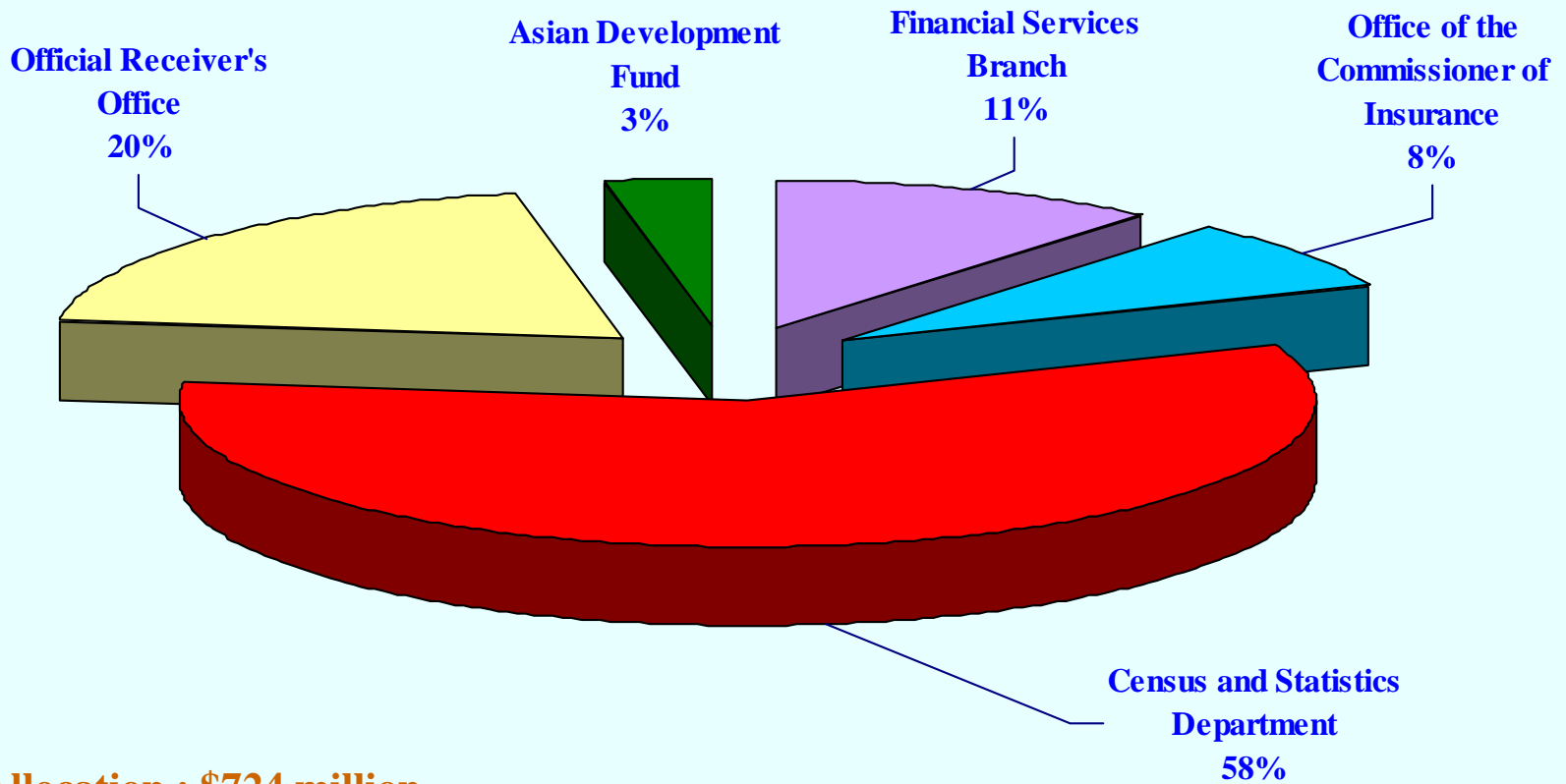


**Special Meetings of the Finance Committee
to Examine the Estimates of Expenditure 2009-10**

Secretary for Financial Services and the Treasury

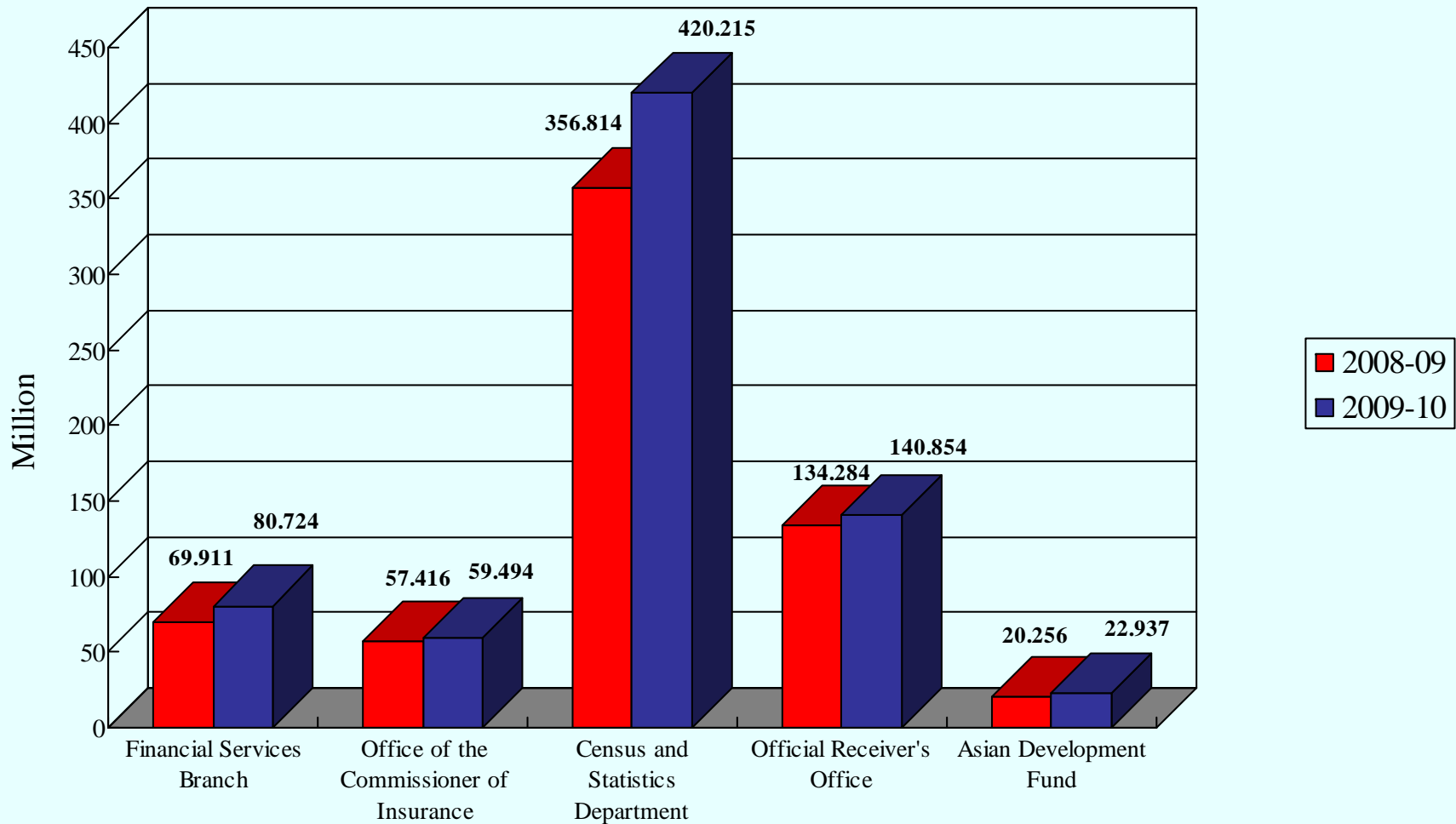
23 March 2009

2009-10 Financial Year Distribution of Funds among Financial Services Branch, departments under its purview and Asian Development Fund



**Total Allocation : \$724 million
(2008-09 : \$639 million)**

**Financial Services Branch, departments under its purview and
Asian Development Fund
(Comparison of Original Estimate 2008-09 and Estimate 2009-10)**



2009-10 Financial Year

Major Policy Initiatives of Financial Services Branch

- **Optimising the Supervisory Framework**

- Improve regulation and enhance investor protection in accordance with the Action Plan, with regard to certain problems of banks in conducting securities business

Initial phase : implement measures to improve the existing regulatory requirements, and provide better protection for investors

Next phase : review the regulatory framework and regulatory arrangements, implementation of which would require the enactment of primary legislation

Starting researches on the areas of review of the next phase in parallel

2009-10 Financial Year

Major Policy Initiatives of Financial Services Branch

- Promoting Market Development (1)
 - Facilitating the development of Islamic finance
 - Plan to introduce to the Legislative Council in the next financial year a proposal to amend or clarify the arrangements for stamp duty, profits tax and property tax under the Stamp Duty Ordinance and Inland Revenue Ordinance, with a view to providing a level playing field for Islamic financial products vis-a-vis conventional ones.

2009-10 Financial Year

Major Policy Initiatives of Financial Services Branch

- Promoting Market Development (2)

- Promoting the development of the local bond market

- To launch the "Government Bond Programme" so as to promote the further and sustainable development of the local bond market.
- Subject to the Legislative Council's approval for the relevant resolutions, sums raised under the Programme will not be treated as part of the fiscal reserves and will be managed separately.
- Market engagement is underway. A proposal will be submitted to the Legislative Council for consideration after the detailed features of the Programme have been hammered out.

2009-10 Financial Year Major Policy Initiatives of Financial Services Branch

- Promoting Market Development (3)
 - Rewrite of Companies Ordinance to
 - Facilitate the conduct of business
 - Enhance corporate governance
 - Encourage the use of information technology

2009-10 Financial Year

Major Policy Initiatives of Financial Services Branch

- Other Initiatives

- Review of Trustee Ordinance
- Revisit corporate rescue procedure
- Explore the setting up of policyholders' protection fund
- Co-ordinate and review the anti-money laundering and counter financing of terrorism preventive measures of financial institutions