

(Translation)

Motion on
“Supporting the development of the securities industry”
moved by Hon Christopher CHEUNG
at the Council meeting of 5 December 2012

Motion as amended by Hon WONG Kwok-hing, Hon Ronny TONG, Hon SIN Chung-kai, Hon NG Leung-sing and Hon Martin LIAO

That, while Hong Kong is one of the world’s important financial centres, local securities firms have contributed greatly to the Hong Kong market with unrivalled importance in safeguarding Hong Kong’s financial safety and supporting its financial development; this Council urges the Government to adopt specific measures to support the development of the local securities industry, and attach importance to the views of local small and medium securities firms and employees in the industry, including:

- (a) to review and perfect the consultation procedure and mechanism of the Hong Kong Exchanges and Clearing Limited (‘HKEx’), so that local securities dealers and employees in the securities industry can fully express their views, thus enabling HKEx to accurately and comprehensively grasp the overall stance of the industry on the matters under consultation;
- (b) to expeditiously assess the impact of HKEx’s plan of extending trading hours on the industry, particularly the inconvenience caused by the shortening of lunch break to local securities dealers and employees in the industry, and at the same time, negotiate with the industry and its employees again for a more appropriate arrangement in relation to the plan; and
- (c) to conduct a comprehensive assessment of and consultation on the after-hours futures trading which HKEx intends to introduce, including contemplating the potential risks brought about by the plan to the local market, collecting the views of all employees in the industry, etc., and introducing the plan on a trial basis only after the industry has forged a consensus;

this Council also urges the Government to formulate stringent standards for corporate governance and information disclosure to protect investors’ rights and interests; the Government should also ensure fair competition, uphold the high degree of independence of HKEx and various financial regulators, regulate companies listed in Hong Kong in accordance with Hong Kong laws, and bolster the image of the Hong Kong securities trading market as being

transparent, fair and effective in regulating, so as to attract investors from various places to use the Hong Kong securities market; besides, the Government should actively develop the Hong Kong bond market to assist the securities industry in developing different types of businesses and provide Hong Kong people with more investment choices, and specific measures should include encouraging various statutory bodies to first issue bonds to raise capital from Hong Kong people on a priority basis when seeking financing, increasing the types and quantity of bonds, enlarging the platform and network for bond trading, increasing trading channels and popularizing bond trading, seriously implementing a market-making system for bonds, setting up central bond settlement similar to possession of scrips for the convenience of ordinary retail bond investors, and considering the establishment and management of Hong Kong Dollar denominated bond funds by the Hong Kong Monetary Authority and the Hong Kong Mortgage Corporation Limited so that members of the public may indirectly purchase sovereign bonds of foreign countries and corporate bonds, subject to the condition that the management fees must be determined on the basis of actual expenses rather than for profit-making; besides, as the financial co-operation between the Mainland and Hong Kong continues to strengthen, this Council also urges the Government to, while supporting local securities firms to develop local businesses, actively assist them in expanding into the Mainland market; this Council also urges the Government to adopt specific measures including co-operating with the Mainland to introduce an interconnected system, and actively strengthening the co-operation between the two places in the area of asset management; conducting detailed studies on developing the bond market; developing recognized rating agencies; increasing the existing categories of overnight futures contracts, and extending the trading hours to fully cover the winter-time and summer-time trading hours of the United States stock market and introducing more investment products.