

Bills Committee on Securities and Futures (Amendment) Bill 2016

**List of follow-up actions arising from the discussion
at the meeting on 12 April 2016**

1. The Administration is requested to:
 - (a) address a member's concern that the proposed legislative framework for open-ended fund companies ("OFCs") under the Bill does not provide for adequate or effective regulation of OFC directors (who are not required to be licensed under the Securities and Futures Ordinance (Cap. 571) ("SFO")), and to consider imposing criminal sanctions on the directors if they, knowingly or recklessly, fail to perform their duties in governing the activities of an OFC (e.g. exercising oversight of the OFC's investment manager);
 - (b) in the light of the purpose of the proposed amendments to the new section 112U(3) of SFO as set out in footnote 2 of the Administration's proposed Committee Stage amendments ("CSAs")(LC Paper No. CB(1)779/15-16(01)), address a member's concern that, whether it is intended by proposing this set of amendments to visit upon a director of an OFC any duty that is not falling within subsections (3)(a) and (3)(b); and to review the drafting of the amended new section 112U(3) with a view to clarifying whether any duty other than those stated in subsections (3)(a) and (3)(b) will apply to OFC directors;
 - (c) review, in the light of the Administration's reply that it is the Securities and Futures Commission ("SFC")'s established policy to publish the relevant particulars of the investment products as soon as practicable following SFC's authorization, the use of the word "may" in the new section 112G of SFO in relation to publication of particulars of OFCs with a view to reflecting truly the said established policy; and
 - (d) review the drafting of the Chinese text of the new sections 112ZK(4)(ga) and 214A(5) of SFO as set out in the Administration's proposed CSAs with a view to enhancing the readability and comprehensibility of the provisions.