

**Panel on Financial Affairs  
Meeting on 2 February 2009**

**List of follow-up actions**

**Briefing on the reports prepared by the Hong Kong Monetary Authority and the Securities and Futures Commission on the Lehman Brothers Minibonds incident**

1. *The Administration/ Hong Kong Monetary Authority (HKMA)* were invited to note some members' dissatisfaction that the Secretary for Financial Services and the Treasury, and the Chief Executive of the HKMA did not personally attend the Panel meeting for the briefing to receive views and to respond to questions from members on the two reports, in view of the importance of the reports to the review of the regulatory regime and investor protection framework applicable to the sale of structured financial products.
2. To address Mrs Regina IP's concern about the effectiveness of the existing regulatory regime for the securities regulator to take disciplinary actions against misconduct of financial institutions in the sale of structured financial products, *the Administration/Securities and Futures Commission (SFC)* were requested to provide the following information on Hong Kong and the United States for comparison:
  - (a) legal structures in the two jurisdictions (such as the regulatory bodies empowered to take enforcement actions and the powers conferred on these bodies); and
  - (b) sanctions/penalties (such as imposing fines or civil penalties, ordering compensation to investors) which the regulators could impose on financial institutions for their misconduct.
3. SFC was requested to provide the Panel with the report entitled "The Structure of Financial Supervision: Approaches and Challenges in a Global Marketplace" published by the Group of Thirty in October 2008.

**Briefing on the work of the Hong Kong Monetary Authority**

4. To address Members' concern regarding the publicity of details on the coverage of the full deposit guarantee scheme, *HKMA* was requested to provide the Panel with a copy of the circular entitled "Representation on Eligible Deposits by Authorized Institutions (AIs) – A Guideline issued by the Monetary Authority under Section 7(3) of the Banking Ordinance" issued to AIs.