

**Panel on Financial Affairs**

**List of follow-up actions**  
(Position as at 6 October 2014)

<b>Subject</b>	<b>Date(s) of relevant meeting(s)</b>	<b>Follow-up actions</b>	<b>Outcome</b>
1. Briefing on the work of the Financial Services Development Council ("FSDC")	6 January 2014	<p>In following up the first batch of six research reports released by FSDC in November 2013, the Administration was requested to update the Panel as soon as possible on the Government's response to the recommendations put forward in the reports, including –</p> <p>(a) the recommendations which the Government would take forward or consider further, the initial plans of the Government and the relevant timetables in this regard; and</p> <p>(b) the recommendations which the Government considered not appropriate for pursuing and the reasons concerned.</p>	The Administration's response was issued to members vide LC Paper No. CB(1)2065/13-14 on 6 October 2014.
2. Briefing on the work of Hong Kong Monetary Authority ("HKMA")	5 May 2014	<p>HKMA was requested to provide the following information –</p> <p>(a) distribution of bank branches and automatic teller machines in Hong Kong; and</p> <p>(b) with regard to the SME Financing Guarantee Scheme and Microfinance Scheme operated by the Hong Kong Mortgage Corporation Limited,</p>	HKMA's response was issued to members vide LC Paper No. CB(1)1547/13-14 on 3 June 2014.

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
		<p>information on (i) success rate of applications; (ii) number of defaults and amounts involved, if any; and (iii) assessment of the cost-effectiveness of the said schemes, including the economic benefits brought to Hong Kong.</p>	
<p>3. Mandatory Provident Fund Schemes (Amendment) Bill 2014</p>	<p>5 May 2014</p>	<p>1. Regarding the Administration's proposal to include terminal illness as the new additional ground for early withdrawal of Mandatory Provident Fund ("MPF") accrued benefits by scheme members, the Administration/Mandatory Provident Fund Schemes Authority ("MPFA") was requested to consider and provide written response on the following suggestions raised by some Panel members –</p> <p>(a) to relax the requirement on the remaining life expectancy of 12 months in respect of terminal illness given that the provision of a medical certificate that a person was suffering from a terminal illness or a certain stage of the terminal illness should suffice to justify the early withdrawal; and</p> <p>(b) to allow early withdrawal of MPF accrued benefits by scheme members for meeting expenses on medical examination, treatment or surgery which was essential to enable early diagnosis and healing of terminal illnesses.</p>	<p>The Administration's response was issued to members vide LC Paper No. CB(1)1556/13-14 on 4 June 2014.</p>

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
		<p>2. On the Administration's proposal to allow MPF scheme members to withdraw accrued benefits by instalments upon retirement and early retirement, the Administration/MPFA was requested to consider and provide written response to the suggestion of providing greater flexibility in withdrawal, including increasing the number of withdrawals per year that were free of charge.</p> <p>3. The Administration/MPFA was also requested to consider providing incentives (e.g. a higher percentage of guaranteed return from the MPF investment concerned) to encourage scheme members to opt for phased-withdrawal of MPF accrued benefits instead of one-off withdrawal in a lump sum, so that scheme members would better plan the use of the retirement funds.</p>	
<p>4. Establishment of the Shanghai-Hong Kong Stock Connect</p>	<p>9 June 2014</p>	<p>To address members' concerns about differences in regulatory and enforcement policies and practices of the Mainland and Hong Kong securities markets in relation to cross-boundary trading under the Shanghai-Hong Kong Stock Connect, the Administration/Securities and Futures Commission ("SFC") was requested to provide information in collaboration with the Hong Kong Exchanges and Clearing Limited on –</p>	<p>SFC's response to item (a) was issued to members vide LC Paper No. CB(1)1707/13-14 on 27 June 2014.</p>

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
		<p>(a) regulatory regime for electronic trading, including regulation against high-frequency trading;</p> <p>(b) enforcement cooperation against cross-boundary illegal activities (e.g. insider trading) and</p> <p>(c) whether the laws of the Mainland and/or Hong Kong would prevail for compliance by investors of the two sides and in cross-boundary enforcement.</p>	
<p>5. Proposals to improve the regulatory regime for listed entity auditors</p>	<p>7 July 2014</p>	<p>The Administration was requested to provide information on the practices adopted by member jurisdictions of international bodies, including the Organization for Economic Cooperation and Development, with regard to the arrangements for the powers of investigation into reporting/auditing irregularities by listed entity auditors and determination of related disciplinary sanctions. In particular, whether such powers were separately vested in two independent bodies or solely vested in one regulatory oversight body as proposed in the consultation paper on "Proposals to improve the regulatory regime for listed entity auditors" released on 20 June 2014.</p>	<p>The Administration's response was issued to members vide LC Paper No. CB(1)1913/13-14 on 8 August 2014.</p>