

Panel on Financial Affairs

List of outstanding items for discussion
(as at 26 February 2015)

**Proposed timing
for discussion at
Panel meeting**

1. Securities and Futures (Amendment) Bill 2015

The Administration would seek members' views on the proposal to amend SFO to enable supervisory cooperation with regulators outside Hong Kong and to refine certain technical provisions in SFO to enhance regulatory certainty and reduce compliance cost, etc. The Administration aims to introduce the relevant legislative proposals into the Legislative Council ("LegCo") in the second half of the 2014-2015 legislative session.

April 2015

2. Updates on Financial Services Development Council ("FSDC")

Since its establishment in January 2013, FSDC has released 13 reports. FSDC will provide updates on its work progress during the past year, following its briefings to the Panel on 4 February 2013 and 6 January 2014.

April 2015

3. Briefing on the work of Hong Kong Monetary Authority ("HKMA")

The Chief Executive of HKMA briefs the Panel on the work of HKMA on a regular basis. Such briefings are normally held in February, May and November each year.

May 2015

4. Briefing by the Financial Secretary ("FS") on Hong Kong's latest overall economic situation

The Panel has invited FS to brief the Panel and all other LegCo Members on macro economic issues on a regular basis since mid-1999. Such briefings are normally held in June and December each year.

June 2015

**Proposed timing
for discussion at
Panel meeting**

5. Consultation conclusions of proposals to improve the regulatory regime for listed entity auditors

The Administration last briefed the Panel on proposals to improve the regulatory regime for listed entity auditors on 7 July 2014. The public consultation ended on 19 September 2014. The Administration will brief the Panel on the consultation conclusions and the next step.

2nd quarter of 2015

6. Annual briefing on the work of the Financial Reporting Council ("FRC")

In line with the usual practice, FRC will brief the Panel on the work of FRC in the past year and the work plan for the year ahead.

2nd quarter of 2015

7. Briefing on consultation results and the way forward on Mandatory Provident Fund ("MPF") Core Fund

The Administration will brief the Panel on the public consultation results and the way forward regarding the introduction of a Core Fund with fee control and a long term investment strategy to balance investment risk and return, as the default fund of each MPF scheme.

2nd quarter of 2015

The Administration and the Mandatory Provident Fund Schemes Authority briefed the Panel on the consultation in July 2014 and completed the three-month public consultation on 30 September 2014. The Administration aims to introduce the relevant legislative proposals into LegCo in the 2015-2016 legislative session.

8. Inland Revenue Tower in Kai Tak Development Area – Part 1 – pre-construction consultancy services

The Administration has committed to vacating the three government office buildings at Wan Chai waterfront (i.e. Revenue Tower, Immigration Tower and Wanchai Tower), with a view to releasing more prime office space to the market. In this regard, the Administration proposes to build a new Inland Revenue Tower at Site 1D3 in the Kai Tak Development Area and to engage a

To be confirmed

consultant to undertake pre-construction work for the new building. The Administration will consult the Panel, when ready, before submitting the proposal to the Public Works Subcommittee and Finance Committee ("FC").

9. Briefing on the work of the Financial Dispute Resolution Centre ("FDRC")

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 the Securities and Futures Commission ("SFC"). The FDRC formally commenced operation in June 2012.

To be confirmed

At the work plan meeting of the Panel held on 30 October 2013, Hon Starry LEE 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. The Administration is requested to brief the Panel on the work of FDRC and its funding arrangement when appropriate.

A note for FC was issued on 30 December 2014 (FCRI(2014-15)13) to inform FC members of the Administration's plan to use the outstanding balance of the non-recurrent commitment to continue funding the operating of FDRC until around 2017.

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10. Impact of the "Occupy Central" movement on Hong Kong's financial systems and markets.

At the meeting on 9 October 2014, some members including Hon WONG Kwok-hing, Hon Starry LEE and Hon NG Leung-sing expressed concern about the impact arising from the "Occupy Central" movement on the overall economy, in particular financial stability and operation of the banking and financial markets. The Panel requested the Administration to provide a briefing on related issues.

To be confirmed

HKMA briefed the Panel on the impact arising from the "Occupy Central" movement on financial stability and operation of the banking and financial markets, during the regular briefing on the work of HKMA at the meeting of 3 November 2014.

11. Updates on Shanghai-Hong Kong Stock Connect ("S-HK SC")

The Panel received a briefing on the establishment of S-HK SC at the meeting held on 9 June 2014.

To be confirmed

At the work plan meeting of the Panel on 20 October 2014, Hon Christopher CHEUNG requested the Administration to update the Panel on the development of the initiative.

12. 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 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

To be confirmed

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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 a 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)).