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7 March 2006

Mr Martin WHEATLEY
Chairman
Securities and Futures Commission Hong Kong
8/F Chater House
8 Connaught Road Central
Central
Hong Kong

Dear Mr Wheatley,

Panel on Financial Affairs

Policies on remuneration for and post-termination employment of senior executives of the Securities and Futures Commission

Further to my letter dated 9 February 2006, I write on behalf of Hon Bernard CHAN, Chairman of the Panel on Financial Affairs, to invite you to provide further information on the post-termination employment of the Executive Directors (EDs) and senior executives of the Securities and Futures Commission (SFC).

When the Panel was briefed at its meeting held yesterday on the SFC Budget for the financial year 2006-07, members expressed concern about the high staff turnover rate of SFC in 2005, particularly for executive staff. In this connection, the Panel decided to invite you to provide information on the post-termination employment of the EDs and senior executives of SFC in the past three years, including the following details:

- (a) Number of relevant cases for the EDs and for each tier of the senior executives in each of the past three years;
- (b) In each of the cases in item (a) above,
 - whether a sanitization period has been imposed; and if so, the length of the period;
 - the dates on which the officers concerned have ceased service with SFC; and
 - the dates on which the officers concerned have subsequently taken up employment with other corporations, and the nature of the new employment.

You are invited to incorporate the requested information in your response or paper to be presented to the Panel on the captioned two subjects. Given the additional information required, we fully appreciate that more time is needed for SFC to prepare its response. I should be most grateful if you would provide the full response (in both Chinese and English) by 27 March 2006 (instead of 15 March 2006 as set out in my previous letter) for circulation to members before the next Panel meeting to be held on 3 April 2006. Members will decide at the next meeting on the need to invite SFC to attend a meeting of the Panel in future for discussion of the two subjects. Please forward the soft copy of your response to Ms May LEUNG at mleung@legco.gov.hk.

Please note that unless you raise objection, the information provided to the Panel will be made available to the media and public and placed in the Library of the Legislative Council. The information may also be made available on the website of the Council on the Internet.

Yours sincerely,

(Miss Salumi CHAN)
Clerk to Panel

c.c. Hon Bernard CHAN, JP
Chairman of LegCo Panel on Financial Affairs

Mr Frederick MA Si-hang, JP
Secretary for Financial Services and the Treasury
(Fax: 2537 1736)

Dr York LIAO, SBS, JP
Chairman of Remuneration Committee, SFC
(Fax: 2521 7836)