

Panel on Financial Affairs

List of follow-up actions (Position as at 4 May 2011)

| Subject | Date(s) of relevant meeting(s) | Follow-up actions | Outcome |
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| 1. Review of notification and appeal system for disclosure of information under comprehensive avoidance of double taxation agreements | 29 December 2009 (date of referral from Bills Committee) | As requested by the Bills Committee on Inland Revenue (Amendment) (No. 3) Bill 2009, the Administration will report to the Panel on Financial Affairs on the effectiveness of the proposed notification and appeal system for disclosure of information under comprehensive avoidance of double taxation agreements 18 months after implementation. | Response awaited |
| 2. Proposed establishment of an independent Insurance Authority (IIA) | 12 October 2010 | (a) The Administration is requested to provide a detailed comparison between the proposed insurance regulatory arrangements and the relevant arrangements in other jurisdictions. The comparison should in particular address members' concerns about the transition from the existing self-regulatory regime to the establishment of an IIA to assume all regulatory functions over insurance intermediaries, and the proposed arrangement of empowering the Hong Kong Monetary Authority (HKMA) to regulate the sale of insurance products by bank employees. | Response awaited |

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| | | <p>(b) The Administration is requested to provide a comparison between the proposed funding arrangements for the IIA and the relevant arrangements in other jurisdictions, with particular regard to the imposition of a levy on insurance premiums.</p> | |
| <p>3. Budget of the Securities and Futures Commission for the financial year of 2011-2012</p> | <p>28 March 2011</p> | <p>The Securities and Futures Commission (SFC) was requested to provide the following information:</p> <p>(a) In respect of the complaints against financial institutions on mis-selling of Lehman Brothers Minibonds and related structured products, information on the legal basis, mode and present position of the co-operation between SFC and the Commercial Crime Bureau of the Police in the investigation of relevant cases;</p> <p>(b) Details of the arrangements for internships, and the turnover situation of graduate interns in recent years;</p> <p>(c) Given the significant increases in headcounts and staff costs over the years from 2008-09 to 2011-12, information on the reasons for such marked increases, with details of the increases</p> | <p>The Administration's response was circulated to members vide LC Paper NO. CB(1)2060/10-11 on 29 April 2011</p> |

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| | | <p>in workload and new initiatives in various work areas; and</p> <p>(d) In view of the large increase in Professional and Other Expenses, detailed information on the increase in demand for external expert services with a breakdown by the relevant work areas.</p> | |
| <p>4. Regulation of Monetary Provident Fund intermediaries</p> | <p>4 April 2011</p> | <p>Before introducing the relevant Bill, the Administration is requested to provide a paper to the Panel to report on the decision/proposal of the Administration.</p> | <p>Response awaited</p> |
| <p>5. Proposed establishment of a Policyholders' Protection Fund</p> | <p>4 April 2011</p> | <p>In connection with the proposed initial target fund size for the Life Scheme and Non-life Scheme of \$1.2 billion and \$75 million respectively, and the aim to build up the initial target funds in 15 years, the Administration is requested to provide information on the actuarial calculations/assessments on the target funds and the relevant assumptions.</p> | <p>The Administration's response was circulated to members vide LC Paper NO. CB(1)2059/10-11 on 29 April 2011</p> |
| <p>6. Lehman Brothers</p> | <p>21 April 2011</p> | <p>Pursuant to the question of Hon Paul CHAN, the</p> | <p>Response awaited</p> |

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| Minibonds collateral recovery agreement and related issues | | <p>Receivers are requested to explain, with details of the calculations, the discrepancy between the redemption value of the collateral of the Relevant Series of the Minibonds and the value which is available for distribution to the Minibond holders.</p> <p>Pursuant to the question of Hon Paul CHAN, the Securities and Futures Commission (SFC) is requested to explain whether there is any inconsistency between the statement included in the announcement made on 22 July 2009 that <i>"once the underlying collateral is recovered and paid to the Banks,, if recoveries exceed 70%, the Banks will pay the entire excess amount to eligible customers who have accepted the repurchase offer"</i> and the present recovery and proposed distributions of the value of the collateral for Minibond holders.</p> <p>Pursuant to the question of Hon CHAN Kin-por, SFC is requested to confirm whether investment linked assurance schemes and other insurance products held by a customer at or with Standard Chartered Bank (Hong Kong) Limited are regarded as "Available Assets" under the repurchase scheme agreed between SFC, Hong Kong Monetary Authority and the Bank in relation to the Bank's</p> | |

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| | | distribution of equity linked structured notes issued and guaranteed by Lehman Brothers. | |

Council Business Division 1
Legislative Council Secretariat
4 May 2011