

(852) 2529 0121

(852) 2527 0790

G9/8/1

30 October 2003

By Fax: 2869 6794

Clerk to LegCo FA Panel
(Attn: Miss Salumi Chan)
Legislative Council
8 Jackson Road
Hong Kong

Dear Miss Chan,

**Panel on Financial Affairs
Special Committee Report released by BoC(HK)**

Thank you for your letter of 24 October 2003, in which you clarify the proposal by the Hon. James To for the Legislative Council Panel on Financial Affairs to examine public policy issues relating to the "Report of the Special Committee on the Corporate Governance, Credit Approval Process, Risk Management and Internal Control Mechanism of Bank of China (Hong Kong) Limited".

The HKMA notes the concerns expressed in your letter about the protection of depositors and the stability and effective working of the banking system: achieving these aims is the main purpose of the supervisory process carried out by the HKMA. In the light of your explanation, the HKMA has indicated that it would be happy to send a representative to attend a Panel discussion about the general practice of the HKMA in its regulatory work. The HKMA will be happy to provide information and assistance to Members in their discussion of this subject to the extent allowed by the Banking Ordinance.

Yours sincerely,

(Edmond Lau)

for Secretary for Financial Services and the Treasury

c.c.

CE/HKMA

(Attn: Mr. Vincent Lee)

AA/SFST

PSFS

DS(1)