

**Panel on Financial Affairs**

**List of follow-up actions arising from discussions in previous sessions**  
(Position as at 8 October 2007)

<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</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>to be affected by the 180% re-pledging limit;</p> <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</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</p>	<p>Response awaited.</p>

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Compensation Fund		<p>Provident Fund Schemes Compensation Fund (Compensation Fund), the Mandatory Provident Fund (MPF) Schemes Authority undertook to:</p> <ul style="list-style-type: none"> <li>(a) explore feasible measures to improve provision of services to members of MPF Schemes; and</li> <li>(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.</li> </ul>	
5. Regulation of securities firms	29 September 2006	<p>To address a member's concern on whether the misconduct involved in the cases in which restriction notices were issued to three securities firms (i.e. Whole Win Securities Limited, Tiffit Securities (Hong Kong) Limited and Wing Yip Company Limited) could have been uncovered at an earlier stage and in view of the advice given by the Chief Executive Officer of SFC that the internal operational procedures of SFC were subject to review by the Process Review Panel of SFC (PRP), the PRP was invited to review the three cases mentioned above, including aspects set out in the letter dated 3 October 2006 to PRP (LC Paper No. CB(1)306/06-07(01)).</p>	<p>Response from PRP was issued to members vide LC Paper No. CB(1)306/06-07(02) on 17 November 2006. Further response from PRP was issued to members vide LC Paper No. CB(1)2434/06-07 on 5 October 2007.</p>

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6. Impact of banks' branch closure and fee-charging on the public	2 April 2007	<p>(a) To address members' concern over the impact of closure of bank branches and charging of fees for bank services on the public, the Administration/HKMA/Hong Kong Association of Banks (HKAB) undertook to explore, in collaboration with other parties concerned, feasible measures to facilitate the provision of basic banking services, taking into consideration members' suggestions/views expressed at the meeting.</p> <p>(b) The Administration/HKMA/HKAB were requested to provide the following information:</p> <p>(i) a detailed breakdown on the number and location of new bank branches set up in recent years, their scope of service, including whether basic banking services such as deposit and withdrawal services were available at these branches; and</p> <p>(ii) regarding the retail premises in the Housing Authority's commercial properties designated for banking facilities (bank branches/Automatic Teller Machines), to provide information as to why some of such premises had not been taken up by banks.</p>	<p>HKAB's written response in relation to (a) was circulated to members vide LC Paper No. CB(1)2344/06-07 on 12 September 2007</p> <p>Response from the Administration on (b) awaited</p>

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7. Issues related to services provided by banks to money changers and remittance agents	7 May 2007	<p>(a) To address members' concern over the issues relating to the alleged refusal of banks to provide services to remittance agents and money changers (RAMCs), the Administration/HKMA/HKAB were requested to:</p> <p>(i) initiate discussions with representatives of RAMCs as soon as possible with a view to devising effective interim measures to address the issues relating to the provision of bank services to RAMCs; and</p> <p>(ii) review the existing regulatory regime on the operation of RAMCs and the operation of banks in their business relationship with RAMCs to see if additional safeguards should be introduced to strengthen banks' confidence in providing services to RAMCs.</p> <p>(b) The Administration/HKMA were requested to provide a report to the Panel on the outcome and progress of discussions in two to three months' time.</p> <p>(c) HKAB undertook to convey to their member</p>	<p>HKAB's written response in relation to item (c) was circulated to members vide LC Paper No. CB(1)1978/06-07(01) on 22 June 2007.</p> <p>Responses from the Administration/HKMA/ HKAB on items (a) and (b) were issued to members vide LC Paper Nos. CB(1)2211/06-07 and CB(1)2258/06-07 on 20 July and 8 August 2007 respectively.</p>

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		banks Panel members' suggestion that banks should consider continuing the provision of services to RAMCs pending the completion of the review at (1)(b) above.	
8. Electronic Disclosure Project launched by the Hong Kong Exchanges and Clearing Limited	5 July 2007	<p>The Hong Kong Exchanges and Clearing Limited (HKEx) /SFC were requested to consider the views and suggestions of members and deputations, including but not limited to the following:</p> <p>(a) to consider possible improvements to the HKEx website to make it more user-friendly in locating information; and</p> <p>(b) to consider exploring other viable or more acceptable means of dissemination, such as requiring Main Board listed issuers to publish summary announcements in local newspapers in parallel to the web-based dissemination regime of posting the full version of the announcements both on HKEx's website and on the listed companies' own websites.</p>	Joint response from SFC and HKEx was issued to members vide LC Paper No. CB(1)2312/06-07 on 30 August 2007.
9. Cross border enforcement mechanisms in relation to listed companies	5 July 2007	Under the provisions of the Multilateral Memorandum of Understanding of International Organization of Securities Commission (IOSCO MMOU), to which the China Securities Regulatory Commission (CSRC) is a signatory, SFC might seek the assistance of CSRC to obtain necessary information in the Mainland to facilitate SFC's investigation into suspected regulatory breaches of Hong Kong-listed issuers. SFC was requested to provide a	Joint response from SFC and HKEx was issued to member vide LC Paper No. CB(1)2312/06-07 on 30 August 2007.

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		more detailed breakdown containing information / statistics on the number of cases in which such assistance from CSRC has been sought since CSRC became a signatory to the IOSCO MMOU, as well as the details of the responses received from CSRC and / or cases that CSRC has followed-up.	

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