

Bills Committee on Banking (Amendment) Bill 2001

Follow-up actions arising from the discussion at the meeting on 8 November 2001

- (1) *To provide information on the anticipated decrease in number of managers who will be captured under the functional approach of the Bill as opposed to the prevailing hierarchy approach once available.*

The HKMA has conducted a survey earlier on a sample of 7 authorized institutions to ensure that the revised definition of “manager” is workable. This sample covered institutions of different size and complexity, including 5 banks, 1 restricted licence bank and 1 deposit-taking company. Based on the survey results, the total number of managers captured under the new definition for the surveyed institutions is 66 compared with 105 under the existing definition (i.e. 37% reduction). The average number of managers per institution in the sample is reduced from 15 under the existing definition to around 9 under the new definition. While the HKMA has no available information on the estimated number of managers for the banking sector as a whole, we believe that the sample should be quite representative and the percentage reduction in the number of manager for the industry as a whole should be of a similar magnitude. As set out in the HKMA’s draft guideline on “Systems of Control for the Appointment of Managers”, every authorized institution would be required to review its existing management structure and agree with the HKMA a list of all relevant individuals who fall within the new definition of “manager”. This requirement would come into effect upon the issue of the Guideline, which would of course be subject to the passing of the Bill. A more accurate figure regarding the reduction in the number of managers within the banking sector would thus be available upon the submission of such information to the HKMA by authorized institutions.

- (2) *To introduce a Committee Stage amendment (CSA) to the proposed section 72B of the Bill to require authorized institutions to notify their managers whose names will be included in the list of managers to be submitted to the Monetary Authority.*

A CSA to this effect has been introduced (please see revised clause 17 (a)(ii) & (iii) in the enclosed CSAs). The proposed amendment requires authorized institutions to give notice in writing to a person within 14 days of his appointment as a manager of the institution. This would make sure

that the person is aware that he has been designated as a manager under the Banking Ordinance.

Hong Kong Monetary Authority
November 2001

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