

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 148 – GOVERNMENT SECRETARIAT:
FINANCIAL SERVICES AND THE TREASURY BUREAU
(FINANCIAL SERVICES BRANCH)**

Subhead 003 Recoverable salaries and allowances (General)

HEAD 46 – GENERAL EXPENSES OF THE CIVIL SERVICE

**Subhead 006 Recoverable salaries and allowances
(Companies Registry Trading Fund)**

Members are invited to recommend to Finance Committee the retention of the following supernumerary posts –

*Financial Services and the Treasury Bureau
(Financial Services Branch)*

1 Administrative Officer Staff Grade B
(D3) (\$135,025 - \$147,375)

for a period of 16 months, from 1 April 2011 to 31 July 2012

1 Administrative Officer Staff Grade C
(D2) (\$116,100 - \$126,985)

for a period of about 33 months, from 9 October 2010 to 30 June 2013

Companies Registry

1 Deputy Principal Solicitor/non-civil service
position at DL2-equivalent
(DL2) (\$116,100 - \$126,985)

for a period of about 33 months, from 16 October 2010 to 30 June 2013

/PROBLEM

PROBLEM

The existing posts of an Administrative Officer Staff Grade B (AOSGB) (D3) and an Administrative Officer Staff Grade C (AOSGC) (D2) in the Financial Services Branch (FSB) of the Financial Services and the Treasury Bureau and a Deputy Principal Solicitor (DPS)/non-civil service position at DL2-equivalent (DL2) in the Companies Registry (CR) to take forward the rewrite of the Companies Ordinance (CO) (Cap. 32) will lapse on 1 April 2011, 9 October 2010 and 16 October 2010 respectively. Retention of the posts is required to provide adequate directorate support for FSB and CR to complete the current exercise to rewrite the CO and to take forward two other legislative exercises, namely the introduction of a statutory corporate rescue procedure and the reform of the Trustee Ordinance (TO) (Cap. 29) and Perpetuities and Accumulations Ordinance (PAO) (Cap. 257).

PROPOSAL

2. We propose to retain the following three supernumerary posts to cope with the additional workload arising from the rewrite of the CO and other reviews –

- (a) one post of AOSGB (D3) and one post of AOSGC (D2) for a period of 16 months (from 1 April 2011 to 31 July 2012) and about 33 months (from 9 October 2010 to 30 June 2013) respectively in the FSB; and
- (b) one post of DPS (DL2)/non-civil service position at DL2-equivalent for a period of about 33 months (from 16 October 2010 to 30 June 2013) in the CR.

JUSTIFICATION**Companies Ordinance Rewrite**

3. In mid-2006, we launched a major exercise to rewrite the CO with a view to enhancing Hong Kong's status, competitiveness and attraction as a major international business and financial centre.

4. In view of the extensive nature of the rewrite exercise, we have adopted a phased approach by tackling the core company provisions which affect the daily operation of live companies in Hong Kong in the first phase. The winding-up and insolvency-related provisions, which are mainly administered by the Official Receiver's Office, will be reviewed in Phase Two of the rewrite exercise. Those parts of the CO concerning prospectuses will be dealt with in a separate review by the Securities and Futures Commission (SFC).

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5. We consider it important to take into account the views of stakeholders and the general public in the process of the rewrite. In this connection, we have benefited from the advice of the Standing Committee on Company Law Reform (SCCLR), as well as that of five dedicated Working Group/Advisory Groups¹. The Legislative Council (LegCo) Panel on Financial Affairs has been briefed on the progress of the exercise on different occasions.

6. We conducted three public consultations in 2007 and 2008 to invite views on issues relating to a number of complex subjects². The final proposals have been incorporated into draft clauses of the Companies Bill (CB) for further consultation. Given that the draft CB is lengthy, we are conducting the public consultation in two phases. The first phase was launched on 17 December 2009 and ended on 16 March 2010. The second phase three-month consultation covering the other half of the CB will be launched in late April 2010. Taking into account the comments received during the consultations, we will fine-tune the CB with a view to introducing it into LegCo by end 2010. If it is enacted by July 2012, a number of subsidiary legislation will have to be drafted and passed in the 2012-13 legislative year before the CB can come into operation.

7. Meanwhile, in order to tie in with the launch of the CR's services for electronic incorporation of companies and filing of documents in early 2011, we introduced the Companies (Amendment) Bill 2010 into LegCo in February 2010. The Bill, together with the Business Registration (Amendment) Bill 2010 which aims to facilitate the provision of one-stop service for company incorporation and business registration, is currently being studied by a Bills Committee.

Review of the Trustee Ordinance

8. Since early 2008, we have been reviewing the trust law regime in Hong Kong, mainly to amend and modernise the TO and PAO to provide a better framework for the operation of trusts in Hong Kong. The TO has not been substantially reviewed since its enactment in 1934. Some of its provisions, especially those concerning trustees' powers, are outdated. The PAO contains complex and outdated rules regarding perpetuities and accumulations of income. Other comparable common law jurisdictions, such as the United Kingdom and Singapore, have reformed their trust law in recent years.

/9.

¹ These include the Joint Government/Hong Kong Institute of Certified Public Accountants Working Group to review the accounting and auditing provisions of the CO and four Advisory Groups comprised representatives from relevant professional and business organisations, government departments, regulatory bodies, academics and members of the SCCLR.

² The subjects include:
(a) accounting and auditing provisions;
(b) company names, directors' duties, corporate directorship and registration of charges; and
(c) share capital, capital maintenance regime and court-free merger procedure.

9. Modernising our trust law will strengthen the competitiveness and attractiveness of our trust services industry. It will encourage more local and overseas settlors to choose Hong Kong law as the governing law for their trusts and to administer their trusts in Hong Kong. A modern and user-friendly TO will benefit the settlors, trustees and beneficiaries by providing more clarity and certainty in law. It will also provide all modern powers necessary for the efficient management of trusts.

10. We conducted a three-month public consultation on proposals to modernise the TO from June to September 2009. We briefed the LegCo Panel on Financial Affairs on the consultation conclusions in March 2010. We plan to introduce relevant legislative amendments into LegCo in 2011.

Corporate Rescue

11. In response to the global financial crisis and the likely increase in companies facing financial difficulty, the Government adopted the recommendation made by the Task Force on Economic Challenges in January 2009 to advance the review of the introduction of a corporate rescue procedure to facilitate companies with viable long-term business prospects, but in short term financial difficulty, to turn around or restructure.

12. We conducted a three-month public consultation on the review of legislative proposals on corporate rescue procedure from October 2009 to January 2010. We received over 50 submissions and are analysing the responses with a view to issuing the consultation conclusions in mid-2010. We aim to brief the LegCo Panel on Financial Affairs shortly thereafter. Pending the outcome of the review, we plan to introduce the relevant Bill into LegCo in 2011.

The need to retain three supernumerary directorate posts

13. With LegCo support, a dedicated Companies Bill Team (CBT) was formed in mid-2006 to take forward the rewrite of the CO. The CBT has two integrated Policy and Legal Research Divisions. Each division comprises one AOSGC plus one DPS/non-civil service position at DL2-equivalent. The organisation chart of the CBT is at Enclosure 1.

Encl. 1

14. A total of three supernumerary directorate posts/non-civil service directorate position have been created in the CBT. These posts are due to lapse from October 2010 to April 2011. We have critically reviewed the need for retaining these posts upon their expiry and see the need for retaining them for a

/further

further 16 to about 33 months. Detailed justifications for the individual directorate posts are set out in paragraphs 15 to 32 below.

Retention of one supernumerary post of AOSGB in the FSB

15. The supernumerary AOSGB post (i.e. Deputy Secretary (Financial Services)3 (DS(FS)3)) in the FSB will lapse on 1 April 2011. DS(FS)3 is the head of the CBT and is responsible for spearheading the rewrite exercise, providing high level policy steer and management of this large-scale project. The CB is a major and complex piece of draft legislation and will have wide-reaching implications for a broad spectrum of stakeholders, including over 770 000 companies. It is expected that Bill will be subject to intensive scrutiny by a Bills Committee after being introduced into LegCo by the end of 2010. There is a need to keep the CBT to assist LegCo in scrutinising the Bill. It is essential for the CBT to continue to be headed by a senior directorate officer pitched at the rank of AOSGB, who can provide sufficiently high level policy input.

16. At the same time, DS(FS)3 is leading the two other legislative exercises outlined above, namely the reform of the TO and PAO and the introduction of a statutory corporate rescue procedure. We plan to introduce those two Bills into LegCo in the 2010-11 legislative year. In particular, the proposed corporate rescue procedure involves controversial and complex issues, including the treatment of outstanding employees' entitlements, introduction of insolvent trading provisions, and rights of creditors, etc. It is necessary to have a senior directorate officer at the rank of AOSGB to spearhead this exercise.

17. At present, there are two other Deputy Secretaries (Financial Services) in FSB, i.e. Deputy Secretary (Financial Services)1 (DS(FS)1) and Deputy Secretary (Financial Services)2 (DS(FS)2), in the FSB.

18. DS(FS)1 is mainly responsible for policy matters and legislation relating to securities and futures sector, banking sector and financial market development. Within these policy areas, there are a number of key initiatives currently underway. These include the proposed establishment of an Investor Education Council and a Financial Dispute Resolution Centre; proposed transfer of the public offering regime for structured products from the CO to the Securities and Futures Ordinance; the development of offshore Renminbi business, asset management industry, bond market, and Islamic finance; proposed statutory disclosure requirements for price sensitive information of listed companies; proposed enhancements to the Deposit Protection Scheme; and proposed operational model for implementing a scripless securities market in Hong Kong.

/DS(FS)1

DS(FS)1 also co-ordinates the formulation and implementation of policies and initiatives in relation to financial co-operation and integration between Hong Kong and the Mainland. In addition, he oversees co-ordination on follow-up work related to Hong Kong's participation in relevant international and regional financial fora including G20, Financial Stability Board, Asia-Pacific Economic Cooperation and Asian Development Bank, International Monetary Fund, and Organisation for Economic Co-operation and Development.

19. DS(FS)2 is mainly responsible for policy matters and legislation relating to the insurance and accountancy sectors, Mandatory Provident Fund (MPF) schemes and other retirement schemes, anti-money laundering in respect of the financial sectors, census and statistics, and insolvency administration. There are a number of key initiatives currently underway, including the proposed anti-money laundering legislation in respect of the financial sectors, proposed establishment of an independent Insurance Authority and a policyholders' protection fund; and planned implementation of the portability proposal to increase employees' control of their MPF investment.

20. The workload arising from these initiatives, in addition to on-going commitments such as liaison with the Hong Kong Monetary Authority, Official Receiver's Office, SFC and Financial Reporting Council, facilitation of Hong Kong's financial service suppliers to explore opportunities made available under the Mainland and Hong Kong Closer Economic Partnership Arrangement, etc., will already fully occupy the two DS(FS)s over the next few years. In view of this, it would be unrealistic for them to take on the CO rewrite, the reform of TO and PAO, and the introduction of a statutory corporate rescue procedure.

21. Given that high level policy input is required for the above three tasks, the complexity and the controversy involved, and that all the main legislations arising from the three tasks are expected to be passed no later than summer 2012, we propose to retain the supernumerary AOSGB post (i.e. DS(FS)3) in the FSB for a further period of 16 months till 31 July 2012 to serve as the head of the CBT and to take forward the CO rewrite, the TO/PAO reform and the introduction of a statutory corporate rescue procedure. The proposed job description of the post during the 16 months is at Enclosure 2.

Encl. 2

Retention of one supernumerary post of AOSGC in the FSB

22. As mentioned in paragraph 13 above, the CBT has two integrated Policy and Legal Research Divisions. Each of the divisions includes an AOSGC, who reports to and assists DS(FS)3 in the discharge of the functions under the CBT.

/With

With the CB to be introduced into LegCo by end 2010, we expect that the two teams will be heavily engaged in assisting LegCo's scrutiny of the CB. Also, according to our current planning, over 10 pieces of subsidiary legislation will be submitted to LegCo following passage of the CB. We will need a dedicated directorate officer pitched at the rank of AOSGC to provide support for the policy work and lead the preparation of the subsidiary legislation, to engage the stakeholders and conduct consultations, and to steer them through the legislature to ensure sufficient policy input is provided.

23. One of the AOSGC posts in the integrated Policy and Legal Research Divisions (i.e. Principal Assistant Secretary (Financial Services)6 (PAS(FS)6)) is a supernumerary post which will lapse on 9 October 2010. PAS(FS)6 is currently assisting DS(FS)3 with Bills Committee work for the Companies (Amendment) Bill 2010, whilst also being heavily involved in the reform of the TO and PAO mentioned in paragraphs 8 to 10 above by assisting DS(FS)3 in preparing the relevant legislative amendments for introduction into LegCo.

Encl. 3 24. At present, there are six Principal Assistant Secretaries (PAS(FS)s) in the FSB (excluding PAS(FS)6) overseeing different portfolios, including securities and futures, banking, insurance, accountancy, mandatory provident funds, and companies-related matters. Their existing job descriptions are set out in Enclosure 3. One of the PAS(FS)s, namely PAS(FS)4, is being partially deployed to one of the integrated Policy and Legal Research Divisions, apart from her other responsibilities covering insolvency policy and administration, accountancy sector policy and legislation, as well as legislative proposals on the corporate rescue procedure (mentioned in paragraphs 11 to 12 above), among others.

25. We have critically examined whether PAS(FS)4 or other PASs in the FSB can absorb the work of PAS(FS)6 upon its expiry. However, since the other PASs are already stretched to their limits given the workload arising from various new initiatives and numerous on-going commitments as highlighted in paragraphs 18 and 19 above, it is not viable to assign the work of PAS(FS)6 to another AOSGC in the FSB without adversely affecting the discharge of their current duties.

Encl. 4 26. We therefore propose to retain the supernumerary AOSGC post (PAS(FS)6) for about 33 months till 30 June 2013 so that he or she can see through the preparation and passage of the subsidiary legislation and for preparing for commencing the CB after its enactment. The proposed job description of the post during the 33 months is at Enclosure 4. The organisation chart of FSB is at Encl. 5 Enclosure 5.

/Retention

Retention of one supernumerary post of DPS/non-civil service position at DL2-equivalent in the CR

27. The legal research function in the CBT is a significant and essential part of the rewrite exercise. In this respect, the legal officers in each of the two divisions under the CBT have to be supervised by a DPS. The two DPSs report to the Registrar of Companies and DS(FS)3 in the discharge of their functions under the CBT. As mentioned in paragraph 22 above, we expect the two DPSs to be heavily involved when the CB is scrutinised by LegCo.

28. One of the DPSs in the CBT (i.e. DPS (Company Law Reform)2) is a supernumerary post of DPS/non-civil service position at DL2-equivalent and the post will lapse on 16 October 2010. It is currently filled by a non-civil service contract staff because there was no suitable candidate within the Solicitor Grade to fill the post.

29. At present, the CR has seven directorate officers, namely the Registrar of Companies (D4), Registry Manager (D2), Business Manager at the rank of Chief Treasury Accountant (D1), Registry Solicitor at the rank of DPS (DL2), Assistant Principal Solicitor (Legal Services) (DL1), DPS (Company Law Reform)1 (DL2) and DPS (Company Law Reform)2. DPS (Company Law Reform)1, in addition to serving as the Secretary to the SCCLR, has also been redeployed to take up the DPS post in one of the divisions in the CBT.

30. The posts of the Registry Manager and Business Manager do not require legal training and are not filled by legal professionals; hence, they cannot absorb the work of DPS (Company Law Reform)2 upon its expiry.

31. As regards the Registry Solicitor and Assistant Principal Solicitor, they are responsible for giving legal support to the Registrar of Companies and the CR staff as regards the daily operation and enforcement actions of the Registry. Both officers are also responsible for providing legal advice on policy matters, issues relating to licences granted to guarantee companies, company name complaints, restoration, deregistration and striking off of companies. Given their workload, it is impossible to absorb the work of DPS (Company Law Reform)2 by the two legally trained directorate officers in CR, without adversely affecting the operation of the CR.

32. Consequently, we propose to retain the supernumerary DPS post/non-civil service position at DL2-equivalent (DPS (Company Law Reform) 2)

in the CBT. After critically reviewing the anticipated workload, and the need for the DPS (Company Law Reform) 2 to brief relevant stakeholders after enactment of the new CB, including in particular the changes involved in the new capital regime in the CB, and to prepare guidelines, internally and externally, on the operation requirements and transitional arrangements after the CB is passed, we propose that the post be retained for about 33 months till 30 June 2013. The proposed job description of the post is at Enclosure 6. The organisation chart of CR is at Enclosure 7.

Encl. 6

Encl. 7

Non-directorate support

33. In addition to the five directorate posts (including two which are made available through re-deployment as mentioned in paragraphs 24 and 29 above), the CBT is currently supported by eight non-directorate officers, namely two Senior Administrative Officers, three Senior Solicitors, two Solicitors and one Administrative Officer³. Among these posts, one Senior Administrative Officer, two Senior Solicitors and one Solicitor are re-deployed from within the FSB or CR. The remaining four (i.e. one Senior Administrative Officer post, one non-civil service Senior Solicitor, one non-civil service Solicitor and one Administrative Officer post) are time-limited. In view of operational need, we have extended the terms of the non-civil service Senior Solicitor and Solicitor for 18⁴ and 24 months which will expire in March 2011 and September 2010 respectively.

34. We will, having regard to the actual workload and operational needs, decide whether the four time-limited posts/non-civil service positions need to be further retained. In any case, they will not be retained beyond the passage of all the subsidiary legislation (i.e. target by June 2013).

FINANCIAL IMPLICATIONS

35. The proposed retention of three supernumerary directorate posts will involve an amount of an additional notional annual mid-point salary of \$4,675,800 as follows –

/Rank

³ As stated in the ESC paper EC(2005-06)9, the CBT was supported by nine non-directorate officers in the beginning, with five met by re-deployment and four through creation of time-limited post/non-civil service positions. Some of these posts have lapsed and only seven are remaining currently. In addition to these posts, one Administrative Officer post was on loan from the Civil Service Bureau with effect from late June 2009 and part of its duties is related to the Companies Ordinance Rewrite. Starting from 1 April 2010, the time-limited post was created in FSB.

⁴ From the total manpower requirement perspective, the additional duration involved should just be two months since there is another Senior Solicitor post which was originally intended to be created for 36 months but it lapsed after 20 months upon the resignation of the post holder. Instead of recruiting a new Senior Solicitor, we have just retained the current Senior Solicitor for a longer period.

Rank	Notional Annual Mid-point Salary \$	Duration (months)	No. of posts
AOSGB (D3)	1,716,840	16	1
AOSGC (D2)	1,479,480	33	1
DPS (DL2)/ non-civil service position at DL2-equivalent	1,479,480	33	1
	4,675,800		3

The full annual average staff cost, including salaries and staff on-costs, is \$6,644,000.

36. As stated in the ESC paper EC(2005-06)9, the original total estimated cost of the rewrite exercise was about \$89 million to \$91 million and the cost is being met by the CR Trading Fund. As at February 2010, the actual cost was around \$63 million and we project the total actual cost for the relevant posts⁵ to be around \$72 million⁶ which is lower than the original estimate of \$89 million to \$91 million.

37. For the proposed retention of three supernumerary directorate posts, the estimated additional cost is about \$15 million. The cost is to be met by the CR Trading Fund, except for 25% of the staff cost of the AOSGB and the AOSGC which is to be absorbed by the FSB internally. This is because part of the duties of the AOSGB and the AOSGC is not related to the rewrite of the CO and hence it is outside the ambit of the CR Trading Fund to meet this portion of the requirements. The cost for the three directorate posts to be met by the CR Trading Fund is therefore around \$13 million. A summary table on directorate staffing requirements for the rewrite of the CO is at Enclosure 8.

Encl. 8

ESTABLISHMENT CHANGES

38. The establishment changes in the FSB and CR for the last two years are as follows –

/Establishment

⁵ The posts extension mentioned in this paper is not included.

⁶ The projection is based on the existing salary level and does not include any factor of salary adjustment.

Establishment (Note)	Number of posts		
	Existing (as at 1 April 2010)	As at 1 April 2009	As at 1 April 2008
FSB			
A	12 + (3)#	12 + (3)	12 + (2)
B	57	53	51
C	91	89	88
Total	160 + (3)	154 + (3)	151 + (2)
CR			
A	6#	6	6
B	30	29	29
C	253	254	254
Total	289	289	289

Note:

A - ranks in the directorate pay scale or equivalent

B - non-directorate ranks the maximum pay point of which is above MPS Point 33 or equivalent

C - non-directorate ranks the maximum pay point of which is at or below MPS Point 33 or equivalent

() number of supernumerary directorate post

as at 1 April 2010, there were no unfilled directorate posts in the FSB and CR

PUBLIC CONSULTATION

39. The LegCo Panel on Financial Affairs was consulted on 8 April 2010. Members supported the proposed retention of the three supernumerary posts. Some Members urged the Government to introduce the CB into LegCo as soon as possible so as to give sufficient time for LegCo to scrutinise the Bill.

CIVIL SERVICE BUREAU COMMENTS

40. The Civil Service Bureau supports the proposed retention of the three supernumerary directorate posts. The grading and ranking of the proposed posts are considered appropriate having regard to the level and scope of responsibilities required.

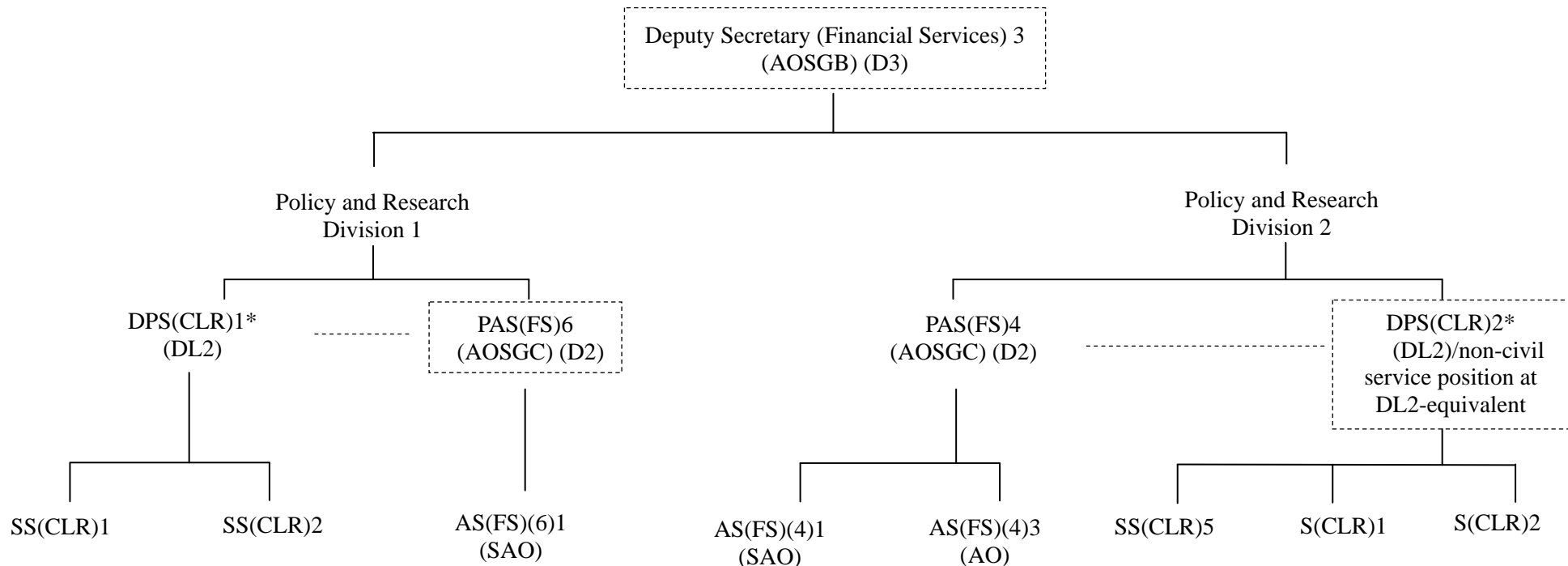
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ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

41. As the posts are proposed on a supernumerary basis, their retention, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Financial Services and the Treasury Bureau
April 2010

Organisation Chart of the Companies Bill Team



Legend:

 Supernumerary directorate posts/non-civil service directorate position at DL2-equivalent to be retained

AO Administrative Officer

AOSGB Administrative Officer Staff Grade B

AOSGC Administrative Officer Staff Grade C

AS(FS) Assistant Secretary for Financial Services and the Treasury (Financial Services)

DPS(CLR) Deputy Principal Solicitor (Company Law Reform)

PAS(FS) Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)

S(CLR) Solicitor (Company Law Reform)

SAO Senior Administrative Officer

SS(CLR) Senior Solicitor (Company Law Reform)

* The two DPSs report to the Registrar of Companies and the Deputy Secretary (Financial Services)3 in the discharge of their functions under the Companies Bill Team.

**Proposed Job Description
Deputy Secretary (Financial Services) 3**

Rank : Administrative Officer Staff Grade B (D3)

Responsible to : Permanent Secretary for Financial Services and
the Treasury (Financial Services) (PSFS)

Main Duties –

1. To oversee the work of the Companies Bill Team.
2. To lead the Administration's team in assisting the Legislative Council (LegCo) in scrutinising the Companies Bill (CB).
3. To lead the Administration's team in assisting the LegCo in scrutinising the Trust Law (Miscellaneous Amendments) Bill^{Note}.
4. To finalise corporate rescue legislative proposals and lead the Administration's team in assisting the LegCo in scrutinising the Corporate Rescue Bill^{Note}.
5. To provide policy input to matters that arise during the scrutiny of the CB, the Trust Law (Miscellaneous Amendments) Bill and the Corporate Rescue Bill by the LegCo.
6. To co-ordinate efforts among various government bureaux and departments, regulators, professional bodies and other key stakeholders in assisting the LegCo in scrutinising the CB, the Trust Law (Miscellaneous Amendments) Bill and the Corporate Rescue Bill.
7. To undertake any other tasks as assigned by PSFS.

^{Note} The title of the Bill is only tentative and may be subject to change.

**Duties and Responsibilities of
the Existing Principal Assistant Secretaries
(Financial Services) (PAS(FS)s)**

PAS(FS)1 is responsible for policy and matters relating to investor protection of the securities and futures markets. In addition, he/she provides policy input on supervision of intermediaries and of market operation, and deals with the housekeeping matters of the Securities and Futures Commission (SFC). He/She also co-ordinates the operation of the Securities and Futures Appeals Tribunal and the Market Misconduct Tribunal. He/she provides the secretariat support for the Process Review Panel (PRP) for SFC, and co-ordinates among the financial regulators on risk management matters.

2. PAS(FS)2 is responsible for listing related matters and liaison with the Hong Kong Exchanges and Clearing Limited. He/She is working on the proposed statutory disclosure requirements for price sensitive information of listed corporations, and the legislative proposals to transfer the offering regime for debentures in the form of structured products from the Companies Ordinance to the Securities and Futures Ordinance. He/She also oversees the development of commodities market in Hong Kong, and co-ordinates matters relating to financial co-operation with the Mainland, including implementation of the Mainland/Hong Kong Closer Economic Partnership Arrangement in the financial services sector.

3. PAS(FS)3 oversees policy and legislative matters over the insurance sector, the Mandatory Provident Fund (MPF) Schemes and the Occupational Retirement Schemes. The major projects coming on stream include the proposed establishment of an independent Insurance Authority and a policyholders' protection fund; and planned implementation of the portability proposal to increase employees' control of their MPF investment. He/she is also responsible for housekeeping matters of the Census and Statistics Department and providing support to the Council of Financial Regulators. Moreover, he/she is the secretary to the Advisory Committee on Human Resources Development in the Financial Services Sector.

4. PAS(FS)4 is partially deployed to one of the divisions in the Companies Bill Team to assist DS(FS)3 in taking forward the rewrite of the Companies Ordinance and corporate rescue review. Apart from those duties, he/she also assists DS(FS)2 in handling insolvency policy and administration,

/accounting

accounting sector policy and legislation and corporate governance of unlisted companies. He/She deals with housekeeping matters of the Official Receiver's Office and the Financial Reporting Council (FRC), and oversees the secretariat support for the PRP for FRC.

5. PAS(FS)5 is responsible for the review and maintenance of Banking Ordinance, and liaison with the Hong Kong Monetary Authority on banking, monetary and other related issues. He/She oversees policy matters and legislation concerning the Deposit Protection Scheme as well as those relating to bond market development, Islamic finance, and Renminbi business in Hong Kong. In addition, he/she co-ordinates input from financial services perspective in connection with Hong Kong's participation in relevant international and regional forums, including G20, Financial Stability Board, International Monetary Fund, Asia-Pacific Economic Cooperation, Asian Development Bank, and Organisation for Economic Co-operation and Development.

6. PAS(FS)7 serves as the Secretary to the Central Coordinating Committee on Anti-Money Laundering and Counter Financing of Terrorism chaired by the Financial Secretary. He/She co-ordinates the proposed anti-money laundering (AML) legislation in respect of the financial sectors to address the deficiencies identified in the Financial Action Task Force (FATF) mutual evaluation conducted in 2007. He/She also acts as the co-ordinator and liaison contact for Hong Kong's participation in and inputs to the discussions of the FATF and other international forums on AML/Counter Financing of Terrorism (CFT). In addition, he/she assists in overseeing the implementation of AML/CFT policies in Hong Kong.

Proposed Job Description
Principal Assistant Secretary (Financial Services) 6

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Secretary (Financial Services) 3 (DS(FS)3)

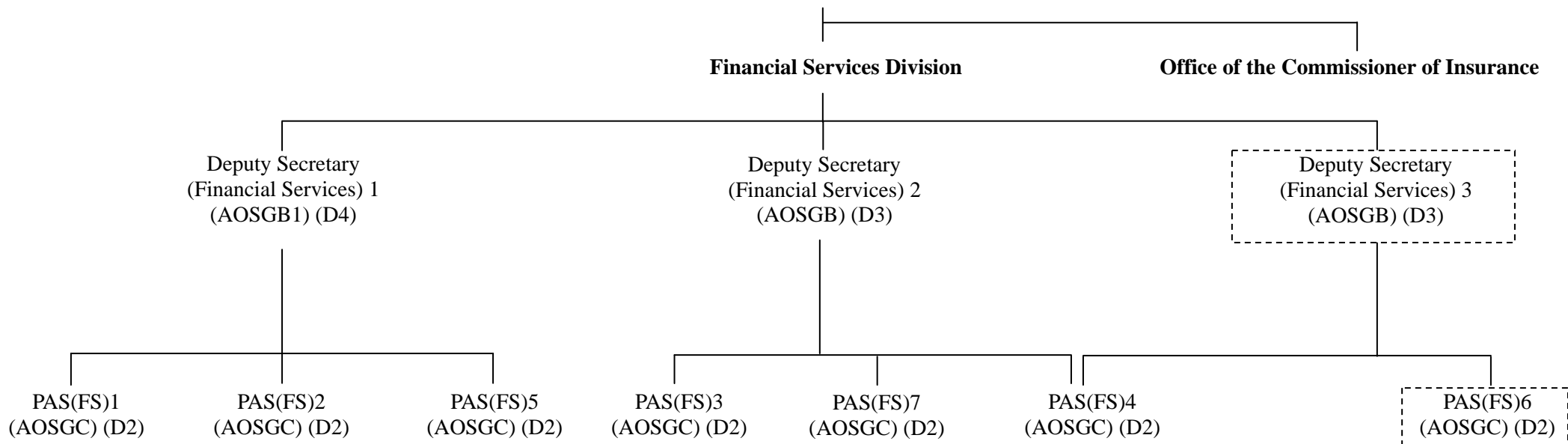
Main Duties –

1. To deal with policy matters relating to the rewrite of the Companies Ordinance.
2. To prepare draft Companies Bill (CB) submissions to the Executive Council (ExCo) and Legislative Council (LegCo), etc.
3. To assist the LegCo in scrutinising the CB.
4. To prepare draft drafting instructions for the subsidiary legislation to be made under the CB and submissions to the ExCo and LegCo, and to oversee planning for implementation.
5. To prepare draft drafting instructions for the Trust Law (Miscellaneous Amendments) Bill ^{Note} and submissions to the ExCo and LegCo, etc.
6. To assist the LegCo in scrutinising the Trust Law (Miscellaneous Amendments) Bill.
7. To deal with housekeeping matters of the Companies Registry.
8. To undertake any other tasks as assigned by DS(FS)3.

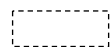
^{Note} The title of the Bill is only tentative and may be subject to change.

Organisation Chart of the Financial Services and the Treasury Bureau (Financial Services Branch)

Permanent Secretary for Financial Services and the Treasury (Financial Services)
(AOSGA1) (D8)



Legend:



Supernumerary directorate posts to be retained

AOSGA1 Administrative Officer Staff Grade A1

AOSGB1 Administrative Officer Staff Grade B1

AOSGB Administrative Officer Staff Grade B

AOSGC Administrative Officer Staff Grade C

PAS(FS) Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)

Proposed Job Description
Deputy Principal Solicitor (Company Law Reform)2

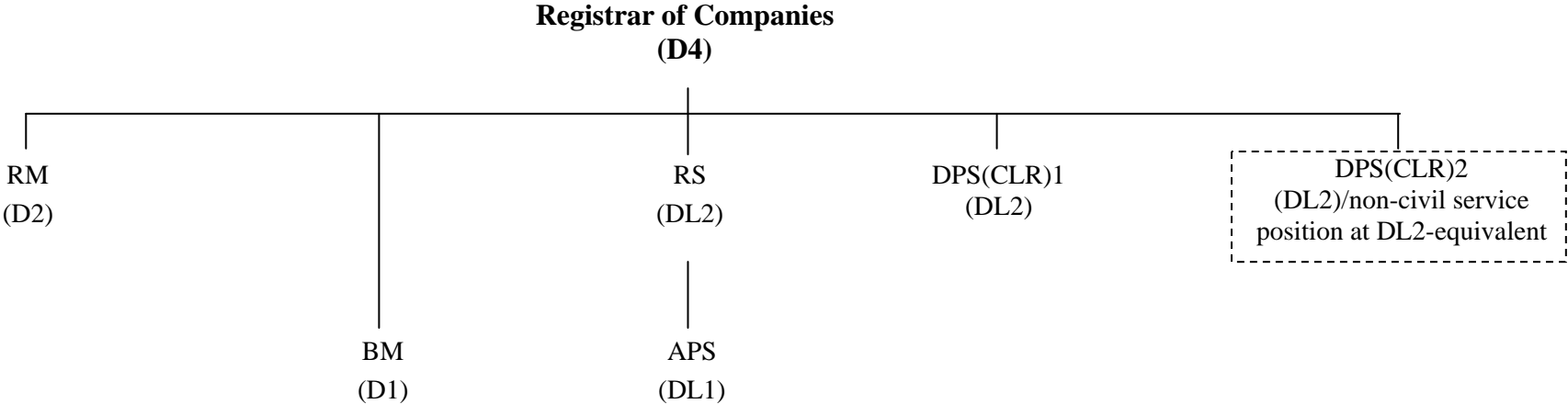
Rank : Deputy Principal Solicitor (DL2)/non-civil service position at DL2-equivalent

Responsible to : Registrar of Companies (R of C) and Deputy Secretary (Financial Services) 3 (DS(FS)3) in the discharge of his/her functions under the Companies Bill Team

Main Duties –

1. To conduct legal research into matters arising from the rewrite of the Companies Ordinance.
2. To provide legal input and support to Principal Assistant Secretary (Financial Services) 4 and 6 regarding the drafting of the Companies Bill (CB), the liaison with other parties, etc.
3. To provide legal support for discussion of any matter relating to the CB by Executive Council and Legislative Council, etc.
4. To brief stakeholders on issues relating to the new CB before and after its passage.
5. To formulate guidelines, internally and externally, on the operation requirements and transitional arrangements after the passage of the CB.
6. To provide legal input and support to Principal Assistant Secretary (Financial Services) 4 and 6 regarding the drafting of subsidiary legislation.
7. To undertake any other tasks as may be assigned by the R of C or DS(FS)3.

Organisation Chart of the Companies Registry



Legend:

- Supernumerary directorate post/non-civil service position at DL2-equivalent to be retained
- APS Assistant Principal Solicitor
- BM Business Manager
- DPS(CLR) Deputy Principal Solicitor (Company Law Reform)
- RM Registry Manager
- RS Registry Solicitor

**Directorate Staffing Requirements
for the Rewrite of the Companies Ordinance**

Bureau/Department	Rank^(Note 1)	No. of Posts	By Re-deployment	By Creation	Original Duration for the Created Posts (Months)	Further Retention for the Created Posts (Months)	Full Annual Average Staff Cost (\$ million)	Total Additional Cost (\$ million)
1. <u>Financial Services Branch</u>								
<i>Directorate</i>	AOSGB	1	0	1	60	16	2.408	3.210
	AOSGC	2	1	1	48	around 33	2.120	5.829
2. <u>Companies Registry</u>								
<i>Directorate</i>	DPS	2	1	1	48	around 33	2.117	5.822
Total :		5	2	3		3 posts		14.861 =====

Legend:

AOSGB Administrative Officer Staff Grade B

AOSGC Administrative Officer Staff Grade C

DPS Deputy Principal Solicitor/non-civil service position at DL2-equivalent