

MESSAGE

During the year, we continued to pursue our objective of enhancing Hong Kong's status as an international financial centre by further improving our regulatory and infrastructural framework.

The Securities and Futures Bill which seeks to consolidate and modernize all legislation governing the securities and futures markets was introduced into the Legislative Council in November 2000. Good progress has been made in the legislative process. We look forward to the early enactment of the Bill which will bring our regulatory framework on par with international standards.



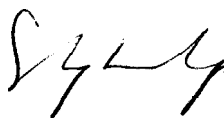
A modern and robust financial infrastructure will help mitigate risks, increase efficiency, and enhance market transparency and liquidity. Our goal is to build an eInfrastructure that will enhance the competitiveness of our market. The Steering Committee on the Enhancement of the Financial Infrastructure in Hong Kong is taking steps to put in place the building blocks for developing such infrastructure, bringing ultimately straight-through processing, a scripless market and single clearing for stock and derivative transactions.

Good corporate governance is essential to fostering a fair, open and efficient regime. In July this year, the Standing Committee on Company Law Reform published a consultation document on proposals to further enhance our corporate governance standards. We would treasure public views on this very important subject. In the coming year, we would work with other concerned bodies to further improve corporate governance.

In December 2000, the Mandatory Provident Fund System was fully implemented. We have worked closely with all relevant parties to ensure the smooth operation of the System. A review on the operational aspects of the Mandatory Provident Fund Schemes Ordinance will be conducted later this year.

The last phase of deregulation of interest rate rules was implemented smoothly in July 2001. All Hong Kong dollar deposit interest rates are now determined by free market forces. This will enhance competition and efficiency of the banking industry, and give banking consumers more choice. The past year has also witnessed steady progress in establishing a deposit insurance scheme and a commercial credit reference agency in Hong Kong. Taking into account the views received in the public consultation exercise, we are now drawing up the details.

China's imminent entry into the World Trade Organisation and the development of the Western Region will bring new opportunities and challenges for Hong Kong's financial services sector. In the coming year, we shall continue to work closely with the market so as to ensure that our financial services sector is poised to benefit from the new business opportunities. We shall build on our strong foundations to improve the quality and efficiency of our financial services sector, with a view to further broadening and deepening our financial markets.

A handwritten signature in black ink, consisting of stylized, cursive characters that appear to be 'S', 'Y', 'L', and 'Y'.

(Stephen Ip)
Secretary for Financial Services

International Financial Centre

Policy Objective and Key Result Areas

INTERNATIONAL FINANCIAL CENTRE

Our Policy Objective is to maintain and enhance Hong Kong's status as a major international financial centre through the provision of an appropriate economic and legal environment for an open, fair and efficient market.

Overall Targets

Our targets this year in pursuing this Policy Objective are –

- to ensure that Hong Kong's financial infrastructure meets international standards
- to ensure that our business laws continue to provide a level playing field
- to ensure that the various regulatory regimes in Hong Kong are consistent with the international standards recommended by the respective international organisations

Progress

In the past 12 months, we made good progress in enhancing Hong Kong's status as a major international financial centre.

We have continued to upgrade our financial infrastructure to meet the best international standards in respect of risk management and enhancing efficiency in our financial markets. The Steering Committee on the Enhancement of the Financial Infrastructure in Hong Kong (SCEFI) reconvened by the Securities and Futures Commission (SFC) has set up dedicated working groups to take forward proposals to enable straight-through processing, achieve single clearing of stock and derivative transactions and develop a scripless market. SCEFI has achieved good progress in setting up the FinNet, a secure financial conduit connecting the financial regulators and market participants in the financial sector, such as brokers and banks to facilitate straight-through processing. We have also

reinforced Hong Kong's financial infrastructure with the full implementation of a US dollar Clearing System at the end of 2000. The system further enhances Hong Kong's status as an international financial centre by paving the way to a capital market that offers a wide range of US dollar denominated products. In 2001, we have completed a comprehensive review of retail payment systems in Hong Kong in view of the rapid evolution in this area. The review concluded that in terms of payment instruments and efficiency, Hong Kong's retail payment systems function well and compare favourably with major overseas markets. The review nevertheless identified a number of issues meriting further attention and analysis. The Hong Kong Monetary Authority (HKMA) will follow up on these in consultation with the payment system operators.

An open and orderly market with a high degree of transparency is also essential for an international financial centre. In this aspect, we introduced the Securities and Futures Bill into the Legislative Council in November 2000. The Bill aims to consolidate and modernise all existing ordinances governing the securities and futures market. We shall continue to work with the Bills Committee set up to scrutinise the Bill, and hope to bring the new regulatory framework into operation as early as practicable.

We have carried out the banking reforms as planned to encourage market competition. The full and final deregulation of interest rates took place in July 2001, removing interest rate caps on all types of deposits in Hong Kong. Deregulation would benefit customers in terms of greater variety of services offered and banks in terms of more efficient pricing. This year, the HKMA has completed public consultation on two major proposals to enhance safety and soundness of the banking sector: (i) enhancing depositor protection and (ii) establishing a commercial credit reference agency. Good progress was made during the year in improving the standards of financial disclosure by authorised institutions (AIs) and in further developing and implementing the risk-based supervisory framework. Besides, we have also seen the Hong Kong dollar remaining stable during the past year against an external environment which had become increasingly volatile.

We have also taken steps to facilitate the further development of our financial market in line with globalisation. The two exchanges and their three associated clearing houses successfully merged and demutualised in March 2000. The merged Hong Kong Exchanges and Clearing Limited

(HKEx) has actively sought to establish strategic alliances with major international exchanges and to continue to develop new financial products and services with a view to enhancing its competitiveness in the global market.

We also achieved the following progress in our four Key Result Areas (KRAs).

1 Maintain monetary and banking stability in Hong Kong

In the past year, the linked exchange rate system continued to function smoothly to deliver a stable and predictable monetary environment, which provided an anchor of stability against an increasingly uncertain global economic environment. Following the completion of an extensive public consultation exercise on enhancing depositor protection, the Executive Council has approved in principle the proposal to introduce a deposit insurance scheme in Hong Kong. Since then, the HKMA has been undertaking more detailed work with a view to producing a set of final recommendations on how the scheme should be structured. The public consultation on the establishment of a commercial credit reference agency to enable banks to better assess their corporate customers has also been completed. We have set up a working group comprising cross-industry representatives to take forward this important proposal.

2 Further improve the regulatory framework

In November 2000, we introduced the Securities and Futures Bill into the Legislative Council after more than 18 months of intensive consultation with the market and other concerned parties. The Bill seeks to consolidate all securities and futures-related ordinances and improve the regulatory framework to bring it on par with international standards. The objectives are to upgrade the quality of intermediary services, enhance market transparency, reduce market manipulation, facilitate market innovation and provide better investor protection. Major proposals include streamlining the licensing regime for market intermediaries, setting up a Market Misconduct Tribunal and enhancing the requirements for disclosure of securities interests. We introduced concurrently the Banking (Amendment) Bill 2000 to apply consistent regulatory standards and enhance the HKMA's regulatory functions in relation to the securities and futures businesses conducted

by AIs. The Legislative Council has set up a Bills Committee to consider the two Bills. We are working closely with the Committee with a view to bringing the new regulatory arrangements into operation as early as practicable.

Following the introduction of the risk-based supervisory approach, the HKMA has completed the first round of risk-focused examinations of the small and medium sized local banks and is extending these examinations to large local banks and foreign bank branches. We have also introduced the Banking (Amendment) Bill 2001, which aims to improve the general working of the Banking Ordinance in the light of recent market developments. It contains legislative proposals relating to Internet advertisements for deposits, the HKMA's power of control over places of business of AIs and enhancement of existing provisions relating to the fitness and properness of managers. The HKMA has been working closely with the banking sector to prepare for the implementation of the New Capital Accord, proposed by the Basel Committee on Banking Supervision, to succeed the 1988 Capital Accord currently adopted in Hong Kong and worldwide. With the target implementation year of 2005, the New Capital Accord has the overall objective of aligning regulatory requirements more closely with the key elements of banking risks and to provide incentives for banks to enhance their risk management and related capabilities.

The Mandatory Provident Fund (MPF) System was successfully launched in December 2000 as scheduled.

In July 2001, the Standing Committee on Company Law Reform issued a public consultation document on the first phase of its proposals to raise Hong Kong's corporate governance standards. This represents a major step in the Corporate Governance Review initiated in 2000. The proposals span over the three main areas of directors' duties and responsibilities, shareholders' rights and corporate reporting.

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

In 2000, we reached another milestone by implementing a US dollar Clearing System. The System significantly enhances the settlement efficiency and reduces the settlement risk of US dollar transactions

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in Hong Kong. Moreover, this infrastructure encourages the issue of US dollar debt and equity securities in Hong Kong, thereby attracting more global investors to Hong Kong.

We also completed a number of short-term measures to upgrade our financial infrastructure, including electronic filing of financial returns by intermediaries to the SFC. The first electronic Initial Public Offering (eIPO) was also successfully launched in September 2000. Last year, the third generation of the Automatic Order Matching and Execution System was successfully implemented to enhance market capability and support new trading methods. The advisory committee established to co-ordinate a human resources development strategy for the financial services sector submitted recommendations to improve human resources development and enhance Hong Kong's competitiveness in its first report to the Government in January 2001.

4 Spearhead the further development of the financial market

In July 2001, we further enhanced competition and therefore efficiency in the banking sector by removing the remaining interest rate rules on savings and current account deposits. This final step of the deregulation process was implemented smoothly. There was also progress on banking consolidation through mergers and acquisitions. In addition, the "three-building condition" is expected to be further relaxed before the end of 2001. Foreign banks will be allowed to open unlimited number of branches in Hong Kong. At the instigation of the Legislative Council, the HKMA prepared and submitted a comparative study on banking consumer protection and competition arrangements in three different jurisdictions, namely Australia, Hong Kong and the United Kingdom. We are now consulting the public, with a view to adopting appropriate measures to enhance the protection for banking consumers.

The second board, now known as the Growth Enterprise Market (GEM) was launched by the Stock Exchange of Hong Kong Limited in November 1999 as an alternative market to provide emerging growth companies easier access to the funds of the investing public. The SFC and the HKEx have completed a review of the key aspects of the GEM's listing requirements in the light of the actual operation of the market. The agreed principles for the rule changes were announced in July 2001 and the detailed rule amendments were published in September 2001.

Progress on each previously announced initiative under the above KRAs is set out in the “Detailed Progress” section of this report.

Looking Forward

To achieve our overall targets this year, we will undertake the following initiatives and targets under each of the KRAs for the coming year.

Hong Kong is an externally-oriented economy with a high proportion of its GDP derived from international trade and investment. The maintenance of a stable exchange rate is essential to the promotion of international trade and to the status of Hong Kong as an international financial centre.

The Government is fully committed to the maintenance of the linked exchange rate system. The robustness of the link is underpinned by sound economic fundamentals, characterised by substantial foreign exchange reserves, strong fiscal discipline, a healthy banking system as well as an advanced financial infrastructure. Against an external economic environment which has become more volatile in recent months, the Hong Kong Monetary Authority (HKMA) will continue to keep abreast of the latest developments with a view to ensuring the stability of the Hong Kong dollar under the linked exchange rate system and to review the currency board arrangements as appropriate. In the coming year, the HKMA will continue its effort to improve the operation of the Banking Ordinance and carry on the banking reforms to maintain the stability and effective working of the banking system. Among the various initiatives, we shall produce detailed recommendations on the establishment of a deposit insurance scheme and a commercial credit reference agency.

We will assess our performance in respect of this KRA against the following indicators –

- Stability of our currency. Our target is to continue to maintain the exchange rate at HK\$7.80 to the US dollar within the framework of the linked exchange rate system.
- Effectiveness of the banking regulatory framework for prudential supervision of authorised institutions which is fully in line with international standards. Our target is to achieve general compliance with international standards established by the Basel Committee on Banking Supervision.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative *	Target
To introduce a deposit insurance scheme in Hong Kong <i>(Hong Kong Monetary Authority (HKMA))</i>	To introduce detailed recommendations in 2002
To establish a credit reference agency for commercial enterprises in Hong Kong <i>(HKMA)</i>	To introduce detailed recommendations in 2002

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

Hong Kong has a well-established regulatory framework for the financial services sector, which operates smoothly. Nevertheless, the Government will continue to further enhance the regulatory framework in the light of international experience and standards through co-operation with regulators in other jurisdictions and to maintain a level playing field.

On the banking side, the Hong Kong Monetary Authority (HKMA) will continue to maintain a close dialogue with the Basel Committee on Banking Supervision with a view to preparing for the implementation of the New Capital Accord and to discussing specific aspects of the latest proposals with the banking industry. The HKMA will also update the Supervisory Policy Manual, which was introduced in 2000 to reflect latest banking supervisory standards and practices for the industry's reference.

A modern and flexible regulatory framework for the securities and futures market facilitates the development of new financial products and effective trading methods, and enhances protection for the investing public. Such a framework is essential to strengthen our competitive edge amidst rapid changes in the international financial markets. In this connection, the Government has worked closely with the Securities and Futures Commission, the statutory regulator overseeing the securities and futures market, in reviewing our regulatory regime and making recommendations for improvement.

On corporate governance, in July 2001, the Standing Committee on Company Law Reform (SCCLR) issued a public consultation document on the first phase of its proposals to raise Hong Kong's corporate governance standards. We will monitor closely the outcome of the public consultation exercise and seek to implement the necessary measures to further enhance our corporate governance regime. The SCCLR will continue with its review with a view to developing further proposals by phases in 2002.

Separately, the Mandatory Provident Fund (MPF) System was fully implemented as scheduled in December 2000. At the end of August 2001, 88% of employers, 94% of employees and 91% of self-employed persons participated in MPF schemes. We will continue to work with the Mandatory

Provident Fund Schemes Authority to ensure the effective operation of the System.

We will assess our performance in respect of this KRA against the following indicators –

- The extent of free and orderly operation of the regulated financial markets. Our target is to further improve the regulatory regime as well as implementation and enforcement to ensure a level playing field.
- The extent of compliance with the obligations and commitments of the World Trade Organisation in respect of financial services. Our target is to achieve general compliance.
- The extent of compliance with the regulatory standards recommended by the International Organisation of Securities Commissions in respect of the securities sector. Our target is to achieve general compliance.
- The extent of compliance with the international standards established by the Basel Committee on Banking Supervision in respect of the banking sector. Our target is to achieve general compliance.
- The extent of compliance with the regulatory standards recommended by the International Association of Insurance Supervisors in respect of the insurance sector. Our target is to achieve general compliance.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
To implement recommendations arising from the Corporate Governance Review being undertaken by phases by the Standing Committee on Company Law Reform <i>(Financial Services Bureau (FSB))</i>	To implement the recommendations by phases starting from 2002

Initiative	Target
<p>To further enhance the efficiency and effectiveness of the Mandatory Provident Fund (MPF) System <i>(FSB)</i></p>	<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
<p>To prepare for the implementation of the New Capital Accord by the Basel Committee on Banking Supervision <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>To conduct a consultancy study on the feasibility of establishing insurance policy holders' protection funds so as to enhance the protection of policy holders <i>(Office of the Commissioner of Insurance)</i></p>	<p>To commence the study in 2002-03 and to consult the insurance industry and the general public thereafter</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" <i>(HKMA)</i></p>	<p>To complete the review and update by end-2002</p>

3

Improve the infrastructure required for a first class international financial centre

The Government is committed to maintaining Hong Kong's position as a premier international financial centre by, among other things, developing state-of-the-art financial infrastructure and nurturing a well-trained, adaptable workforce. Through these measures the Government aims to enhance the competitiveness of Hong Kong, in terms of more professional services, reduced risk and increased efficiency.

To remain competitive, it is necessary to capitalise on the latest developments in information technology and its applications to enhance system security and efficiency of our financial infrastructure. This will require careful planning and much commitment, particularly on the part of the industry.

Building on the success of the introduction of a US dollar Real Time Gross Settlement payment system, the Hong Kong Monetary Authority (HKMA) will promote the use of the system in our time zone through offering the service and explaining the benefits in terms of risk management to market participants in other jurisdictions.

The Hong Kong Exchanges and Clearing Limited (HKEx) has embarked on the project to improve the efficiency of the current Central Clearing and Settlement System. When fully launched in 2002, the upgraded system will form the backbone of the Financial Network (FinNet). The Steering Committee on the Enhancement of the Financial Infrastructure in Hong Kong is also working on how to achieve Delivery versus Payment (DvP) in securities settlement with the money payment system. The goal is to achieve DvP for institutional, retail and on-line trading to further enable straight-through processing. Concurrently, we are seeking input from market practitioners for developing options for achieving a scripless market. The aim is to issue a consultation paper and develop the necessary legislative proposals in the coming year.

A robust physical infrastructure functions effectively only with human input of the right calibre. Human resources have long been one of the most important assets of Hong Kong. While financial products are becoming more

sophisticated and financial transactions are moving towards full automation and straight-through processing, there is a need to ensure that we have a workforce that is adaptable and well-equipped to meet the challenges ahead and to reap the benefits offered by the new opportunities. The Advisory Committee on Human Resources Development in the Financial Services Sector (FinMan Committee), established in June 2000 to co-ordinate the strategy of meeting the sector's demand for human resources development, submitted its first report to the Government in January 2001. Included in the report is the recommendation to broaden students' outlook by increasing the number of exchange programmes and corporate internships for undergraduates. In June 2001, the FinMan Committee organised a forum for prominent members of the financial services sector and the academia to exchange views with undergraduates on the needs of the industry.

We will assess our performance in respect of this KRA against the following indicator –

- Availability of more efficient and professional financial services comparable to those of other international financial centres. Our target is to facilitate full implementation of a series of enhancement measures to strengthen the financial infrastructure as quickly as possible.

In addition, we will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
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

Initiative	Target
<p>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</p> <p><i>(C&SD)</i></p>	<p>To complete the setting up of the necessary statistical systems by early 2002</p>
<p>To introduce electronic filing, processing and dissemination of corporate information in the Companies Registry</p> <p><i>(Companies Registry)</i></p>	<p>To implement an Integrated Companies Registry Information System in phases by 2005</p>

4

Spearhead the further development of the financial market

In order to maintain our position as an international financial centre, we have to develop new products and raise our regulatory, infrastructural, analytical and statistical standards. The Government, financial regulatory bodies, exchanges and clearing houses will continue to move in this direction.

We foster creativity in the market and encourage it to introduce new financial and securities products so that new channels for raising capital will emerge. Our aim is to offer quality financial intermediary services, comparable to those available in New York and London. To this end, we are exploring innovative ways to further develop our financial markets.

The two Exchanges under the management of their holding company, the Hong Kong Exchanges and Clearing Limited (HKEx), are committed to introducing new financial products and services to meet the demand of investors. The HKEx has introduced MSCI China Free Index Futures, Exchange Traded Funds on regional index and other new financial products. It is also actively seeking to establish strategic alliances with major international exchanges and to continue to develop Hong Kong as a major fund raising centre in the region.

We shall continue to play an active role in promoting bond market development in the region. The HKMA will examine the scope for enhancing the Central Moneymarkets Unit service to deepen the development of the debt market and support the fund management industry. We shall also continue to seek opportunities to extend linkages with central clearing and depository systems outside Hong Kong. Such linkages can raise efficiency and reduce the settlement risk in cross-boundary securities trade by facilitating Delivery versus Payment settlement. The Hong Kong Mortgage Corporation will continue to play a prominent role in the development of the secondary mortgage market.

In an increasingly deregulated and competitive banking environment, concerns have been raised as to how far the Government should be involved in consumer issues relating to banking services. The HKMA already plays an important part in formulating industry standards through participating in

the review of the Code of Banking Practice. We shall consider the arrangements for protecting consumers of banking services, including the question of whether and to what extent the Government should play a role.

We will assess our performance in respect of this KRA against the following indicators –

- The willingness of the parties concerned to introduce new financial products and services and the efforts to develop the liquidity, breadth and depth of these new products and services. Our target is to encourage the HKEx to further develop their client and product base, and to improve their market infrastructure to support market growth and meet changing needs of investors.
- The extent to which Hong Kong plays a role in the trend of globalization of international financial markets. Our target is to encourage the HKEx to actively explore opportunities to establish strategic alliances with reputable international exchanges.
- The competitiveness and efficiency of our banking sector. Our target is to promote competition in the banking sector by removing unnecessary regulatory barriers and allow market forces to play a larger role in the consolidation of the banking industry.

Apart from the various initiatives undertaken in the past years, we will also pursue the following initiative and target to deliver results in this area –

Initiative	Target
<p>To review the arrangements for protecting consumers of banking services</p> <p><i>(Hong Kong Monetary Authority (HKMA))</i></p>	<p>To recommend a policy approach within 2002 based on comments received from the public on the comparative study published by the HKMA</p>

International Financial Centre

Detailed Progress

1

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 enhance deposit protection in Hong Kong <i>(Hong Kong Monetary Authority (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 <i>(2000)</i>	Following the completion of a public consultation, the Executive Council has approved, in principle, the proposal to introduce a deposit insurance scheme in Hong Kong. The HKMA has commenced detailed work with a view to producing a set of final recommendations on how the scheme should be structured. <i>(Action in Progress: On Schedule)</i>
To promote the establishment of a commercial credit reference agency for the banking industry in Hong Kong <i>(HKMA)</i>	To initiate appropriate measures in early 2001 having regard to the views collected from the public consultation on this subject <i>(2000)</i>	A working group comprising representatives from the banking industry, the corporate sector and various related Government departments has been formed to pursue the detailed arrangements for the establishment of a commercial credit reference agency. <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 (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 (2000)</p>	<p>HKMA is formalising the requirements as modules of the Supervisory Policy Manual. <i>(Action in Progress: On Schedule)</i></p>
<p>To continue refining the currency board arrangements (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 (2000)</p>	<p>The Exchange Fund Subcommittee on Currency Board Operations has further reviewed the convertibility and transferability issues. The Sub-committee considers that the present arrangements have worked well and should continue for the time being. <i>(Action in Progress: On Schedule)</i></p>
<p>To conduct a detailed study on the issue of further enhancing depositor protection in Hong Kong and review the desirability of setting an asset maintenance requirement for licensed banks in relation to the Priority Payment Scheme for small depositors under the Companies Ordinance (HKMA)</p>	<p>To commence the study in the first half of 2000 and to consult the banking industry and the general public thereafter (1999)</p>	<p>The consultancy report was completed in July 2000. The banking industry and the general public were consulted in January 2001. Government agreed, in principle, to proceed with a deposit insurance scheme. Detailed proposals are being worked out. <i>(Action Completed)</i></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
<p>To monitor the operation of the Mandatory Provident Fund (MPF) System upon full implementation in December 2000</p> <p><i>(Financial Services Bureau (FSB))</i></p>	<p>The Mandatory Provident Fund Schemes Authority (MPFA) to regulate, supervise and monitor the MPF System in accordance with the MPF Schemes Ordinance</p> <p><i>(2000 and 1999)</i></p>	<p>The MPF System was fully implemented in December 2000. MPFA continues to monitor compliance with the MPF legislation by MPF trustees, other service providers and employers.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To conduct a comprehensive review on the regulatory system in respect of the Occupational Retirement Schemes</p> <p><i>(FSB)</i></p>	<p>To complete the review by mid-2001</p> <p><i>(2000)</i></p>	<p>Comprehensive review completed and proposed areas for legislative amendment identified. The relevant groups and professional organisations are being consulted on the proposals.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To enhance the standards of corporate governance in Hong Kong <i>(FSB)</i></p>	<p>The Standing Committee on Company Law Reform (SCCLR) to commission a Corporate Governance Review in 2000-2001 <i>(2000)</i></p>	<p>The SCCLR commenced its Corporate Governance Review in 2000. A public consultation paper on the first phase of its proposals was published in July 2001. The SCCLR will continue with the review with a view to developing further proposals in respect of Hong Kong's Corporate Governance regime in 2002. <i>(Action Completed)</i></p>
<p>To conduct a study on the future role of the Official Receiver <i>(FSB/Official Receiver's Office (ORO))</i></p>	<p>To identify possible options on the future role of the Official Receiver by 2001-2002 <i>(2000)</i></p>	<p>A consultant was appointed in March 2001 to conduct the study. The study is underway. <i>(Action in Progress: On Schedule)</i></p>
<p>To enhance the protection given to insurance policy holders <i>(Office of the Commissioner of Insurance (OCI))</i></p>	<p>In 2001 to prescribe, by regulation, that appointed actuaries of insurers shall comply with the Professional Standard 1 issued by the Actuarial Society of Hong Kong <i>(2000)</i></p>	<p>The Insurance Companies (Actuaries' Standards) Regulation came into effect on 1 January 2001, requiring appointed actuaries of insurers to comply with the Professional Standard 1 issued by the Actuarial Society of Hong Kong. <i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To conduct a comprehensive review of the regulatory system for insurance intermediaries, in the light of operational experience and market developments since the scheme was implemented in 1995</p> <p><i>(OCI)</i></p>	<p>To report the outcome of the review in 2001</p> <p><i>(2000)</i></p>	<p>The review was completed in July 2001. A consultation document has been issued to the relevant parties for comments.</p> <p><i>(Action Completed)</i></p>
<p>To develop guidelines on the use of Internet in the insurance sector for the purpose of enhancing the healthy growth of the industry in the new IT era</p> <p><i>(OCI)</i></p>	<p>To issue guidelines on the use of Internet in the insurance sector in the first half of 2001</p> <p><i>(2000)</i></p>	<p>The Guidance Note on the Use of Internet for Insurance Activities was issued in January 2001.</p> <p><i>(Action Completed)</i></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><i>(FSB)</i></p>	<p>To introduce the Securities and Futures Bill into the Legislative Council in November 2000</p> <p><i>(2000, 1998 and 1995)</i></p>	<p>The Securities and Futures Bill was introduced into the Legislative Council in November 2000, and is now being scrutinised by a Bills Committee.</p> <p><i>(Action in Progress: On Schedule)</i></p>

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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><i>(FSB)</i></p>	<p>To implement the relevant amendments to the Banking Ordinance in 2001</p> <p><i>(2000)</i></p>	<p>The Banking (Amendment) Bill 2000 is under scrutiny by Bills Committee of the Legislative Council.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To review the listing rules of the Growth Enterprises Market as well as the related regulatory and legal regime</p> <p><i>(Securities and Futures Commission (SFC))</i></p>	<p>To implement by end-2000 proposed changes to the listing rules and related regulatory regime in the light of comments received during a market consultation exercise conducted in June 2000</p> <p><i>(2000)</i></p>	<p>The SFC and the Stock Exchange of Hong Kong have completed a review of the key aspects of the listing requirements and announced in July 2001 the agreed principles. The detailed rule changes were published in September 2001.</p> <p><i>(Action Completed)</i></p>
<p>To refine the existing regulatory framework for electronic banking</p> <p><i>(Hong Kong Monetary Authority (HKMA))</i></p>	<ul style="list-style-type: none"> ● To devote more resources (including setting up an additional specialist team) to strengthen the supervision of electronic banking activities 	<ul style="list-style-type: none"> ● A specialist team has been established. <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
	<ul style="list-style-type: none"> ● To issue a guideline on Internet advertisements for deposits in the first half of 2001 ● To develop an examination programme for electronic banking activities of AIs in the second half of 2000 and start conducting examination in 2001 <p>(2000)</p>	<ul style="list-style-type: none"> ● Proposals for legislative amendments have been incorporated into the Banking Amendment Bill 2001 which was introduced into the Legislative Council in the first half of 2001. The guideline will be issued following the Bill's enactment. <p><i>(Action in Progress: On Schedule)</i></p> <ul style="list-style-type: none"> ● Three pilot examinations have been conducted. <p><i>(Action Completed)</i></p>
<p>To maintain high standards of corporate governance within the banking industry</p> <p><i>(HKMA)</i></p>	<p>To ensure that all locally incorporated AIs have adopted the sound corporate governance standards set out in the Guideline on Corporate Governance issued by the HKMA in May 2000 no later than the end of June 2001</p> <p>(2000)</p>	<p>All local AIs are largely in compliance with the corporate governance standards set out in the Guideline issued by the HKMA.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To develop a Supervisory Policy Manual to support the risk-based supervisory approach to AIs adopted by the HKMA</p> <p><i>(HKMA)</i></p>	<p>To complete the Manual by the end of 2001</p> <p><i>(2000)</i></p>	<p>A substantial proportion of the Manual has been completed, but this is now seen as an ongoing project and will be updated regularly.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To monitor the development of the New Capital Accord by the Basel Committee on Banking Supervision and assess its impact on the banking sector</p> <p><i>(HKMA)</i></p>	<p>To review consultative documents to be issued by the Basel Committee in early 2001 and comment on issues that may affect the Hong Kong banking sector by the deadline to be set by the Committee</p> <p><i>(2000)</i></p>	<p>Another round of consultation will be conducted in early to mid-2002 when further documents are issued by the Basel Committee.</p> <p><i>(Action Completed)</i></p>
<p>To review and update the Guide to Applicants for Authorisation under the Banking Ordinance</p> <p><i>(HKMA)</i></p>	<p>To finalise the review in the first quarter of 2001</p> <p><i>(2000)</i></p>	<p>The review has been completed.</p> <p><i>(Action Completed)</i></p>
<p>To review and update the Guideline for Prevention of Money Laundering issued by the HKMA to bring AIs' policies and procedures to combat money laundering activities fully in line with international standards</p> <p><i>(HKMA)</i></p>	<p>To complete the review and update the Guideline for Prevention of Money Laundering by end-2000</p> <p><i>(2000)</i></p>	<p>The review and update have been completed.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To establish a Market Misconduct Tribunal for tackling market misconduct in the securities and futures market (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 (2000 and 1999)</p>	<p>The Securities and Futures Bill provides for the establishment and operation of the Tribunal. The Bill was introduced into the Legislative Council in November 2000 as scheduled and is now being scrutinised by a Bills Committee. We will set up the Tribunal when the law comes into operation. (Action in Progress: On Schedule)</p>
<p>To establish a Securities and Futures Appeals Tribunal for handling appeals lodged against decisions made by the SFC (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 (2000 and 1999)</p>	<p>The Securities and Futures Bill provides for the establishment and operation of the Tribunal. The Bill was introduced into the Legislative Council in November 2000 as scheduled and is now being scrutinised by a Bills Committee. We will set up the Tribunal when the law comes into operation. (Action in Progress: On Schedule)</p>
<p>To establish an independent Process Review Panel for reviewing the internal operations, including investigative procedures, of the SFC (FSB)</p>	<p>To set up the Panel in 2000 (2000 and 1999)</p>	<p>The Panel was set up in November 2000. (Action Completed)</p>

Initiative	Target	Present Position
<p>To streamline the licensing regime for securities and futures intermediaries <i>(FSB and SFC)</i></p>	<p>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></p>	<p>The Securities and Futures Bill provides for the operation of the new licensing regime. The Bill was introduced into the Legislative Council in November 2000 as scheduled and is now being scrutinised by a Bills Committee. We will set up the new licensing regime when the law comes into operation. <i>(Action in Progress: On Schedule)</i></p>
<p>To enhance the disclosure of interests in securities <i>(FSB and SFC)</i></p>	<p>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></p>	<p>The Securities and Futures Bill provides for the disclosure of interests in securities. The Bill was introduced into the Legislative Council in November 2000 as scheduled and is now being scrutinised by a Bills Committee. We will enhance the disclosure requirements when the law comes into operation. <i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To closely monitor the asset quality of local banks (HKMA)</p>	<p>To conduct on-site examinations of the local banks semi-annually ahead of the year-end result announcements for 1999 and the interim and year-end result announcements for 2000 (1999)</p>	<p>Action completed. HKMA will continue to closely monitor asset quality of local banks. (Action Completed)</p>
<p>To encourage competition among private sector insolvency practitioners through their increasing participation in the administering of compulsory liquidation cases (ORO)</p>	<p>To attract more firms to join the Panels established under the ORO for contracting out insolvency work to private practitioners in 2000-2001 (1999)</p>	<p>The ORO reviewed the entry requirements of its administrative panel for contracting out of summary winding up cases. Following the review, a new set of entry requirements aiming at facilitating more participation by eligible private sector insolvency practitioners has been implemented since March 2001. (Action Completed)</p>
<p>To implement the Law Reform Commission (LRC)'s proposal on licensing insolvency practitioners (ORO)</p>	<p>To consult professional and academic bodies with a view to setting standards for the licensing of practitioners (1999)</p>	<p>Consultation exercise completed in June 2000. The LRC's proposal will be examined in the context of the consultancy study being conducted on the future role of the Official Receiver. (Action in Progress: On Schedule)</p>

Initiative	Target	Present Position
<p>To provide for statutory corporate rescue procedure to allow a viable business to survive as a going concern <i>(ORO)</i></p>	<p>To introduce the legislative proposals into the Legislative Council before end-1999 <i>(1999 and 1996)</i></p>	<p>Legislative proposals were introduced into the Legislative Council in its 1999-2000 session. Due to time constraints, the Bills Committee did not complete the scrutiny of the proposals. The Companies (Corporate Rescue) Bill which was introduced into the Legislative Council in May 2001 is now being scrutinised by a Bills Committee. <i>(Action in Progress: Behind Schedule)</i></p>
<p>To further strengthen liaison with overseas insurance regulators to enhance Hong Kong's status as a regional insurance centre <i>(OCI)</i></p>	<ul style="list-style-type: none"> ● To step up our participation in the International Association of Insurance Supervisors (IAIS) by becoming a member of its technical committees and contributing towards the development of international standards of insurance regulation ● To promulgate and monitor compliance of Hong Kong insurance companies with international standards of insurance regulations 	<ul style="list-style-type: none"> ● Representatives of the OCI will continue to attend the relevant sub-committee meetings at the Annual Conference of the IAIS and play an active role in these meetings. The OCI has also joined as a member of the Insurance Fraud Sub-committee of the IAIS. <i>(Action Completed)</i> ● The OCI has promulgated relevant standards of insurance regulations issued by the IAIS. Hong Kong insurance companies have complied with these standards. <i>(Action Completed)</i>

Initiative	Target	Present Position
	<ul style="list-style-type: none"> To discuss and sign Memoranda of Understanding with major overseas insurance regulators <p>(1999)</p>	<ul style="list-style-type: none"> The OCI has initiated discussions with several major overseas insurance regulators, and will continue its effort in this aspect. <p><i>(Action in Progress: On Schedule)</i></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>Of the 30-point programme, 24 measures have been implemented and four are in progress. The proposal to reduce the threshold for special margin in futures and options contracts forms part of the overall derivative market risk management being kept under regular review by the Hong Kong Exchanges and Clearing Limited. The SFC has conducted a study on the regulation of share registrars and issued a draft code of conduct for consultation with the market.</p> <p><i>(Action in Progress: On Schedule)</i></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>	<ul style="list-style-type: none"> ● Legislative proposals arising from the Standing Committee on Company Law Reform's Report on the consultant's recommendations will be introduced into the Legislative Council from 2001-2002 onwards. ● Legislative proposals made by the LRC on the winding up provisions will be introduced into the Legislative Council from 2001-2002 onwards. <p><i>(Action in Progress: Behind 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>A consultancy study will be commissioned in 2001-2002 to examine the future institutional arrangements for the Insurance Authority.</p> <p><i>(Action in Progress: Behind Schedule)</i></p>
<p>To introduce legislation to provide statutory immunity for auditors of listed companies who report suspected illegal acts by their clients</p> <p><i>(FSB)</i></p>	<p>To introduce the legislation into the Legislative Council</p> <p><i>(1995)</i></p>	<p>The Securities and Futures Bill, which provides for the statutory immunity concerned, was introduced into the Legislative Council in November 2000.</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
<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 Financial Services Bureau (FSB))</i></p>	<ul style="list-style-type: none"> ● To complete a number of short-term measures including consolidated account reporting for securities and futures trading, and electronic filing for intermediaries by the end of 2000 ● 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><i>(2000)</i></p>	<ul style="list-style-type: none"> ● Short-term measures have been implemented. For instance, the SFC can now accept the filing of electronic submissions from intermediaries under its supervision through a secure Financial Network (FinNet). <p><i>(Action Completed)</i></p> <ul style="list-style-type: none"> ● SFC has reconvened the Steering Committee on the Enhancement of the Financial Infrastructure to take forward the relevant measures to enable straight-through processing of securities, single clearing of stock and derivative transactions, and develop a scripless market. <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To conduct a Population Census to provide up-to-date benchmark information on the social and economic characteristics of the population for use by Government in formulating policies and plans and by the private sector in conducting business and research</p> <p><i>(Census and Statistics Department (C&SD))</i></p>	<p>To complete all planning work and establish the necessary statistical systems in 2000 for conducting the Population Census in March 2001</p> <p><i>(2000)</i></p>	<p>The Population Census was conducted in March 2001.</p> <p><i>(Action Completed)</i></p>
<p>To produce timely and detailed quarterly Balance of Payments accounts to facilitate the analysis and monitoring of the financial market</p> <p><i>(C&SD)</i></p>	<p>To release detailed Balance of Payments statistics on a quarterly basis within three months after the reference quarter by the end of 2000</p> <p><i>(2000)</i></p>	<p>Detailed quarterly Balance of Payments statistics started to be released within three months after the reference quarter in December 2000.</p> <p><i>(Action Completed)</i></p>
<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><i>(C&SD)</i></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><i>(2000)</i></p>	<p>Related research studies have been completed. The compilation framework is progressively being set up. It is aimed to publish the estimates from the second half of 2002 onwards.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To enhance settlement efficiency and reduce settlement risks by providing US dollar settlement in the Asian time zone and Delivery versus Payment settlement for debt securities and shares denominated in US dollars</p> <p><i>(HKMA)</i></p>	<p>To fully implement the US dollar Clearing System in Hong Kong in December 2000</p> <p><i>(2000)</i></p>	<p>A US dollar Clearing System was established in Hong Kong in 2000.</p> <p><i>(Action Completed)</i></p>
<p>To conduct a comprehensive review of retail payment services in Hong Kong. The review will cover current means of retail payment, the likely future trends given technological developments, the risks associated with different means of payment, and the efficiency, pricing and the degree of competition in the provision of retail payment services</p> <p><i>(HKMA)</i></p>	<p>To complete the review in the first half of 2001</p> <p><i>(2000)</i></p>	<p>The review has been completed and HKMA is drawing up a work plan and taking follow-up action in consultation with the payment system operators.</p> <p><i>(Action Completed)</i></p>
<p>To study the feasibility of introducing electronic filing, processing and dissemination of corporate information in the Companies Registry</p> <p><i>(Companies Registry)</i></p>	<p>To complete a further consultancy study by May 2001</p> <p><i>(2000)</i></p>	<p>The study was completed in May 2001. The Companies Registry is implementing the consultant's recommendations.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To ensure the provision of an effective and efficient insolvency service</p> <p><i>(Official Receiver's Office)</i></p>	<p>To replace the existing roster appointment system of private sector insolvency practitioner under the contracting out scheme for summary court winding up cases by a competitive tendering system in 2000-2001</p> <p><i>(2000)</i></p>	<p>A competitive tendering system has been put in place since November 2000.</p> <p><i>(Action Completed)</i></p>
<p>To reduce the pressure on credit expansion of the banking system and on the payment system from heavily over-subscribed Initial Public Offer of securities on the Stock Exchange of Hong Kong</p> <p><i>(SFC)</i></p>	<p>To introduce measures to reduce the pressure</p> <p><i>(1997)</i></p>	<p>We introduced the first electronic initial public offering (eIPO) of securities successfully in September 2000. We keep the arrangements for eIPO under regular review to further improve the mechanism for such offerings.</p> <p><i>(Action Completed)</i></p>
<p>To house all major financial authorities under one roof</p> <p><i>(FSB)</i></p>	<p>To house all major financial institutions under one roof in the future Hong Kong International Finance Centre (HKIFC) which will be strategically located at the Central Waterfront</p> <p><i>(1997)</i></p>	<p>The Mandatory Provident Fund Schemes Authority moved into the HKIFC in July 1999, followed by the Hong Kong Exchanges and Clearing Limited in March 2000. The HKMA plans to move into the HKIFC in 2004.</p> <p><i>(Action in Progress: On Schedule)</i></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 deregulate the remaining interest rate rules on savings and current accounts <i>(Hong Kong Monetary Authority (HKMA))</i>	To complete the deregulation in July 2001, subject to the economic and financial environment not being unfavourable <i>(2000)</i>	Final and full deregulation took place on 3 July 2001. <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>	The review has been completed and a consultation paper will be issued. <i>(Action in Progress: On Schedule)</i>
To consider further relaxation of the three-building condition which allows foreign banks to operate no more than three branches <i>(HKMA)</i>	To complete the review in the first half of 2001 <i>(2000)</i>	The review has been completed and the HKMA is consulting the industry on further relaxation of the three-building condition. <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>	The review is in progress and will be completed before end-2001. <i>(Action in Progress: On Schedule)</i>

Initiative	Target	Present Position
<p>In collaboration with the industry associations, to review the Code of Banking Practice in order to promote good business practices in the banking industry</p> <p><i>(HKMA)</i></p>	<p>To conduct the review in the second half of 2000 and to consult relevant parties thereafter</p> <p><i>(2000)</i></p>	<p>The revised Code will be issued shortly.</p> <p><i>(Action Completed)</i></p>
<p>To promote further development of the local debt market by enhancing the reliability of the benchmark yield curve</p> <p><i>(HKMA)</i></p>	<p>To complete by end-2000 the review of the balance of issuance between Exchange Fund Bills and Notes of various maturities with a view to developing the longer term debt market</p> <p><i>(2000)</i></p>	<p>Some short-term Exchange Fund Bills have been replaced by longer-term Exchange Fund paper with tenor of one year and beyond since December 2000. This move has been well-received by the market.</p> <p><i>(Action Completed)</i></p>
<p>To promote bilateral links with other financial centres in Payment versus Payment and Delivery versus Payment transactions</p> <p><i>(HKMA)</i></p>	<ul style="list-style-type: none"> ● To establish a bilateral link between the Central Moneymarkets Unit and the Central Securities Depository in Singapore by 2001 <p><i>(2000)</i></p>	<ul style="list-style-type: none"> ● The initiative now rests with Singapore whether to pursue the linkage. <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
	<ul style="list-style-type: none"> <li data-bbox="409 188 669 564">● To set up a bilateral linkage between HKMA's CMU 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 <i>(1998)</i> <li data-bbox="409 635 669 1011">● 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 <i>(2000 and 1997)</i> 	<ul style="list-style-type: none"> <li data-bbox="705 188 997 347">● The People's Bank of China is considering the proposal. <i>(Action in Progress: On Schedule)</i> <li data-bbox="705 635 997 970">● No business case yet demonstrated. Also, project would need to await the further development of Real-Time Gross Settlement Systems in the region and relaxations of exchange controls. <i>(Action in Progress: On Schedule)</i>
<p data-bbox="109 1098 378 1358">To promote the further development of the local debt market through the activities of the Hong Kong Mortgage Corporation (HKMC) and Mandatory Provident Fund Schemes <i>(HKMA)</i></p>	<p data-bbox="405 1098 658 1177">HKMC to increase the issuance of debt securities in 1999 <i>(1998)</i></p>	<p data-bbox="701 1098 1002 1241">As at mid-September 2001, the total amount of outstanding debts issued by the HKMC was HK\$22.47 billion. <i>(Action Completed)</i></p>