

Panel on Financial Affairs

List of outstanding items for discussion (as at 30 May 2014)

Proposed timing for discussion at Panel meeting

1. Consultation conclusions on corporate insolvency law improvement exercise and proposals on the introduction of a statutory corporate rescue procedure

The Administration has completed a public consultation on legislative proposals to improve Hong Kong's corporate insolvency law, and will brief the Panel on the consultation conclusions and the timetable of the legislative exercise. The Administration plans to introduce the legislative proposals into the Legislative Council ("LegCo") in the 2014-2015 legislative session. The Administration will also brief members on the progress for preparing legislative proposals to introduce a statutory corporate rescue procedure.

July 2014

2. Proposed amendment of the Banking (Capital) Rules and Banking (Disclosure) Rules and the making of a set of Banking (Liquidity) Rules for implementation of Basel III standards in Hong Kong

To enhance the resilience of the banking sector in Hong Kong, the Banking (Amendment) Ordinance 2012 was enacted in February 2012 to provide the legal framework for implementation of the Basel III standards in Hong Kong. The first phase of the Basel III standards, covering minimum capital and disclosure requirements, came into effect in 2013.

July 2014

The Administration will brief members on the proposal to amend the Banking (Capital) Rules and Banking (Disclosure) Rules to introduce the Basel III capital buffers requirements; and introduce a set of Banking (Liquidity) Rules to implement the Basel III Liquidity Coverage Ratio and a local Liquidity Maintenance Ratio, in order to implement the next phase of the Basel III

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standards in Hong Kong according to the international timeline. The Administration plans to introduce the legislative amendments and proposal in October 2014.

3. Briefing on legislative proposal to implement the stamp duty waiver in respect of exchange traded funds

The Administration will brief members on the legislative proposal to implement the stamp duty waiver in respect of exchange traded funds proposed in the 2014-15 Budget. The Administration plans to introduce the legislative proposal into LegCo in the first half of the 2014-2015 legislative session.

July 2014

4. Consultation on Mandatory Provident Fund ("MPF") default/core fund proposal

The Administration will consult the Panel on the proposal of including in each MPF scheme a core fund as the default fund. The policy objectives of the proposal are to facilitate fund choice by scheme members and reduce fees. The fund will be subject to fee control and make long-term and diversified investment that balance investment risk and return.

July 2014

5. Consultation on auditor regulatory reform

The Administration will brief the Panel on the consultation on proposals to enhance the independence of the auditor regulatory regime. The Administration plans to introduce the relevant legislative proposals into LegCo in the 2014-2015 legislative session.

To be confirmed

6. Duration of lunch break under the extended trading hours of Hong Kong securities market

Since 7 March 2011, Hong Kong Exchanges and Clearing Limited ("HKEx") has implemented a two-phase extension of the trading hours of its securities and derivatives market by 1.5 hour to increase the overlap of the trading hours with the Mainland's and to strengthen

To be confirmed

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for discussion at
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the competitiveness of HKEx with its regional competitors. Under the extended trading hours, the morning trading session was advanced by 30 minutes. The lunch break was shortened from two to 1.5 hours with effect from 7 March 2011 and further shortened to one hour from 5 March 2012.

At the meeting on 16 October 2012, Hon Christopher CHEUNG expressed concern on the impact of the shortened lunch break on market practitioners and suggested that the Panel should discuss the issue in due course. The Administration has been invited to provide an information paper on the matter.

At the meeting on 4 November 2013, Hon WONG Kwok-hing reiterated the concern of practitioners of the securities industry about the impact of extended trading hours on their operation and suggested scheduling a discussion on the subject at the regular meeting.

The Administration has provided an information paper prepared by HKEx on extension of trading hours in the securities market, which was circulated to members on 20 November 2013 (LC Paper No. CB(1)356/13-14(01)).

7. Briefing on the work of the Financial Dispute Resolution Centre

The Financial Dispute Resolution Centre Limited was set up in November 2011 as a non-profit making company limited by guarantee acting as an independent organization to assist financial institutions and their individual customers in resolving monetary disputes through mediation and arbitration. Its set-up costs and operating costs in the first three years commencing from January 2012 were provided by the Administration, HKMA and SFC. The Financial Dispute Resolution Centre ("FDRC") formally commenced operation in June 2012.

To be confirmed

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At the work plan meeting of the Panel held on 30 October 2013, the Chairman suggested that the Administration should report to the Panel the work of FDRC. Hon Christopher CHEUNG expressed concerns about the future funding arrangement of FDRC and possible cost burden on the financial industry, as well as the present arrangement for FDRC to report even successfully resolved cases to SFC/HKMA, on which the regulators might take disciplinary actions against issues of non-compliance by the financial institutions concerned. According to the Administration, it is reviewing the future mode of funding for FDRC. The Administration is requested to brief the Panel on the work of FDRC and its funding arrangement when appropriate.

Council Business Division 1
Legislative Council Secretariat
30 May 2014