

## **LEGISLATIVE COUNCIL BRIEF**

Banking Ordinance  
(Chapter 155)

### **BANKING (SPECIFICATION OF PUBLIC SECTOR ENTITY IN HONG KONG) (AMENDMENT) NOTICE 2002**

#### **INTRODUCTION**

The Monetary Authority (MA) will publish the Banking (Specification of Public Sector Entity in Hong Kong) (Amendment) Notice 2002, at Annex, in the Gazette on 17 May 2002.

#### **BACKGROUND AND ARGUMENT**

2. Section 98(1) of the Banking Ordinance (Cap 155) imposes a capital adequacy ratio on authorized institutions incorporated in Hong Kong to be calculated in accordance with the provisions of the Third Schedule. Under the Third Schedule, claims on public sector entities carry a relatively lower risk weight for the purpose of calculating the capital adequacy ratio. This will have the effect of enabling public sector entities to borrow at a lower cost.

3. Paragraph 1 of the Third Schedule contains a definition of “public sector entity in Hong Kong”. As stipulated in the definition, the MA can specify any body as a “public sector entity in Hong Kong” by a notice published in the Gazette. The MA considers that the uniqueness of the Urban Renewal Authority (URA) in serving the public purpose in relation to urban renewal and the strong Government support to its urban renewal programmes justify the granting of the status of public sector entity in Hong Kong under the Third Schedule.

4. Currently, the MTR Corporation Limited, the Kowloon-Canton Railway Corporation, the Hong Kong Housing Authority, the Hospital Authority, the Airport Authority, and the Hong Kong Mortgage

Corporation Limited are public sector entities specified under paragraph 1 of the Third Schedule to the Banking Ordinance.

## **THE NOTICE**

5. The Notice specifies the URA within the meaning of the Urban Renewal Authority Ordinance (Cap. 563) as a public sector entity in Hong Kong under the Third Schedule to the Banking Ordinance (Cap 155).

## **BASIC LAW IMPLICATIONS**

6. The Department of Justice advises that the Notice is consistent with the Basic Law.

## **HUMAN RIGHTS IMPLICATIONS**

7. The Department of Justice advises that the Notice has no human rights implications.

## **BINDING EFFECT OF THE LEGISLATION**

8. The Notice will not affect the current binding effect of the existing provisions of the Ordinance.

## **FINANCIAL AND STAFFING IMPLICATIONS**

9. There are no financial and staffing implications for the Government.

## **LEGISLATIVE TIMETABLE**

10. The Notice is a piece of subsidiary legislation and will be tabled in the Legislative Council on 22 May 2002 for negative vetting.

## **PUBLIC CONSULTATION**

11. The general public is not expected to be interested in the Notice.

## **PUBLICITY**

12. The MA will issue to all Authorized Institutions a letter announcing the Notice.

## **ENQUIRIES**

13. Enquiries on this brief may be directed to Ms Kinnie Wong, Assistant Secretary (Banking and Monetary), Financial Services Bureau (telephone number: 2527 3974).

**Financial Services Bureau**  
**17 May 2002**

**BANKING (SPECIFICATION OF PUBLIC SECTOR ENTITIES IN  
HONG KONG)(AMENDMENT) NOTICE 2002**

(Made under the definition of "public sector entity in  
Hong Kong" in paragraph 1 of the Third Schedule  
to the Banking Ordinance (Cap. 155))

**1. Specification of the Urban Renewal Authority  
as a public sector entity in Hong Kong**

The Urban Renewal Authority within the meaning of the Urban  
Renewal Authority Ordinance (Cap. 563) is specified as a public  
sector entity in Hong Kong.

**2. Specification of public sector  
entity in Hong Kong**

Section 1 of the Banking (Specification of Public Sector  
Entities in Hong Kong) Notice (Cap. 155 sub. leg.) is amended by  
adding -

"(4) The Urban Renewal Authority within the meaning of  
the Urban Renewal Authority Ordinance (Cap. 563) is specified  
as a public sector entity in Hong Kong."

Monetary Authority

2002

**Explanatory Note**

This Notice specifies the Urban Renewal Authority as a public sector entity in Hong Kong for the purpose of calculating the risk weighted exposure of an authorized institution referred to in paragraph 4 of the Third Schedule to the Banking Ordinance (Cap. 155).