

Significant Events 2003-2004

2003

1 April

The SFO came into operation, bringing Hong Kong's financial regulatory framework on a par with international standards.

1 April

Investor Compensation Company Ltd commenced operations to administer the single Investor Compensation Fund under the SFO.



13 May

The independent PRP published its second annual report, confirming that in general adequate safeguards and checks and balances were in place in the SFC's internal procedures.

14 May

The SFC published its Annual Report 2002-2003. The report was awarded two top prizes.



>> Secretary for Financial Services and the Treasury Mr Frederick Ma (left) presents Hong Kong Society of Accountants' Diamond Award to SFC COO Mr Peter Au-Yang in November.

23 May

The Companies Ordinance (Exemption of Companies and Prospectuses From Compliance with Provisions) (Amendment) Notice 2003 became effective, exempting prospectuses from those contents requirements which the SFC considers unduly burdensome or irrelevant.

26 May

Mr Peter Au-Yang was appointed as an ED of the SFC for three years, assuming the role of COO, and Dr York Liao was appointed as a NED for two years.

27 May

The FSTB and the SFC jointly consulted the public on a proposal to empower the SFC to initiate derivative actions. The proposal received limited market support.

30 May

The SFC and HKEx jointly published a Consultation Paper on the Regulation of Sponsors and Independent Financial Advisers.

26 June

The SFC signed a Declaration on Co-operation and Supervision of Cross-Border Investment Management Activity with ASIC.

30 June

The SFC moved to its new offices at Chater House.



>> The reception area of the new SFC office.

18 July

The SFC launched the *Know the SFC* video to explain its work to the public. The Cantonese language documentary drama was broadcast on Cable TV.



30 July

The SFC published the Code on REITs, broadening the choice of investment products available to the public.

1 August

Mr Raymond Kwok was re-appointed as a NED for one year.

22 August

The Court of Final Appeal (CFA) allowed the appeal by the Government against the order of Mr Justice Seagroatt for a permanent stay of the prosecution of Mr Lee Ming-tee and ordered the case to be remitted back to the Court of First Instance. The SFC intervened in the appeal on the basis that a substantial and grave injustice had been done to the SFC and its witnesses. In November 2003, the CFA ordered Mr Lee to pay costs in favour of the SFC.

25 September

IOSCO issued a Statement of Principles in addressing conflicts of interest faced by sell-side securities analysts. The SFC participated in the work on the Statement.

25 September

The SFAT, in its first review since its formation under the SFO, upheld an SFC decision to suspend Mr Wong Pui Hey Duncan for facilitating trading malpractices.

1 October

SFC Chairman Mr Andrew Sheng was re-appointed for two years.

14 - 17 October

IOSCO selected Hong Kong to host its 31st Annual Conference in 2006. SFC Chairman Mr Andrew Sheng was appointed Interim Chairman of the Technical Committee. A Multilateral MOU Concerning Consultation and Co-operation and the Exchange of Information was announced.



>> SFC Chairman Mr Andrew Sheng speaks on corporate governance at the IOSCO Annual Conference.

17 October

The SFC banned Mr Do Yu Lun for life from re-entering the securities industry for attempted theft. The prohibition order is a new disciplinary measure under the SFO.

22 October

The SFC announced that the first group of ATS providers had been authorised under the SFO.

23 October

The SFC fined Mr Richard John Patterson \$287,372 — the first fine under SFO — and publicly reprimanded him for unlicensed dealing.

15 November

Mr Christopher Cheng was appointed as a NED and the Hon Jasper Tsang was re-appointed as a NED, both for two years.

5 December

The SFC announced that the Mainland/Hong Kong Closer Economic Partnership Arrangement - Arrangements relating to Qualifications of Securities and Futures Industry Practitioners had been signed by the CSRC and the SFC.

6 December

A new SFC drama series entitled *Talk on Wise Investing* began broadcasting on Commercial Radio One.

12 December

The Securities and Futures (Price Stabilizing) (Amendment) Rules were gazetted, providing for recognition of the UK Price Stabilizing Rules.

30 December

The SFC introduced a new investor education column, Dr Wise's Column, on its website.



>> 2004

1 March

The SFC presented the proposals of the Working Group on Review of the Financial Regulatory Framework for Licensed Corporations to the LegCo Panel on Financial Affairs. The proposals aim to address the risks arising from pooling and re-pledging of client collateral by securities margin financiers.

26 March

The Government published the Consultation Conclusions on Proposals to Enhance the Regulation of Listing, recommending giving statutory backing to the more important listing requirements and expanding Dual Filing.

31 March

The SFC published regulatory proposals to address analyst conflicts of interest for public consultation.



>> SFC Chairman Mr Andrew Sheng (right) listens to a media question during a press briefing in January on the SFC's response to the Government's consultation paper. Sitting next to him is Mr Ashley Alder, Executive Director of Corporate Finance.