

PART II

THE DAVISON REPORT, 1988

The closure of the stock exchange in the aftermath of Black Monday led to the appointment of the Securities Review Committee on 16 November 1987 by the Governor, Sir David Wilson.

The Committee, chaired by Ian Hay Davison, was asked to review the constitution, powers, management and operation of the Stock and Futures Exchanges and their regulatory bodies.

The Report of the Securities Review Committee on "The Operation and Regulation of the Hong Kong Securities Industry" (popularly known as the "Davison Report") was presented to the Government on 27 May 1988, recommending major reforms, including a fundamental revision to the internal constitution of both the Exchanges and the establishment of a single independent statutory body outside the Civil Service to regulate and supervise the securities and futures industry.

This chapter contains key excerpts from the Davison Report, beginning with a summary of the 1987 stock market crash, which was summarised in Appendix 1 - The Closure and Subsequent Events. This is followed by excerpts of Chapter 1: Overview, and Chapter 3: Objectives and Principles.