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### Replies to supplementary questions raised by Finance Committee Members in examining the Estimates of Expenditure 2015-16

Director of Bureau : Secretary for Financial Services and the Treasury

Session No. : 4

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**CONTROLLING OFFICER'S REPLY**

**S-FSTB(FS)01**

**(Question Serial No. SV005)**

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Pursuant to reply no. FSTB(FS)046, the Administration is requested to provide information on

- (a) the number of successful mediation cases handled by the Financial Dispute Resolution Centre since its establishment in 2011 up to the end of 2014;
- (b) and the amount of money (in the form of compensation, etc., by the financial institutions under complaint) involved in the 82 cases of mediation services; and
- (c) the number of cases where hearing has been conducted during the arbitration process.

Asked by: Hon HO Chun-yan, Albert

Reply:

- (a) Since its establishment in 2011 up to the end of 2014, the Financial Dispute Resolution Centre (FDRC) had completed 66 cases at mediation stage, 56 of which reached settlement, representing a success rate of over 80%.
- (b) Since its establishment up to the end of 2014, the FDRC has received 82 applications for mediation services and accepted 76 applications for mediation, with a total claim amount of about \$14.5 million. As some of the settlement terms are not privy to the FDRC, FDRC does not have the information about the concerned amount of compensation.
- (c) Since its establishment in 2011 up to the end of 2014, the FDRC does not have cases where hearing has been conducted during the arbitration process.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(FS)02**

**(Question Serial No. SV006)**

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Pursuant to reply no. FSTB(FS)055, the Administration is requested to provide information on the number of instances out of the 984 cases in 2014 categorised as money laundering by relevant law enforcement agencies responsible for investigating money laundering offences, where:

- (a) clients' accounts in banks have been frozen; and
- (b) prosecutions were later initiated.

Asked by: Hon HO Chun-yan, Albert

Reply:

In 2014, the number of cases categorised as money laundering by relevant law enforcement agencies responsible for investigating money laundering offences (including the Hong Kong Police Force, Customs and Excise Department and Independent Commission Against Corruption) was 984. As most of these money laundering cases are under investigation at the moment, the relevant law enforcement agencies cannot provide the overall statistics on the prosecution initiated and the number of restraint orders issued.

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**CONTROLLING OFFICER'S REPLY**

**S-FSTB(FS)03**

**(Question Serial No. S0020)**

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In the past 5 years, Hong Kong dollar-denominated debt securities issued by statutory and other relevant bodies amounted to HK\$63.7 billion. What is the share of subscription of retail clients based on the subscription amount? What plans do the Government have to enhance the share of retail bonds to further promote the long-term development of the bond market in Hong Kong?

Asked by: Hon LEUNG Kenneth

Reply:

In the past five years from 2010 to 2014, Hong Kong dollar-denominated debt securities issued by statutory and other relevant bodies (such as the Hong Kong Mortgage Corporation Limited, the Airport Authority Hong Kong and the Hong Kong Science and Technology Parks Corporation) amounted to HK\$63.7 billion. In accordance with normal market practice, these bonds were issued through placement to financial institutions such as banks, fund houses and insurance companies. Investors, including retail investors, may subscribe for these bonds through relevant financial institutions. We do not have statistics regarding the investments of retail investors in these bonds. Apart from direct investment in bonds, investors can participate in the bond market through buying funds investing in debt securities.

In 2015-16, we will continue to implement the Government Bond Programme, including a further issuance of iBond. Since 2011-12, the Hong Kong SAR Government has issued in total HK\$40 billion of iBond. According to the Co-Arrangers, about 10% of past iBond subscribers every year were first-time bond investors. This indicates that iBond issuances have enhanced the investing public's awareness of and interest in bonds, and help promote the development of the retail bond market.

In addition, the Hong Kong SAR Government welcomes the issuance of Renminbi (RMB) sovereign bonds in Hong Kong by the Ministry of Finance every year since 2009. The total amount of RMB sovereign bonds issued in Hong Kong in the past 6 years reached RMB 108 billion, including the retail tranche which amounted to RMB 24.5 billion. The RMB sovereign bonds provide a benchmark for the RMB bond market in Hong Kong and help develop Hong Kong as an offshore RMB business centre.

The Government and the regulators will continue to promote our bond market to Mainland and overseas issuers and investors to deepen our bond market development.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(FS)04**

**(Question Serial No. SV004)**

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Pursuant to reply no. FSTB(FS)036, the Administration is requested to provide information on the provision of resources and staffing support for the operation of the Financial Services Development Council.

Asked by: Hon NG Leung-sing

Reply:

The estimated budget of the Financial Services Development Council (FSDC) is \$4.7 million in 2015-16. It is met from within the existing resources of the Financial Services Branch (FSB). The resources are mainly for enhancing the promotion of Hong Kong's financial services industry and research activities.

As for staffing, the secretariat of the FSDC is currently supported by one Senior Economist, one Chief Executive Officer, two Senior Executive Officers and one Assistant Clerical Officer deployed from the FSB and three other staff members seconded respectively from the Hong Kong Monetary Authority, Hong Kong Trade Development Council and Securities and Futures Commission. The expenditure for the staff deployed from the FSB is absorbed from within the existing resources of the FSB and, for the seconded staff, the seconding organisations.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(FS)05**

**(Question Serial No. SV003)**

Head: (106) Miscellaneous Services

Subhead (No. & title): (824) Contribution to the tenth replenishment of the Asian Development Fund

Programme:

Controlling Officer: Chief Executive, Hong Kong Monetary Authority (Mr Norman TL Chan)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Administration is requested to provide information on the return on Hong Kong's investment on or contribution to the Asian Development Bank, if any, over the past few years.

Asked by: Hon LEUNG Kenneth

Reply:

Hong Kong participates, under the name of "Hong Kong, China", in the Asian Development Bank (ADB) as a member. Since 1969, we have subscribed to the share capital of ADB, and have contributed to the Asian Development Fund (ADF), which is a concessional financing window of ADB to help the most needy members. The total capital injection of Hong Kong to ADB amounted to about US\$32.7 million, while the total contribution to ADF was about US\$115.3 million. Throughout the years, ADB has been retaining the income generated from its operations and putting it back to fund its projects in providing assistance to developing members.

It is worth noting that, as a member of ADB, Hong Kong received five loans from ADB totalling US\$101.5 million from 1972 to 1980 to finance several infrastructural projects. Hong Kong has also benefitted from ADB's procurement policy under which the bank shall normally procure goods and services produced in member economies only. As at end-2013, Hong Kong firms had been awarded procurement contracts valuing US\$894 million for goods, works and consulting services on ADB-financed projects.

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