

International Financial Centre
(formerly under the then Financial Services
Bureau)

Detailed Progress

I Maintain monetary and banking stability in Hong Kong

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below —

Initiative *	Target #	Present Position †
To introduce a deposit insurance scheme in Hong Kong (<i>Hong Kong Monetary Authority (HKMA)</i>)	To introduce detailed recommendations in 2002 (2001)	(<i>Action in Progress : On Schedule</i>)
To establish a credit reference agency for commercial enterprises in Hong Kong (<i>HKMA</i>)	To introduce detailed recommendations in 2002 (2001)	(<i>Action in Progress : On Schedule</i>)
To enhance deposit protection in Hong Kong (<i>HKMA</i>)	To consult the public on the recommendations of the Consultancy Study on Deposit Protection and subject to the results of the consultation, to initiate appropriate measures in 2001 (2000)	(<i>Action Completed</i>)

* the bracketed information denotes the agency with lead responsibility for the initiative

the bracketed information denotes the year in which the target was set

† the bracketed information denotes the status of the target

Initiative	Target	Present Position
<p>To continue to improve financial disclosure requirements for the banking industry in line with international best practices</p> <p>(HKMA)</p>	<p>To transform the current disclosure recommendations for authorised institutions into a formal set of guidelines with legal backing under the Banking Ordinance in 2001</p> <p>(2000)</p>	<p>(Action Completed)</p>
<p>To continue refining the currency board arrangements</p> <p>(HKMA)</p>	<p>To review, on an ongoing basis, the currency board arrangements and introduce refinements as appropriate, especially with regard to convertibility of and transferability among the various monetary base components</p> <p>(2000)</p>	<p>(Action in Progress : On Schedule)</p>

2 Further improve the regulatory framework

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below —

Initiative	Target	Present Position
To implement recommendations arising from the Corporate Governance Review being undertaken by phases by the Standing Committee on Company Law Reform <i>(the then Financial Services Bureau (FSB))</i>	To implement the recommendations by phases starting from 2002 <i>(2001)</i>	<i>(Action in Progress : On Schedule)</i>
To further enhance the efficiency and effectiveness of the Mandatory Provident Fund (MPF) System <i>(FSB)</i>	<ul style="list-style-type: none"> ● To commence the first phase of the review on the administrative and operational aspects of the MPF System in late 2001 ● To put forward the first phase of legislative amendments to the MPF Schemes Ordinance in 2002 on the basis of the findings of the review <i>(2001)</i>	<i>(Action Completed)</i>

Initiative	Target	Present Position
<p>To prepare for the implementation of the New Capital Accord by the Basel Committee on Banking Supervision</p> <p><i>(Hong Kong Monetary Authority (HKMA))</i></p>	<ul style="list-style-type: none"> ● To review the consultation documents issued by the Basel Committee on Banking Supervision in 2002 ● To develop a suitable action plan by end-2002 <p><i>(2001)</i></p>	<p><i>(Action Completed)</i></p>
<p>To conduct a consultancy study on the feasibility of establishing insurance policy holders' protection funds so as to enhance the protection of policy holders</p> <p><i>(Office of the Commissioner of Insurance (OCI))</i></p>	<p>To commence the study in 2002-03 and to consult the insurance industry and the general public thereafter</p> <p><i>(2001)</i></p>	<p><i>(Action in Progress : On Schedule)</i></p>
<p>To review and update the HKMA Guideline on Prevention of Money Laundering to incorporate the revisions in the Financial Action Task Force's 40 Recommendations and Basel Committee's proposals on "Customer Due Diligence for Banks"</p> <p><i>(HKMA)</i></p>	<p>To complete the review and update by end-2002</p> <p><i>(2001)</i></p>	<p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To monitor the operation of the MPF System upon full implementation in December 2000</p> <p>(FSB)</p>	<p>The Mandatory Provident Fund Schemes Authority to regulate, supervise and monitor the MPF System in accordance with the MPF Schemes Ordinance</p> <p>(2000 and 1999)</p>	<p>(Action in Progress : On Schedule)</p>
<p>To conduct a study on the future role of the Official Receiver</p> <p>(FSB/Official Receiver's Office (ORO))</p>	<p>To identify possible options on the future role of the Official Receiver by 2001-2002</p> <p>(2000)</p>	<p>(Action Completed)</p>
<p>To consolidate and modernise all existing ordinances governing the securities and futures market into a single piece of legislation to enable Hong Kong to better meet the competitive challenge as a result of increasing globalisation</p> <p>(FSB)</p>	<p>To introduce the Securities and Futures Bill into the Legislative Council in November 2000</p> <p>(2000, 1998 and 1995)</p>	<p>(Action Completed)</p>

Initiative	Target	Present Position
<p>To amend the Banking Ordinance to enhance the regulation of authorised institutions (AIs) which will be exempt from the Securities and Futures Bill and to improve the operation of the Banking Ordinance in the light of recent market developments</p> <p>(FSB)</p>	<p>To implement the relevant amendments to the Banking Ordinance in 2001</p> <p>(2000)</p>	<p>(Action Completed)</p>
<p>To refine the existing regulatory framework for electronic banking</p> <p>(HKMA)</p>	<p>To issue a guideline on Internet advertisements for deposits in the first half of 2001</p> <p>(2000)</p>	<p>(Action Completed)</p>
<p>To develop a Supervisory Policy Manual to support the risk-based supervisory approach to AIs adopted by the HKMA</p> <p>(HKMA)</p>	<p>To complete the Manual by the end of 2001</p> <p>(2000)</p>	<p>(Action in Progress : On Schedule)</p>
<p>To establish a Market Misconduct Tribunal for tackling market misconduct in the securities and futures market</p> <p>(FSB)</p>	<p>To introduce the Securities and Futures Bill into the Legislative Council in November 2000 and set up the Tribunal when the law comes into operation</p> <p>(2000 and 1999)</p>	<p>(Action Completed)</p>

Initiative	Target	Present Position
To establish a Securities and Futures Appeals Tribunal for handling appeals lodged against decisions made by the Securities and Futures Commission (SFC) <i>(FSB)</i>	To introduce the Securities and Futures Bill into the Legislative Council in November 2000 and set up the Tribunal when the law comes into operation <i>(2000 and 1999)</i>	<i>(Action Completed)</i>
To streamline the licensing regime for securities and futures intermediaries <i>(FSB and SFC)</i>	To introduce the Securities and Futures Bill into the Legislative Council in November 2000 and set up the new licensing regime when the law comes into operation <i>(2000 and 1999)</i>	<i>(Action Completed)</i>
To enhance the disclosure of interests in securities <i>(FSB and SFC)</i>	To introduce the Securities and Futures Bill into the Legislative Council in November 2000 and enhance the disclosure requirements when the law comes into operation <i>(2000 and 1999)</i>	<i>(Action Completed)</i>
To implement the Law Reform Commission (LRC)'s proposal on licensing insolvency practitioners <i>(ORO)</i>	To consult professional and academic bodies with a view to setting standards for the licensing of practitioners <i>(1999)</i>	<i>(Action in Progress : On Schedule)</i>

Initiative	Target	Present Position
<p>To provide for statutory corporate rescue procedure to allow a viable business to survive as a going concern</p> <p>(ORO)</p>	<p>To introduce the legislative proposals into the Legislative Council before end-1999</p> <p>(1999 and 1996)</p>	<p>(Action Completed)</p>
<p>To further strengthen liaison with overseas insurance regulators to enhance Hong Kong's status as a regional insurance centre</p> <p>(OCI)</p>	<p>To discuss and sign Memoranda of Understanding with major overseas insurance regulators</p> <p>(1999)</p>	<p>(Action in Progress : On Schedule)</p>
<p>To further strengthen the discipline and transparency of the securities and futures markets</p> <p>(FSB)</p>	<p>To implement the new measures in the 30-point programme concerning the short selling regime, risk management, rule enforcement, inter-market surveillance and contingency power. Where legislative amendments are necessary, to introduce the legislative proposals as soon as possible</p> <p>(1998)</p>	<p>(Action Completed)</p>

Initiative	Target	Present Position
<p>To ensure that the legal framework for companies is conducive to the running of business in Hong Kong through the review of the Companies Ordinance and related bankruptcy and insolvency legislation</p> <p><i>(Companies Registry/ ORO)</i></p>	<p>To examine the consultancy report on the Review of the Companies Ordinance and the public submissions, and the LRC's proposals on insolvency legislation in 1999 and introduce legislative amendments if appropriate from 2000 onwards</p> <p><i>(1998 and 1996)</i></p>	<p><i>(Action in Progress : On Schedule)</i></p>
<p>To consider the establishment of the Insurance Authority as an independent regulatory body</p> <p><i>(FSB)</i></p>	<p>To consider the establishment in 1997</p> <p><i>(1996)</i></p>	<p><i>(Action Completed)</i></p>

3 Improve the infrastructure required for a first class international financial centre

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below —

Initiative	Target	Present Position
To release the results of the 2001 Population Census <i>(Census and Statistics Department (C&SD))</i>	To complete the release of the Census results by mid-2002 <i>(2001)</i>	<i>(Action Completed)</i>
To establish statistical systems for the compilation of annual statistics on international investment position, quarterly statistics on external debts, and enhanced statistics on portfolio investment <i>(C&SD)</i>	To complete the setting up of the necessary statistical systems by early 2002 <i>(2001)</i>	<i>(Action Completed)</i>
To introduce electronic filing, processing and dissemination of corporate information in the Companies Registry <i>(Companies Registry)</i>	To implement an Integrated Companies Registry Information System in phases by 2005 <i>(2001)</i>	<i>(Action in Progress : On Schedule)</i>

Initiative	Target	Present Position
<p>To implement a series of measures contained in the Report of the Steering Committee on the Enhancement of the Financial Infrastructure to enhance the financial infrastructure with a view to improving risk management, increasing efficiency, and reducing cost; and to encourage the financial industry and parties concerned to implement the enhancement measures as quickly as possible, having regard to their development plans</p> <p><i>(Securities and Futures Commission (SFC), Hong Kong Monetary Authority (HKMA) and the then Financial Services Bureau (FSB))</i></p>	<p>To complete longer term measures including the provision of straight-through processing for securities and derivatives trading, and upgrading of clearing arrangements by the end of 2002</p> <p><i>(2000)</i></p>	<p>Commenced drafting of legislation to allow for scripless trading in securities. Coordinating with key players, in particular Hong Kong Exchanges and Clearing Limited, on implementation of the remaining measures taking into account their priority and global development.</p> <p><i>(Action in Progress : Under Review)</i></p>

Initiative	Target	Present Position
<p>To produce production-based Gross Domestic Product (GDP(P)) at constant prices to facilitate analysis of the performance of different economic sectors</p> <p>(C&SD)</p>	<p>To conduct related research studies and establish the necessary statistical systems for the compilation of constant price GDP(P) statistics with a view to completing the studies in early 2001 and setting up the entire compilation framework by the end of 2001 and releasing the statistics with major sectoral breakdowns in mid-2002</p> <p>(2000)</p>	<p>(Action Completed)</p>
<p>To house all major financial authorities under one roof</p> <p>(FSB)</p>	<p>To house all major financial institutions under one roof in the future Hong Kong International Finance Centre which will be strategically located at the Central Waterfront</p> <p>(1997)</p>	<p>(Action in Progress : On Schedule)</p>

4 Spearhead the further development of the financial market

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below —

Initiative	Target	Present Position
To review the arrangements for protecting consumers of banking services <i>(Hong Kong Monetary Authority (HKMA))</i>	To recommend a policy approach within 2002 based on comments received from the public on the comparative study published by the HKMA <i>(2001)</i>	<i>(Action Completed)</i>
To review the three-tier authorisation system <i>(HKMA)</i>	To complete the review in the first half of 2001 and implement any reform as appropriate by the end of 2001 <i>(2000)</i>	<i>(Action Completed)</i>
To review the existing market entry requirements for a local banking licence <i>(HKMA)</i>	To complete the review in the second half of 2001 <i>(2000)</i>	<i>(Action Completed)</i>

Initiative	Target	Present Position
<p>To promote bilateral links with other financial centres in Payment versus Payment and Delivery versus Payment transactions</p> <p>(HKMA)</p>	<ul style="list-style-type: none"> ● To set up a bilateral linkage between HKMA's Central Moneymarkets Unit and the Government Securities Book Entry System of the Mainland to facilitate cross-boundary trading and holding of Hong Kong and Mainland debt securities in 1999 <p>(1998)</p> <ul style="list-style-type: none"> ● To reduce the settlement risk in foreign exchange transactions by pursuing the establishment of a Payment versus Payment link between the local payment system and those in the region, including the Mainland <p>(2000 and 1997)</p>	<ul style="list-style-type: none"> ● Following agreement reached with the People's Bank of China this year, the linkage is now due for implementation in early 2003. <p><i>(Action in Progress : Behind Schedule)</i></p> <ul style="list-style-type: none"> ● Progress needs to await the development of Real Time Gross Settlement systems in the region. <p><i>(Action in Progress : Under Review)</i></p>