

**Panel on Financial Affairs**

**List of follow-up actions arising from discussions in previous sessions and the current session**  
(Position as at 6 June 2008)

<b>Subject</b>	<b>Date(s) of relevant meeting(s)</b>	<b>Follow-up actions</b>	<b>Outcome</b>
1. Proposal of re-structuring the filing fees for non-Hong Kong companies	3 January 2005	The Administration was requested to report to the Panel in due course on the situation about non-Hong Kong companies' compliance with the new requirement for them to file a full annual return. The report should include, inter alia, the statistics on compliance, non-compliance and late returns, enforcement actions taken/to be taken (if any), and measures proposed by the Administration to improve the situation.	Information awaited.
2. Progress report on proposed measures to address risks arising from securities margin financing	6 February 2006	<p>Members noted that the proposal of imposing a 180% re-pledging limit on securities margin financing (SMF) providers and the long-term measure of complete segregation of collateral of borrowing and non-borrowing margin clients would have cost implications on SMF providers and their clients. In this connection, members requested the Securities and Futures Commission (SFC) to provide the following information:</p> <p>(a) The number of SMF providers that were likely to be affected by the 180% re-pledging limit;</p>	The required information for item (a) and the interim reply for item (b) provided by SFC was issued to members vide LC Paper No. CB(1)1023/05-06(01) on 3 March 2006. SFC's further response on item (b) awaited.

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		<p>(b) The impact of the long-term measure of complete segregation of collateral of borrowing and non-borrowing margin clients:</p> <p>(i) on the operating cost of SMF providers, including the respective impact on small, medium and large-sized SMF providers; and</p> <p>(ii) on borrowing and non-borrowing margin clients, including the likely increase in service fees paid by them.</p>	
<p>3. Policies on remuneration for and post-termination employment of senior executives of the Hong Kong Monetary Authority and Securities and Futures Commission</p>	<p>4 May 2006</p>	<p>Regarding the reviews being conducted on the policies on post-termination employment of senior executives of the Hong Kong Monetary Authority (HKMA) and SFC, members suggested that reference be made to the improved arrangements introduced for directorate civil servants on 1 January 2006. In this connection, the Governance Subcommittee (GSC) of the Exchange Fund Advisory Committee and the SFC were invited to inform the Panel of the outcome of their reviews in writing in due course.</p>	<p>The written response from the GSC Chairman was issued to members vide LC Paper No. CB(1)182/06-07(01) on 27 October 2006.</p> <p>Response from SFC awaited.</p>
<p>4. Review of the Mandatory Provident Fund Schemes Compensation Fund</p>	<p>3 July 2006</p>	<p>In response to members' concern about the review of collection of levy and reserve level of the Mandatory Provident Fund Schemes Compensation Fund (Compensation Fund), the Mandatory Provident Fund (MPF) Schemes Authority undertook to:</p>	<p>The progress report on the review of the Compensation Fund was circulated to members vide LC Paper No. CB(1)497/07-08 on 24 December 2007. MPFA will</p>

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		<p>(a) explore feasible measures to improve provision of services to members of MPF Schemes; and</p> <p>(b) work out a model/mechanism for determining the optimum level of the Compensation Fund and provide a progress report to the Panel in 18 months' time. The progress report would also cover information on the assessment of the risks arising from claims, if any, to the Compensation Fund.</p>	<p>complete the review and provide a report for consideration in 18 months' time.</p>
<p>5. Review of the Personalized Vehicle Registration Marks Scheme</p>	<p>28 February 2008</p>	<p>(a) Of the some 700 traffic offence cases involving vehicles bearing Private Vehicle Registration Marks (PVRMs) between September 2006 and September 2007, the Administration was requested to provide information/statistics on the number of prosecutions, convictions, acquittals, and cases which had been dismissed on the grounds of enforcement difficulty caused by PVRMs.</p> <p>(b) The Administration was requested to provide a report to the Panel reviewing the implementation, operation and auction proceeds of the PVRM Scheme in one year's time.</p>	<p>Response to item (a) was issued to members vide LC Paper No. CB(1)1150/07-08 on 28 March 2008.</p> <p>Response to item (b) awaited.</p>
<p>6. Update on the work of the Financial Reporting Council</p>	<p>8 April 2008</p>	<p>In relation to members' concerns about the effectiveness and transparency of the operation of the Financial Reporting Council (FRC), the</p>	<p>Response awaited.</p>

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		<p>Administration/FRC were requested to take the following actions:</p> <ul style="list-style-type: none"><li data-bbox="857 395 1637 635">(a) review the appointment of members to FRC, having regard to some Panel members' view that consideration should be given to appointing persons of the right calibre who could spare adequate time to participate actively in the affairs of FRC;</li><li data-bbox="857 683 1637 1002">(b) consider, without prejudice to the rights and privacy of the parties concerned and having regard to public interest, making public the report or any part of the report upon conclusion of an investigation or enquiry, so as to enhance transparency and increase the awareness of the accountancy profession of the auditing and financial reporting requirements;</li><li data-bbox="857 1050 1637 1417">(c) consider whether and how the operation of the Process Review Panel for the FRC (to be established in the latter half of 2008) could be stepped up to effectively safeguard fair and reasonable handling of all complaints by FRC, having regard to some members' reference to the work of the Operations Review Committee of the Independent Commission Against Corruption;</li><li data-bbox="857 1465 1637 1485">(d) review the existing mechanism for declaration</li></ul>	

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		<p>of interest by FRC staff with a view to strengthening safeguards against any real, potential or perceived conflict of interest in their investigation or enquiry work; and</p> <p>(e) consider taking a more proactive role of initiating investigations or enquiries, instead of only acting on complaint.</p>	
<p>7. Impact of banks' branch closure and fee-charging on the public</p>	<p>5 May 2008</p>	<p>(a) In relation to members' concerns about the utilization and accessibility of non-branch channels for provision of basic banking services, the Hong Kong Association of Banks (HKAB) was requested to provide the following information/statistics as far as practicable:</p> <p>(i) the utilization of various automated non-branch channels such as automatic teller machines (ATM) facilities, phone banking and Internet banking by underprivileged groups including the elderly, the physically disabled, and recipients of Comprehensive Social Security Assistance, and other related information which might assist the Consumer Council in conducting its study on consumer needs for basic banking services;</p>	<p>Response awaited</p>

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		<p>(ii) of the 38 new bank branches and 138 new ATMs set up in 2007, the number of such new branches and new ATMs provided in public housing estates, with a breakdown on their location and distribution; and</p> <p>(iii) the availability and distribution of the two main ATM networks in Hong Kong, namely, the Electronic Teller Card and Joint Electronic Teller Services Limited systems, in various districts.</p> <p>(b) The Administration/ HKAB was requested to provide written response to the follow motion passed at the meeting:</p> <p>"鑒於銀行分行關閉及其設施和收費等仍未能照顧弱勢社群之需要，本委員會要求政府立即成立工作小組，評估及監察情況，並提出政策以改善銀行服務，以照顧老弱傷殘及低收入人士之需要。此工作小組應包括有關弱勢群體的代表及銀行公會及消委會代表。工作小組應在 6 個月後向本委員會提交報告。"</p> <p><u>(English translation)</u></p> <p>"That, as banks close their branches and their facilities and fee-charging etc. still fail to cater</p>	<p>The Administration's response was issued to members vide LC Paper No. CB(1)1765/07-08 on 3 June 2008.</p>

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		for the needs of the underprivileged groups, this Panel requests the Government to establish a working group immediately for assessing and monitoring the situation, as well as recommending policy initiatives to improve banking services so as to cater for the needs of the elderly, the underprivileged, the disabled and low-income earners. The working group should comprise representatives from the underprivileged groups concerned and those from the Hong Kong Association of Banks and the Consumer Council, and should submit its report to this Panel in six months' time."	