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\$6m interim funding for watchdog

By CHAN CHI-KEUNG

THE Hongkong Government has granted \$6 million to the Provisional Securities and Futures Commission Ltd in order to set up a permanent Securities and Futures Commission (SFC).

The grant is to keep operational the provisional commission until an application could be made for an initial budget for the SFC itself, said securities consultant Robert Owen, who is one of two directors of the provisional commission.

Deputy Secretary for Monetary Affairs Billy Lam is the other director.

"The main request for appropriation would go forward with the Securities and Futures Commission Bill, which is intended for the establishment of the SFC," said Mr Owen.

He said it was hoped that the Bill, currently being drafted with assistance from the Attorney-General's office, would be put to the Legislative Council by the end of October.

"Assuming Legco approval, another sum of money would be allotted for the purpose of setting up the independent body," said Mr Owen, adding that he was still working on the budget.

The SFC would be financed largely by market transaction levies and licensing fees, together with some government funding.

Mr Owen said the exact funding arrangement and mechanism for the new statutory body had yet to be decided.

The provisional company

was formed on August 8, following council approval on July 13 to set up the SFC as proposed by the Ian Hay Davison report.

The provisional company would recruit a core staff and the commission services and facilities needed for the SFC's operations.

"The provisional company is activated because it's got the fund. We now have the means and the urgency is to start the recruitment process," said Mr Owen.

Mr Owen said the grant would be used to employ experienced administrators, probably from the private sector.

Another likely expenditure would be consultancy fees payable for the formulation of a salary and grading structure, he said.

"It so happens that we are also hoping to find new office premises, in which we will put the staff of the provisional company together with the (Davison report) implementation unit of the Monetary Affairs Branch," he said.

"At the moment we are all packed into offices in two separate buildings, which is inconvenient," said Mr Owen.

The securities consultant's office is located within the Monetary Affairs Branch headquarters at Admiralty Centre Tower Two, while the implementation unit - comprising five senior government officers and other support staff - is a block away in Tower One.

A permanent office for the commission is pending, said Mr Owen.