立法會
Legislative Council

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Report of the Panel on Financial Affairs
for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Financial Affairs from October 2008 to end June 2009. It will be tabled at the meeting of the Legislative Council (LegCo) on 8 July 2009 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining government policies and issues of public concern relating to financial and finance matters. The terms of reference of the Panel are in **Appendix I.**

3. For the 2008-2009 session, the Panel comprises 19 members, with Hon CHAN Kam-lam and Hon Ronny TONG elected as Chairman and Deputy Chairman respectively. The membership list of the Panel is in **Appendix II**.

Major work

4. During the 2008-2009 session, the Panel continued to provide a forum for LegCo Members to exchange views with the Financial Secretary (FS) on matters relating to Hong Kong's macro-economic situation. The Panel also received briefings by the Chief Executive of the Hong Kong Monetary Authority (CE/HKMA) on the work of HKMA. Issues related to banking services and the regulatory framework for securities and futures received special attention following the global financial tsunami.

Hong Kong's macro economy

5. The Panel was keenly concerned about the challenges facing Hong Kong arising from the global financial crisis triggered by the sub-prime crisis in the United States (US). Following a contraction of 2.6% in the fourth quarter of 2008, real Gross Domestic Product registered a sharp year-on-year decline of 7.8% in the first quarter of 2009. This marked the largest decline since the third quarter of 1998 when the economy was severely battered by the Asian Financial Crisis. Export of goods and services and domestic demand declined significantly amid the difficult global economic climate. The Panel expressed much concern about the impact of the global financial crisis on Hong Kong's economy and the need of devising effective measures to stabilize and revive the economy. The Panel noted that FS announced a number of additional relief measures on 26 May 2009 to counter the financial crisis, help the people of Hong Kong to tide over difficulties and to prepare for economic recovery. While welcoming the additional relief measures in general, some members were concerned that these measures might not be able to assist those most hard hit by the economic downturn, i.e. the unemployed and the low-income group. Members therefore put forward various suggestions to provide immediate assistance to the needy for the consideration of the Administration.

Employment

6. The economic downturn had significant impact on the labour market, and the unemployment rate rose to 5.2% in the first quarter of 2009. Responding to Panel members' concerns about Government measures to create job opportunities to improve the employment situation, the Government confirmed that unemployment was one of the priority areas which it would have to tackle. Members called on the Government to create new temporary jobs in the public sector and provide subsidies to the private sector enterprises to employ more staff as well as to refrain from laying off staff. In addition to speeding up public sector works including major infrastructure projects, the Government assured members that it would explore measures to revive the economy and create job opportunities.

Assistance to small and medium-sized enterprises

7. Panel members were concerned about the liquidity problem faced by small and medium-sized enterprises (SMEs). Notwithstanding the enhancement to the SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme for SMEs introduced by the Government in late 2008, Panel members highlighted that banks' response to the loan guarantee was less forthcoming than envisaged. Members were concerned that SMEs might not benefit from the enhancements to the SME funding schemes if banks did not relax their credit policy accordingly. The Panel noted that according to the information provided by HKMA, over 35 banks had joined the two loan guarantee schemes as participating institutions. As at 1 May 2009, around 8 000 applications had been approved, involving a total loan amount of over HK$16 billion. The Panel also noted that as part of the additional relief measures announced by the Administration on 26 May 2009, the application period for loans under the

Special Loan Guarantee Scheme for SMEs would be extended until the end of 2009, and the Government's loan guarantee ratio would be increased from 70% to 80% of the loans granted. Panel members called on the Administration to liaise with the banking sector and facilitate the granting of loans to SMEs under the loan guarantee schemes.

Consumer price and spending

8. The Panel was concerned about the impact of the increased price of basic foodstuffs in 2008 on the livelihood of the middle and lower-income groups. The Panel noted that the Government would explore different importing sources to increase the supply of food and stabilize the retail price. The Administration also advised that the prices of commodities, fuel and foodstuff were expected to drop as a result of the economic downturn in the exporting countries. In view of the economic downturn, some members suggested the Government consider providing shopping vouchers to encourage consumer spending and to boost the economy.

<u>Monetary Affairs</u>

The Exchange Fund

9. The Panel continued to monitor the investment and management of the Exchange Fund (EF) and noted that the accumulated surplus of EF had decreased from HK$583.6 billion in end March 2008 to HK$437.1 billion in end March 2009. Despite the 5.6% investment loss of EF in 2008 under the global financial crisis, the HK$531.4 billion fiscal reserves placed with EF still received a stable return of HK$46.4 billion under the fixed rate fee payment arrangement. The fixed rate of fee payment to Treasury for 2008 and 2009 were 9.4% and 6.8% respectively. Responding to some members' concern whether the investment performance of EF was comparable to those of similar public funds in overseas jurisdictions, HKMA advised that the loss of 5.6% was relatively low compared with other public funds, a number of which had recorded double-digit negative rate of return in the same period.

10. The Panel noted that although EF recorded a loss of $33.5 billion in the first quarter of 2009, it had then recovered the entire amount of such loss as financial markets around the world had rebounded since the beginning of the second quarter of 2009. Members also noted HKMA's advice that the financial markets around the world remained extremely volatile in the current environment of global recession and given the fact that the financial systems in US and Europe were still not yet functioning normally.

Currency stability

11. The Panel noted that Hong Kong Dollar had stayed close to the strong-side Convertibility Undertaking (CU) level of 7.75 Hong Kong Dollar to one US Dollar since the end of 2008, and the strong-side CU had been triggered a number of times since late March 2009. Given the weakening US Dollar under the global financial crisis, some members were of the view that the long-term suitability of the US Dollar

as the anchoring currency under the Link Exchange Rate (LER) System might have to be reviewed. Consideration could be given to adopting a more flexible exchange rate policy and pegging Hong Kong Dollar to a basket of other currencies. In response, the Administration reaffirmed its policy stance that the existing LER System provided Hong Kong with a firm monetary anchor and had served Hong Kong well since 1983. The Administration had no plan to change or abandon it.

Banking stability

12. The Panel noted that the banking system of Hong Kong remained sound and robust despite the once-in-a-century global financial crisis. Banks remained well capitalized and highly liquid, and loan quality remained at comfortable levels, although signs of deterioration continued to be observed. The ratio of overdue and rescheduled loans rose to 0.68% in the fourth quarter of 2008 from 0.55% in the third quarter of 2008. HKMA assured members that it would continue to monitor banks' asset quality and review their risk management systems.

13. The Panel also examined the introduction of two new measures to safeguard banking stability in Hong Kong, i.e. temporary full deposit protection guarantee and Contingent Bank Capital Facility. Members noted that these two measures were precautionary and pre-emptive, and would remain in force until the end of 2010 when a decision would be taken in the light of international financial conditions on whether they should be extended. Responding to members' concern about moral hazards involved and the impact of the cessation of the full deposit protection in 2010, HKMA advised that it would liaise with the relevant authorities in other jurisdictions which had imposed similar measures until 2010 to devise a feasible approach broadly in line with international practice for lifting the temporary full deposit protection after 2010.

14. The Panel attached great importance to a healthy and properly regulated banking sector in Hong Kong. Members exchanged views with the consultant of HKMA on his report on review of HKMA's work on banking stability and noted his overall conclusion that "no fundamental deficiencies in the regulatory and supervisory framework or process had been identified". The Panel noted the consultant's recommendation that the relationship between HKMA and the Securities and Futures Commission (SFC) be reviewed and their respective roles and approach be clarified. Some members asked whether Hong Kong should adopt a single-regulator model similar to that in the United Kingdom (UK). They noted the consultant's advice that the regulatory model in the UK did not perform particularly well in the recent crisis in the UK banking system, and any change to the existing regulatory structure should be put in place after detailed study.

15. The Panel also examined the recommendations of the Hong Kong Deposit Protection Board (HKDPB) in the consultation paper published on 27 April 2009 for increasing the protection limit from $100,000 to $500,000 and bringing secured deposits related to banking and financial services under protection. Members supported in general the increase in protection limit and extension in coverage of the deposit protection. They nevertheless called on HKDPB to decide on the optimal protection limit having regard to the percentage of deposits and depositors covered

and the effect of account-splitting behaviour of depositors.

The remuneration of senior executives of HKMA and appointment of the Monetary Authority (MA)

16. Noting the upward pay adjustment of its staff, notably CE/HKMA, in HKMA's 2008 Annual Report, members were concerned about the remuneration policies and adjustment mechanism for HKMA's senior executives. The Panel discussed the subject with FS and the Chairman of the Governance Sub-Committee of the Exchange Fund Advisory Committee. The Panel sought information and gave views on the benchmark for determination of remuneration levels and adjustments for the senior executives of HKMA. Noting that the incumbent MA, Mr Joseph YAM, would step down from the post on 1 October 2009, members expressed concern about the selection exercise for his successor. The Panel noted that the Government was in the final stages of identifying Mr YAM's replacement, and that an announcement would be made after a final decision on Mr YAM's successor was taken. In this connection, the Panel sought information and exchanged views with FS on the mechanism and procedures for appointment of MA. Noting that section 5A of the Exchange Fund Ordinance (Cap. 66) empowered FS to appoint MA and set his terms and conditions of employment, some members were concerned about the lack of transparency and objective criteria for the selection exercise, and considered that the Government should conduct an open recruitment for the post.

<u>Banking services</u>

17. The Panel continued to follow up the discussion about measures to facilitate public access to basic banking services with the Hong Kong Association of Banks (HKAB), the Consumer Council, HKMA and the Administration. One of members' main concerns was the closure of bank branches, and whether non-branch channels such as Automated Teller Machines (ATMs) and e-banking could cater for the needs of elderly and other underprivileged customers. The Panel discussed the effectiveness of various improvement initiatives taken by the banking industry, such as additional retail outlets providing cash withdrawal service, setting up more bank branches and ATMs in public housing estates and the progress of the community-wide education campaign on the use of ATMs.

<u>Securities and futures</u>

Issues arising from the Lehman Brothers-related Minibonds

18. Following the bankruptcy of the Lehman Brothers Holdings Inc. in September 2008, a large number of panicking investors in Hong Kong who feared substantial or total loss on their Lehman Brothers-related Minibonds and structured financial products had lodged complaints against the conduct of sale of these products by retail banks and brokerage firms. There were also grave public concern about the regulatory oversight over the sale of complex and high risk structured financial products to retail investors. Whilst a subcommittee had been formed under the House Committee to study issues arising from Lehman Brothers-related Minibonds

and structured financial products, the Panel monitored the overall position of complaint investigation of Lehman Brothers-related Minibonds and measures to assist the affected investors to recover their money. The Panel noted that up to 14 May 2009, HKMA had received 20 960 complaints and the vast majority had gone through preliminary assessment. A total of 449 cases involving 16 banks had been referred to SFC. Members were concerned about the slow progress of the complaint handling and investigation, and urged HKMA and SFC to deploy additional manpower resources to expedite the work.

19. The Panel noted from the press reports in early December 2008 that the Government's proposal for distributor banks to buy back the Lehman Brothers-related Minibonds from retail investors at their estimated market value (the "buy-back" proposal) might have to be deferred or abandoned due to the legal challenge faced by the Lehman Minibonds' Trustees. The Panel followed up with the Government, HKAB and the Lehman Minibonds Trustees on the latest state of play of the "buy-back" proposal. Panel members expressed concern about the determination of the market value of the Minibonds in the light of the claim of the Lehman's legal counsel in the US in respect of the right of priority over the realized proceeds of the underlying collaterals for the Minibonds. They were also concerned about the alternative measures to assist the affected investors if the "buy-back" proposal could not proceed as planned due to the legal uncertainties. The Panel noted that in addition to voluntary settlements worked out between banks and individual investors, the Consumer Council had deployed staff to help the relevant banks in reaching a settlement with the complainants. Investors might also consider seeking compensation through legal proceedings. On the other hand, for obvious case of mis-selling, the Consumer Council was considering using the Consumer Legal Action Fund to instigate proceedings against the banks.

20. The Panel received briefing on the reports prepared by HKMA and SFC on the Lehman Brothers Minibonds incident, which was submitted to FS on 31 December 2008 and released to the public on 8 January 2009. The Panel noted the major findings and recommendations in the reports and the action plan of the Financial Services and the Treasury Bureau for the review requested by FS. Some members expressed 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. There were also concerns about the extensive impact of the Lehman Minibonds incident on retail investors in Hong Kong compared with overseas jurisdictions, and the circumstances specific to Hong Kong leading to the large number of retail investors investing in Lehman Brothers-related Minibonds.

The Securities and Futures Commission

21. The Panel was briefed on SFC's revised estimates for 2008-2009 and its Budget for 2009-2010. Noting that SFC's reserve would amount to $4.98 billion by the end of March in 2009, which was 6.4 times its approved operating expenditure, some members urged SFC to consider reducing the levies on securities and futures trading. The Administration/SFC pointed out that in view of market volatilities and

the expected increase in resources to address challenges in various regulatory issues, a reduction in levies should not be pursued for the time being.

22. Noting the large number of complaints relating to the Lehman Brothers-related Minibonds and structured financial products, some members sought information on the additional manpower resources in SFC's 2009-2010 budget for complaint handling work. Members stressed that SFC should make every effort to expedite the complaint handling and investigation process to meet public expectations. The Panel noted that the workload of the Enforcement Division of SFC had increased by about 40% in 2008 and the manpower resources had been fully stretched to cope with such increase. SFC had worked out the manpower plan in the 2009-2010 Budget based on the estimated requirements in the medium and longer-term. SFC would keep its manpower provision under review and arrange to seek provisions for additional manpower resources, where necessary.

Investor protection

23. The Panel continued to monitor issues of public concern relating to investor protection under the existing regulatory framework for the securities market. In this connection, some members were concerned whether the existing regulatory framework could provide adequate protection to minority shareholders and to ensure fairness of the privatization process. They were concerned whether SFC would seek to intervene in the court proceedings in respect of a privatization proposal, if there was prima facie evidence of "share splitting" and/or voting irregularities in the voting on the scheme of arrangement, as well as the timeliness of such intervention.

24. The Panel noted the Administration's advice that Hong Kong had imposed more stringent requirements on privatization of listed companies compared with other jurisdictions. SFC was empowered under the Securities and Futures Ordinance (Cap. 571) to investigate into alleged malpractice and manipulation in the privatization of listed companies, and to intervene in the court hearing in order to ensure a fair and level playing field in the securities market and protect the interest of investors. As regards some members' concern about the timely disclosure of significant investment losses and financial position of the listed companies, SFC advised that listed issuers had to comply with general disclosure requirements under the Listing Rules.

25. In view of investors' concern about the value of a couple of series of Octave Notes, a credit-linked note (CLN) arranged by Morgan Stanley & Co. International Limited (MS), the Panel examined the regulation of credit-linked products and actions taken by regulators to follow up on complaints in relation to Octave Notes. The Panel noted that issuers of CLNs were required to make sufficient disclosure of product features and associated risks in the offer documentation to enable investors to assess whether the product was suitable for them to invest in. Intermediaries selling or recommending CLNs to investors were required to conduct a suitability assessment of the investment for each investor, and to ensure that adequate risk disclosure was made during the selling process. Some members were concerned that the offer documentations were voluminous and complicated for an average retail investor to

understand. They considered that adequate risk disclosure should be made in the marketing materials. Some members were concerned about the explanation of product features and risk disclosure by the intermediaries in the selling process. They urged HKMA to conduct thematic on-site examinations on the conduct of sale of Octave Notes by banks for timely identification of any misconduct or breaches of the relevant regulatory requirements in the selling process.

Issues related to the proposed extension of the "black out" period

26. The Panel had noted the strong views of a large number of stakeholders to the proposed extension of the "black out" period (which would prohibit directors from dealing with their listed issuer's securities during the period between the issuer's financial year/period end date and the date on which the issuer publishes the relevant results announcement) with effect from 1 January 2009. Some members expressed grave concern that the proposed extension would excessively lengthen the period during which directors were prohibited from dealing in securities, and would adversely affect the position of Hong Kong as an international financial centre as it would deter companies from listing in Hong Kong. These members questioned whether stakeholders had been thoroughly consulted on the proposed extension and requested its implementation be put on hold pending further consultation.

27. On the other hand, some members were of the view that the proposed extension had been finalized after proper consultation, taking into consideration the views of respondents on its pros and cons. They considered that the extension of the "black out" period would enhance investor confidence of a level playing field by building in more safeguards against abuse by directors of price sensitive information in the dealing of securities, before the public announcement of information at financial year/period ends.

28. On 30 December 2008, the Panel passed a motion requesting the Hong Kong Exchanges and Clearing Limited (HKEx) not to implement the proposal as scheduled on 1 January 2009 and to launch a six-month consultation on the issue afresh. The Panel subsequently noted the decision of the Listing Committee of HKEx in end December 2008 to defer implementation of the proposed extension until 1 April 2009. The Listing Committee of HKEx decided in February 2009 to modify the "black out" proposal. Under the modified proposal, the “black out” period applicable to the publication of an issuer's annual financial results would be extended from one month to 60 days; and that for half year and other interim periods would be 30 days. While a number of members supported the modified proposal, some members were concerned that the Listing Committee had yielded to the pressure of SFC or the Government in modifying the "black out" proposal. These members considered the backtracking of the Listing Committee on the original "black out" proposal had reduced the integrity and credibility of the Hong Kong stock market. The Panel noted the advice of HKEx that in re-consideration of the "black out" proposal, the Listing Committee focused on reaching a consensus option to address the issues of enhancing disclosure and perception of a level playing field in the market.

Government Bond Programme

29. The Panel examined the proposed Government Bond Programme (GBP) announced in the 2009-2010 Budget, and the two proposed resolutions for the implementation of the programme, i.e. one under section 3 of the Loans Ordinance (Cap. 61) to authorize the Government to borrow up to the proposed limit of HK$100 billion, and another under section 29 of the Public Finance Ordinance (Cap. 2) (PFO) to set up a fund for the purpose of managing sums raised under GBP (the Bond Fund). The Panel noted that the purpose of GBP was to promote the further and sustainable development of the Hong Kong bond market. The sums raised would be credited to the Bond Fund, which would not be treated as part of the fiscal reserves and would be managed separately. HKMA would be tasked to manage the Bond Fund, and the same fixed rate fee payment arrangement for investment income applicable to the fiscal reserves would apply to the Bond Fund.

30. Members supported in principle the initiative to develop the bond market of Hong Kong. Nevertheless, some members expressed concern about the considerations for the launch of GBP, and sought information on the offering mechanism, the indicative yields, the types of bonds to be issued and the proportion of institutional and retail tranches of the bond under GBP. There were also concerns about the investment strategy for the Bond Fund, the appropriateness of placing the proceeds raised under GBP with EF for investment, and whether the investment returns of the Bond Fund could meet the financial obligations of bond issues. Some members were concerned whether the sums raised under GBP could also be used to finance major infrastructure projects.

Rewrite of the Companies Ordinance

31. The Panel continued to monitor the progress of the exercise to rewrite the Companies Ordinance (Cap. 32) (CO). The Panel noted that the Administration had conducted three topical public consultations in 2007 and 2008 to gauge views on certain complex issues and that the Administration would take into account public feedback in preparing a draft Companies Bill for public consultation in the fourth quarter of 2009. Noting that the Administration planned to introduce the new Companies Bill into LegCo around October 2010, some members expressed concern that there might not be sufficient time for LegCo to complete scrutiny of the Bill before the end of the current term in 2012. They called on the Administration to expedite the drafting of the Bill.

32. The Panel also considered the Administration's proposal to amend CO, ahead of the rewrite, to provide for electronic incorporation and filing of documents and other technical amendments. The proposal mainly aimed to tie in with the implementation of Phase II of the Integrated Companies Registry Information System, which was expected to come on stream in late 2010/early 2011. The Panel noted that the Administration was drafting legislative amendments in respect of the proposals with a view to introducing them through Companies (Amendment) Bill 2009 and Business Registration (Amendment) Bill 2009 in the last quarter of 2009.

Legislative proposal to enhance the anti-money laundering regulatory regime

33. The Panel examined the broad framework of the legislative proposal to enhance the anti-money laundering regulatory regime in respect of the financial sectors. The proposal aimed to address relevant deficiencies identified in the Mutual Evaluation conducted by the Financial Action Task Force on Hong Kong which was published in July 2008, inter alia, the lack of statutory backing and appropriate sanctions for customer due diligence (CDD) and record keeping requirements for financial institutions and the absence of a AML regime for remittance agents and money changers (RAMCs). The Panel noted that the Administration would conduct an industry consultation exercise to invite views on the proposal in early July 2009, and draw up detailed legislative proposals for a second-round industry consultation in late 2009 or early 2010. The Administration aimed to introduce the relevant bill into LegCo by the second quarter of 2010. While members appreciated the need to enhance the AML regime in line with the international practice, they were concerned about the impact of the new CDD and record-keeping requirements on financial institutions, in particular those small and medium-sized RAMCs. The Panel called on the Administration to formulate the legislative proposal with due regard to the views of the relevant market participants.

Mandatory Provident Fund system

Increasing employees' control over MPF investment

34. Responding to concerns about the need for greater employees' participation in the choice of MPF schemes and fund investment, the Administration and the Mandatory Provident Fund Schemes Authority (MPFA) consulted the Panel on the proposed legislative amendments to allow an employee to transfer the accrued benefits derived from the employee's mandatory contributions from the MPF scheme elected by the employer to a scheme of his own choice at least once in a calendar year.

35. In examining the pros and cons of the proposal, some members expressed dissatisfaction about the proposal as it would not give the employees full control of their MPF investments. They considered that employees should be allowed to transfer all the accrued benefits derived from both the employer's and employee's mandatory contribution to MPF schemes of their own choice. Some other members supported the proposal and considered it a pragmatic approach which could balance the interests of different stakeholders. They considered that a fair and reasonable proposal should take into account both the demand of employees to increase control over their MPF benefits and right of employers to offset Severance Payment/Long Service Payment with the accrued benefits attributable to the employer's mandatory contributions.

36. Some members were concerned whether the intended purpose of driving down fees and charges of MPF funds could be achieved through the proposal. Concerns were also raised about the level of fees and charges for the transfers. To facilitate scheme members in checking of MPF accounts balance and monitoring of

their MPF accounts, some members suggested that consideration be given to setting up a passbook system or electronic card system by the scheme trustees.

Government's one-off injection into MPF accounts of eligible persons

37. The Panel monitored the progress of implementation of the Government's one-off injection of $6,000 into the MPF accounts of eligible persons. Members noted that as at 30 March 2009, over 1.3 million (93%) of a total of about 1.4 million eligible persons had received the injection into their MPF accounts. MPFA expected that the injection stage of the exercise would be completed by end April 2009. As there were press reports about cases of ineligible persons receiving the injection, some Panel members expressed concern that under the assessment methodology adopted by MPFA, some individuals might have been considered eligible for the injection even though their average monthly income in the one-year period had exceeded $10,000. As regards the concern about the arrangements to handle request for review, the Panel noted MPFA's advice on the procedures for handling request for review of eligibility and the appeal mechanism in place.

2011 Population Census

38. The Panel received a briefing on the plan for the 2011 Population Census, including the sampling scheme, data collection approach, data topics to be covered and the funding requirements for the computer system and services. Members noted that a multi-modal data collection approach would be adopted, introducing electronic means for both the simple enumeration (the short form) and the detailed enumeration, and postal return for the short form, in addition to conventional face-to-face interviews. On the data topics to be covered, members urged the Administration to consider collecting more information on Hong Kong residents residing mostly in places outside Hong Kong and on the underprivileged groups. The Administration advised that surveys on special topics would be conducted to collect information on specific population sub-groups, instead of through the large scale population censuses.

Other issues

39. The Panel also examined other proposals from the Administration, including the proposal to extend the network of agreements for avoidance of double taxation; technical amendments under the proposed Inland Revenue (Amendment) (No. 2) Bill 2009; proposed expansion of outsourcing scheme on bankruptcy cases; and funding proposal for Hong Kong's contribution to the Asian Development Fund.

40. From October 2008 to end June 2009, the Panel held a total of 18 meetings.

Council Business Division 1
Legislative Council Secretariat
26 June 2009

Appendix I

Legislative Council

Panel on Financial Affairs

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to financial and finance matters.

2. To provide a forum for the exchange and dissemination of views on the above policy matters.

3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.

4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.

5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Appendix II

Legislative Council
Panel on Financial Affairs

Membership list for 2008 - 2009 session

Chairman	Hon CHAN Kam-lam, SBS, JP
Deputy Chairman	Hon Ronny TONG Ka-wah, SC
Members	Hon Albert HO Chun-yan Dr Hon David LI Kwok-po, GBM, GBS, JP Hon James TO Kun-sun Dr Hon Philip WONG Yu-hong, GBS Hon Emily LAU Wai-hing, JP Hon Abraham SHEK Lai-him, SBS, JP Hon Vincent FANG kang, SBS, JP (since 21 November 2008) Hon Jeffrey LAM Kin-fung, SBS, JP Hon Andrew LEUNG Kwan-yuen, SBS, JP Hon WONG Ting-kwong, BBS, JP Hon CHIM Pui-chung Hon KAM Nai-wai, MH Hon Starry LEE Wai-king Hon Paul CHAN Mo-po, MH, JP Hon CHAN Kin-por, JP Hon CHAN Tanya Hon Mrs Regina IP LAU Suk-yee, GBS, JP (since 18 December 2008)
	(Total： 19 members)
Clerk	Ms Rosalind MA
Legal Adviser	Mr KAU Kin-wah
Date	2 July 2009