong's company law cannot operate in isolation but must have regard to developments regarding company law currently taking place elsewhere in the world in order to enhance our competitiveness and attractiveness as a major international business and financial centre. Over the past decade, most of the major common law jurisdictions have either completed or embarked upon major programmes to reform their company law. For example, the United Kingdom (UK) Government commenced the Review of the Companies Act in 1998, and published the White Paper on Company Law Reform setting out its final proposals for comprehensive reform of the UK Companies Act on 17 March 2005. These proposals are now reflected in the Company Law Reform Bill which was published on 3 November 2005. Reforms or major reviews have also been launched in other common law jurisdictions such as Australia, New Zealand, Singapore, the Isle of Man and Malaysia. Furthermore, many other jurisdictions such as certain European Union countries, South Africa, India and Japan are also reviewing their company law.

Benefits

4. At the micro level, a new CO, with streamlined and modernised regulatory provisions, will meet more fully the needs of, and help save compliance costs incurred by more than 500 000 companies, both local and overseas, registered in Hong Kong. Moreover, Hong Kong's position, competitiveness and attractiveness as an international business and financial centre will be enhanced as a result of the implementation of the SCCLR's recommendations which cover areas such as requirements regarding directors, shareholders' rights and remedies, creditor protection, and accounting and auditing requirements. All these will boost market confidence, as well as facilitate business transactions and investments.

5. The rewrite will also provide an opportunity for Hong Kong to leverage from the developments regarding company law taking place around the world. For instance, one of the objectives of the UK company law reform is to facilitate the wider use of electronic communications and simplification of procedures for the conduct of company businesses, such as the holding of annual general meetings. Similar changes in Hong Kong are expected to help save business costs and make our economy more competitive.

Enclosure 2 to EC(2005-06)9

Tentative Parts of New Companies Ordinance

Type I – Parts including policy issues which probably require wider consultation

1. Allotment of Shares and Debentures*
2. Share Capital*
3. Registration of Charges*
4. Accounts and Audit

Type II – Parts including policy issues which probably require reference to the Standing Committee on Company Law Reform (SCCLR)

5. Company Formation*
6. Re-registration of Companies*
7. Distribution of Profits and Assets
8. Fair Dealing by Directors
9. Arrangements, Reconstructions and Take-overs
10. Inspections and Investigations*
11. Offences*
12. Electronic Communications

Type III – Parts including operational issues and restatement of existing provisions

13. Preliminary
14. Directors and Other Officers
15. Company Administration and Procedure
16. Fraudulent Trading
17. Shareholder Remedies
18. Matters arising subsequent to Winding Up, Striking Out and Deregistration
19. Companies Incorporated outside Hong Kong
20. Registration Provisions
21. Companies formed or registered under a former Companies Ordinance or authorised to register under this Ordinance
22. Prevention of Evasion of the Societies Ordinance
23. Miscellaneous
24. Savings

/Note .....

Note –

(a) Type I parts contain issues which probably require wider consultation before the issue of the White Bill because they are complex and controversial and were not covered by previous reviews.

(b) Type II parts contain issues on which no wider consultation is required before the issue of the White Bill and consultation with the SCCLR would suffice.

(c) Type III parts contain issues which have been either already subject to extensive consultation, or involve the reinstating of existing provisions, some of which have already been subject to extensive reform or are operational and technical in nature. These can be put forward for public consultation through the issue of the White Bill.

(d) It is proposed that the Companies Bill Team should have two integrated Policy and Legal Research Divisions. Taking into account factors such as the complexity and correlation of the relevant subjects, our preliminary idea is to assign those items with an asterisk to one of the divisions, and the remaining items to the other one.

Staffing Requirements
for the Rewrite of the Companies Ordinance

Bureau/Department	**Rank(Note 1)**	**No. of Posts**	**By Re-deployment (up to 60 months)**	**By Creation**	**Full Annual Average Staff Cost ($ million)**	**Duration (Months)**	**Total Additional Cost ($ million)**
1. Financial Services Branch							
(a) Directorate	AOSGB	1	0	1	2.250	60	11.252
	AOSGC	2	1	1	2.026	48	8.102
(b) Non-directorate (Note 2)	SAO	2	1	1	1.452	48	5.809
2. Companies Registry							
(a) Directorate	DPS	2	1	1	1.857	48	7.428
(b) Non-directorate (Note 2)	SS	5	3	2	2.882	36	8.647
	S	2	1	1	1.177	24	2.355
3. Department of Justice							
(a) Law Drafting Division							
(i) Directorate	DPGC	1	1	0	-	-	-

Bureau/Department	**Rank** (Note 1)	**No. of Posts**	**By Re-deployment (up to 60 months)**	**By Creation**	**Full Annual Average Staff Cost ($ million)**	**Duration (Months)**	**Total Additional Cost ($ million)**
(ii) Non-directorate (Note 2)	SGC	2	0	2	2.974	36	8.923
(b) Legal Policy, Prosecutions and Civil Divisions							
(i) Directorate	DPGC	1	1	0	-	-	-
(ii) Non-directorate	SGC	3	0	3	4.462	1 X 54 2 X 36	15.615
	PSII	1	0	1	0.283	54	1.275
Total :							69.406 (Note 3) =====
(a) Directorate		7	4	3			
(b) Non-directorate		15	5	10			
	Total no. of posts	**22**	**9**	**13**			

Note 1:

AOSGB:	Administrative Officer Staff Grade B
AOSGC:	Administrative Officer Staff Grade C
DPGC:	Deputy Principal Government Counsel
DPS:	Deputy Principal Solicitor/non-civil service position at DL2-equivalent
PSII:	Personal Secretary II
SAO:	Senior Administrative Officer
SGC:	Senior Government Counsel
SS:	Senior Solicitor
S:	Solicitor

Note 2:

Clerical support will be absorbed internally.

Note 3:

Adding the estimated expenditure for the engagement of external consultant(s) of about $19 million to 22 million, the total cost of the rewrite exercise will be about $89 million to 91 million.

Enclosure 4 to EC(2005-06)9

Proposed Job Description
Deputy Secretary (Financial Services) 3

Rank	**:**	Administrative Officer Staff Grade B (D3)
Responsible to	**:**	Permanent Secretary for Financial Services and the Treasury (Financial Services) (PSFS)

Main Duties –

1. to ensure the smooth running of the Companies Bill Team;

2. to oversee the preparation of the relevant recommendations and drafting instructions in relation to the new Companies Ordinance (CO), including relevant subsidiary legislation within an agreed timetable;

3. to co-ordinate concerted efforts among various government bureaux and departments, regulators, professional bodies and other key stakeholders in preparing the new CO;

4. to oversee the work of the external consultant(s);

5. to seek appropriate policy guidance over relevant issues in the course of developing the new CO;

6. to organise consultation on the legislative proposals (including the issue of a White Bill) and act as a key player in the consultation exercise;

7. to lead the Administration's team in assisting the Legislative Council in scrutinising the new Companies Bill; and

8. to undertake any other tasks as assigned by PSFS.

Enclosure 5 to EC(2005-06)9

Duties and Responsibilities of the Existing Five Principal Assistant Secretaries (Financial Services) (PAS(FS)s)

PAS(FS)1 is responsible for the regulation of listing and market development issues in relation to debt market, financial products, fund management industry and offers of investment. He/she provides policy input on a number of issues including disclosure of interests and market misconduct. He/she is responsible for policy matters relating to the housekeeping of the Insider Dealing Tribunal, Market Misconduct Tribunal and Securities and Futures Appeals Tribunal, and provides secretariat support to the Process Review Panel of the Securities and Futures Commission (SFC). He/She also deals with matters relating to the Hong Kong Exchanges and Clearing Limited and promotion of Hong Kong as an international financial centre overseas and in the Mainland.

2. PAS(FS)2 oversees matters relating to the development of market infrastructure, investor compensation, and supervision of intermediaries in the securities and futures markets. He/she co-ordinates the work of the regulators on risk management matters including market contingency planning and other cross-market issues such as providing support to the Financial Stability Committee. He/she is responsible for the maintenance and regular update of the Securities and Futures Ordinance in the light of market development. He/she is in charge of housekeeping matters relating to the SFC, such as processing its budget, annual reports, appointments, and subsidiary legislation made by the SFC which requires prior consultation with the Financial Secretary. He/she also co-ordinates the Mainland and Hong Kong Closer Economic Partnership Arrangement related matters in the financial services sector.

3. PAS(FS)3 is concerned with insurance policy matters. The major projects coming on stream include the review of the institutional set-up of the Insurance Authority; feasibility study of establishing policyholders' protection funds; and consultancy study on the supervisory framework of the assets of long-term insurers. All these involve considerable policy input and have attracted much interest of the relevant stakeholders. Moreover, he/she deals with retirement scheme policy matters and the on-going review of the relevant legislation. On this front, he/she is specifically responsible for the Administration's interface with the Mandatory Provident Fund Schemes Authority (MPFA), such as handling MPFA's submissions to the Government (e.g. the Authority's annual corporate plan and report). In addition, he/she is responsible for providing support to the Council of

/Financial .....

Financial Regulators chaired by the Financial Secretary and the internal administration of the Financial Services Branch. Lastly, he/she is the subject officer responsible for matters relating to human resources development in the financial services sector.

4. PAS(FS)4 deals with policies in respect of companies, from their incorporation to dissolution. He/she is also in charge of policy responsibility for bankruptcy matters and the self-regulatory regime of accountants. He/she oversees the work of the Companies Registry, Official Receiver's Office, and co-ordinates trade matters in respect of financial services under the World Trade Organization. Among the major initiatives, there are a number of areas which require substantial policy input. These include the implementation of recommendations made by the Standing Committee on Company Law Reform to modernise the Companies Ordinance and improve corporate governance. He/She is also responsible for taking forward the proposals to enhance the oversight of the public interest activities of auditors and to establish a Financial Reporting Council.

5. PAS(FS)5 is responsible for the review and maintenance of Banking Ordinance, and liaison with the Hong Kong Monetary Authority on banking and monetary issues. He/she oversees the development and monitoring of the Deposit Protection Scheme, as well as co-ordinating and facilitating the legislative work required for bank mergers. In addition, he/she co-ordinates input into Hong Kong's participation in international forums such as the International Monetary Fund, Asia-Pacific Economic Cooperation, Organization for Economic Co-operation and Development, and Financial Action Task Force against money laundering.

Enclosure 6 to EC(2005-06)9

Revised Job Description
Principal Assistant Secretary (Financial Services) 4

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Secretary (Financial Services) 2 (DS(FS)2) and Deputy Secretary (Financial Services) 3 (DS(FS)3)

Main Duties –

*1. to deal with policy matters in the context of the rewrite of the Companies Ordinance (CO), such as analysing the policy options and formulating recommendations;

*2. to prepare papers relating to the new CO for purposes such as consultation with stakeholders, discussion by the Steering Committee, Policy Committee, Executive Council (ExCo) and Legislative Council (LegCo), etc.;

*3. to prepare draft drafting instructions for the new CO and submissions to the ExCo and LegCo, etc.;

*4. to assist DS(FS)3 in organising the various consultations with the stakeholders and the public, including the issue of a White Bill;

*5. to liaise with other government bureaux and departments, advisory bodies, professional bodies, etc. with a view to developing the new CO;

6. to deal with other policy matters in respect of companies;

7. to tackle policy matters in relation to the accounting sector and Hong Kong's insolvency administration regime, as well as policy matters relating to company registration but falling outside the rewrite exercise, including the relevant legislative provisions;

8. to oversee/liaise with the Companies Registry, Official Receiver's Office and Hong Kong Institute of Certified Public Accountants as necessary;

9. to co-ordinate the input of the Financial Services Branch in trade negotiations; and

10. to undertake any other tasks as assigned by DS(FS)2 or DS(FS)3.

* additional responsibilities relating to the rewrite of the CO.

Proposed Job Description
Principal Assistant Secretary (Financial Services) 6

Rank **:** Administrative Officer Staff Grade C (D2)

Responsible to **:** Deputy Secretary (Financial Services) 3 (DS(FS)3)

Main Duties –

1. to deal with policy matters in the context of the rewrite of the Companies Ordinance (CO), such as analysing the policy options and formulating recommendations;

2. to prepare papers relating to the new CO for purposes such as consultation with stakeholders, discussion by the Steering Committee, Policy Committee, Executive Council (ExCo), Legislative Council (LegCo), etc.;

3. to prepare draft drafting instructions for the new CO and submissions to the ExCo and LegCo, etc.;

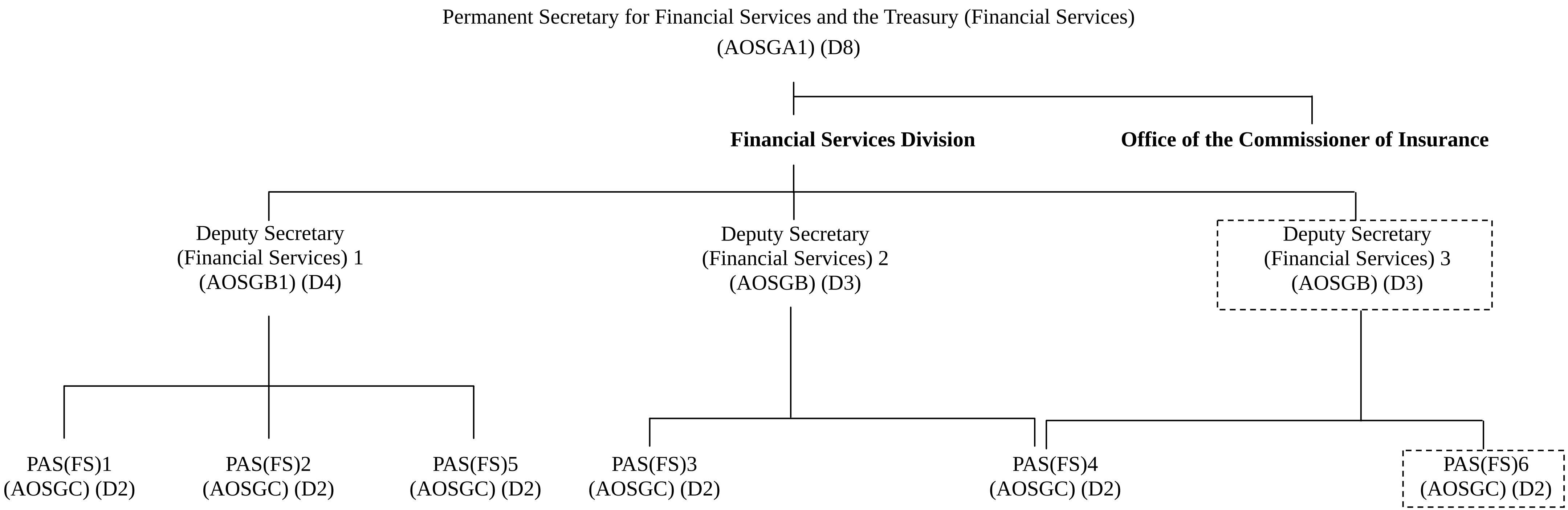
4. to assist DS(FS)3 in organising the various consultations with the stakeholders and the public, including the issue of a White Bill;

5. to liaise with other government bureaux and departments, advisory bodies, professional bodies, etc. with a view to developing the new CO; and

6. to undertake any other tasks as assigned by DS(FS)3.

Enclosure 8 to EC(2005-06)9

Organisation Chart of the Financial Services and the Treasury Bureau (Financial Services Branch)



Legend:

[dashed box]	Supernumerary directorate posts to be created
PAS(FS)	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)

Revised Job Description
Secretary/Standing Committee on Company Law Reform
(to be re-designated as Deputy Principal Solicitor
(Company Law Reform)1)

Rank **:** Deputy Principal Solicitor (DL2)

Responsible to **:** Registrar of Companies (R of C) but report to Deputy Secretary for Financial Services (3) (DS(FS)3) direct in the discharge of his/her functions under the Companies Bill Team

Main Duties –

*1. to conduct legal research into the policy intention of existing provisions of the Companies Ordinance (CO) (including its subsidiary legislation) and comparable positions in other common law jurisdictions;

*2. to identify issues associated with the daily operation of the existing provisions of the CO and possible options to tackle these issues;

*3. to provide legal inputs to Principal Assistant Secretary (Financial Services) 4 (PAS(FS)4) regarding the preparation of policy papers, draft drafting instructions, etc.;

*4. to draw up specific briefs on matters which may require expert legal advice from the external consultant;

*5. to provide legal support to PAS(FS)4 to liaise with other parties and the external consultant with a view to developing the new CO;

*6. to provide legal support for discussion of any matter relating to the new CO by the Standing Committee on Company Law Reform (SCCLR), Executive Council (ExCo) and Legislative Council, etc.;

7. to assist and support the Chairman of the SCCLR regarding papers submitted to the SCCLR;

8. to provide secretarial support to the SCCLR;

9. to review and consider the work of the SCCLR and prepare the annual reports on its work for submission to the ExCo; and

10. to undertake any other tasks as assigned by the R of C or DS(FS)3.

* additional responsibilities relating to the rewrite of the CO.

Enclosure 10 to EC(2005-06)9

Proposed Job Description
Deputy Principal Solicitor (Company Law Reform)2

Rank	**:**	Deputy Principal Solicitor (DL2)/non-civil service position at DL2-equivalent
Responsible to	**:**	Registrar of Companies (R of C) but report to Deputy Secretary for Financial Services (3) (DS(FS)3) direct in the discharge of his/her functions under the Companies Bill Team

Main Duties –

1. to conduct legal research into the policy intention of existing provisions of the Companies Ordinance (CO) (including its subsidiary legislation) and comparable positions in other common law jurisdictions;

2. to identify issues associated with the daily operation of the existing provisions of the CO and possible options to tackle these issues;

3. to provide legal inputs to Principal Assistant Secretary (Financial Services) 6 (PAS(FS)6) regarding the preparation of policy papers, draft drafting instructions, etc.;

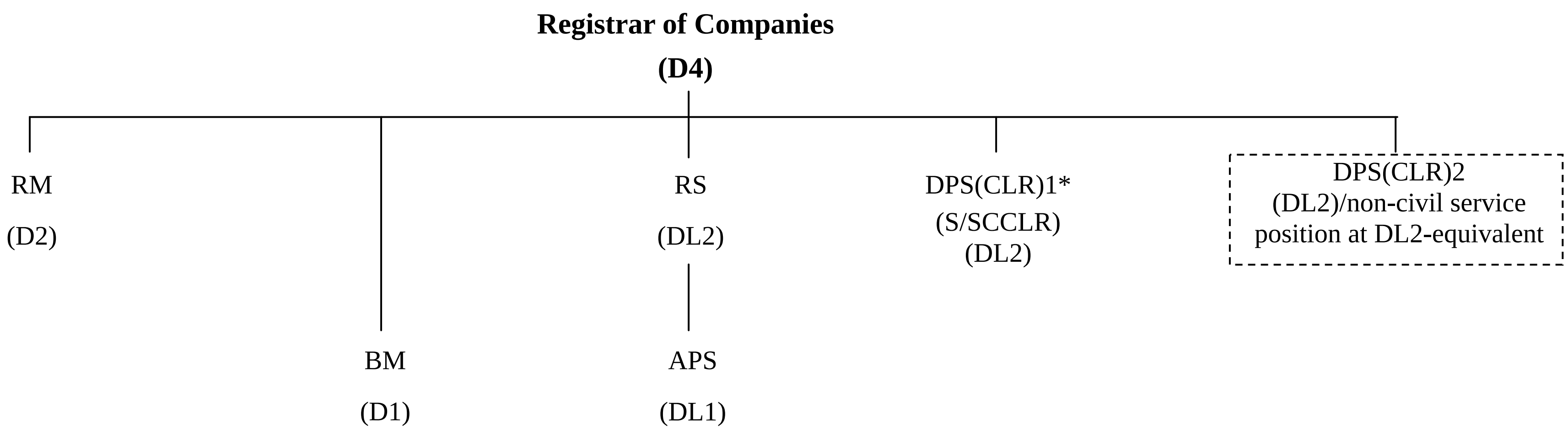
4. to draw up specific briefs on matters which may require expert legal advice from the external consultant;

5. to provide legal support to PAS(FS)6 to liaise with other parties and the external consultant with a view to developing the new CO;

6. to provide legal support for discussion of any matter relating to the new CO by the Standing Committee on Company Law Reform, Executive Council and Legislative Council, etc.; and

7. to undertake any other tasks as assigned by the R of C or DS(FS)3.

Organisation Chart of the Companies Registry

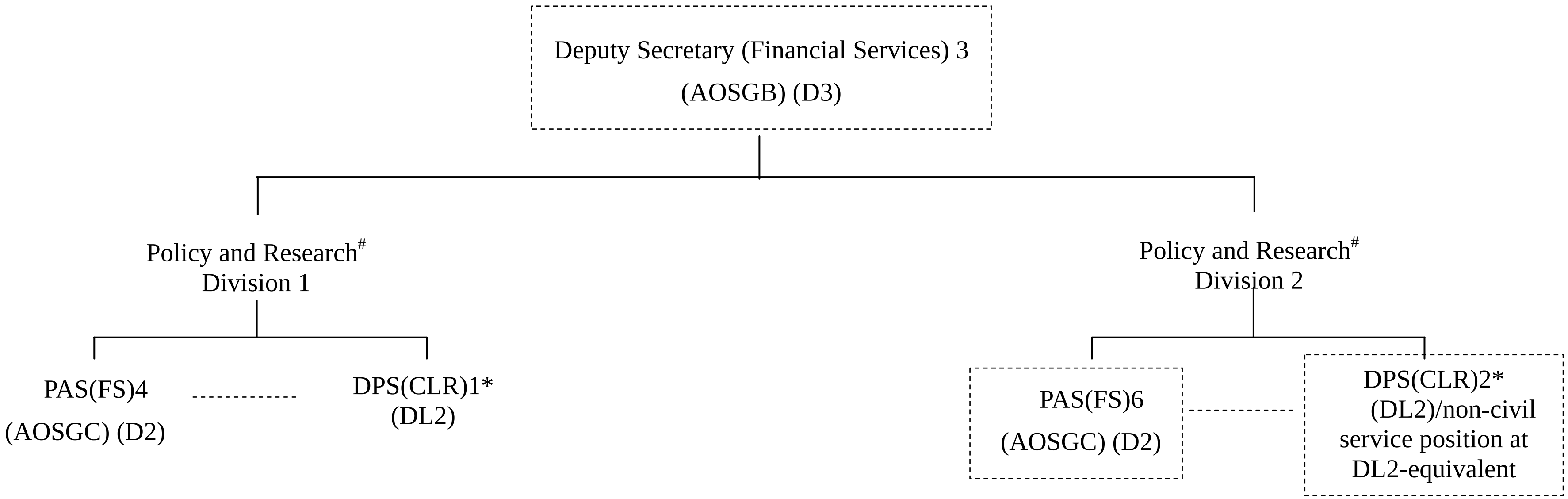


Legend:

*	Post to be re-designated
	Supernumerary directorate post/non-civil service position at DL2-equivalent to be created
RM	Registry Manager
BM	Business Manager
RS	Registry Solicitor
DPS(CLR)	Deputy Principal Solicitor (Company Law Reform)
S/SCCLR	Secretary/Standing Committee on Company Law Reform
APS	Assistant Principal Solicitor

Enclosure 12 to EC(2005-06)9

Proposed Organisation Chart of the Companies Bill Team



Legend:

Supernumerary directorate posts/non-civil service position at DL2-equivalent to be created

PAS(FS)	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)
DPS(CLR)	Deputy Principal Solicitor (Company Law Reform)
*	The two DPSs will be responsible to the Registrar of Companies, but operationally report to the Deputy Secretary (Financial Services)3 direct in the discharge of their functions under the Companies Bill Team.
#	The Policy and Research Divisions 1 and 2 will be underpinned by two Senior Administrative Officers, five Senior Solicitors and two Solicitors.