

Panel on Financial Affairs

List of Follow-up actions
(Position as at 28 January 2015)

Subject	Date(s) of relevant meeting(s)	Follow-up actions	Outcome
1. Proposed implementation of the first phase of the over-the-counter ("OTC") derivatives regulatory regime in Hong Kong	5 January 2015	<p>The Administration was requested to clarify –</p> <p>(a) whether mandatory reporting obligation applied to sovereign states for OTC derivatives transactions conducted directly among themselves in Hong Kong, and if not, provide justifications with reference to international practices;</p> <p>(b) how potential systemic risks arising from transactions in (a) above would be mitigated; and</p> <p>(c) whether mandatory reporting obligation applied to market intermediaries (i.e. authorized institutions, approved money brokers, licensed corporations and central counterparties) engaged by the sovereign states for conducting OTC derivatives transactions in Hong Kong.</p>	The Administration's response was issued to members vide LC Paper No. CB(1)476/14-15 on 23 January 2015.

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2. Proposed extension of profits tax exemption for offshore funds to private equity funds	5 January 2015	<p>Regarding the proposed extension of profits tax exemption for offshore funds to private equity funds in respect of eligible overseas portfolio companies, the Administration was requested –</p> <ul style="list-style-type: none"><li data-bbox="902 512 1720 722">(a) to explain the policy considerations for imposing the proposed restrictive qualifying conditions set out in paragraph 11 of the Administration's paper (LC Paper No. CB(1)385/14-15(02)) on a portfolio company;<li data-bbox="902 775 1720 1070">(b) to consider relaxing the conditions in (a) above and/or waiving the conditions for certain types of portfolio company (e.g. high-technology and innovative companies), with a view to attracting these companies to use Hong Kong as a platform for corporate financing and asset management through private equity funds; and<li data-bbox="902 1123 1720 1377">(c) on the proposed condition that an eligible portfolio company should not carry on any business through or from any permanent establishment in Hong Kong, to consider relaxing the requirement if the portfolio company's income derived from Hong Kong did	The Administration's response was issued to members vide LC Paper No. CB(1)476/14-15 on 23 January 2015.

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		not exceed a specified threshold (say 5% to 10%) of its total income.	

Council Business Division 1
Legislative Council Secretariat
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