

Panel on Financial Affairs

List of follow-up actions
(Position as at 4 December 2009)

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
1. Policies on remuneration for and post-termination employment of senior executives of the Hong Kong Monetary Authority (HKMA) and Securities and Futures Commission (SFC)	4 May 2006	Regarding the reviews being conducted on the policies on post-termination employment of senior executives of 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 SFC were invited to inform the Panel of the outcome of their reviews in writing in due course.	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. Response from SFC awaited.
2. Impact of duty-free cigarettes on tax revenue	----	Members of the Bills Committee on Dutiable Commodities (Amendment) Bill 2009 expressed concern that the tobacco duty rate increase might lead to upsurge in the sale of duty-free cigarettes, which would reduce tax revenues. The Administration was requested to provide information on sales figure of duty-free cigarettes and the duty potential of the duty-free cigarettes sold within six months to one year after enactment of the Bill. The matter was referred to the Panel on Financial Affairs for follow-up.	Response awaited.
3. Progress of the	2 November	(a) In response to a member's concern about the impact	SFC and HKMA's responses

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<p>Administration's action plan on recommendations in the reports prepared by the HKMA and SFC on the Lehman Brothers Minibonds Incident</p>	<p>2009</p>	<p>of price volatility of derivative products on retail investors, the Administration was requested to provide latest information on the size of issuance and market turnover of derivative products, including products such as warrants, bull/bear contracts and accumulators.</p> <p>(b) In relation to a members' concern on the need to keep complainants informed of the progress of investigation on cases of Lehman-related investment products other than Minibonds, such as equity-linked notes, HKMA was requested to provide the following information on the 610 cases under disciplinary consideration:</p> <ul style="list-style-type: none"> (i) whether all of the complainants concerned were informed when their cases proceeded to the stage of disciplinary consideration, and the number of the complainants informed if only some but not all of them were informed; and (ii) if the complainants were not informed, whether there was any legal restriction which prohibited the regulators from informing the complainants concerned of the investigation progress at certain stages. <p>(c) To address a member's concern about the transparency of the investigation process of complaints about Lehman-related investment products, HKMA was</p>	<p>were circulated to members vide LC Paper No. CB(1)524/09-10(01) and (02) on 1 December 2009.</p>

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		<p>requested to provide information on the legal basis which had given rise to its view that information on the investigation progress of these complaints could not be disclosed to the public before completion of the whole investigation process, including the appeal procedures. HKMA was also requested to seek legal advice on the feasibility of disclosing relevant information of the complaints at an earlier stage of the investigation.</p>	
<p>4. The roles and operation of the Hong Kong Mortgage Corporation Limited (HKMC)</p>	<p>2 November 2009</p>	<p>In relation to a member's concern that HKMC's business diversification beyond Hong Kong might have gone beyond its core missions, HKMC was requested to provide the following information on the strategic business development review conducted in 2006 by a management consultant:</p> <ul style="list-style-type: none"> (i) the consultancy report; and (ii) considerations of the Board of Directors of HKMC leading to acceptance of the consultant's recommendation for business diversification. 	<p>Response awaited</p>
<p>5. Hong Kong's participation in Chiang Mai Initiative Multilateralization (CMIM)</p>	<p>2 November 2009</p>	<p>To address members' concern on Hong Kong's role and representation during the discussions leading to the agreement of the Association of Southeast Asian Nations (ASEAN)+3 on the main components of CMIM, HKMA was requested to provide information on the participation of</p>	<p>HKMA's response was circulated to members vide LC Paper No. CB(1)525/09-10(01) on 1 December 2009.</p>

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		Hong Kong representatives in meetings of ASEAN+3 and/or its working groups in this regard.	

Council Business Division 1
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