

Bills Committee on Deposit Protection Scheme (Amendment) Bill 2010

**Response to the Issue raised at the Third Meeting on 7 June 2010 Requiring
Follow-up Action by the Administration**

Purpose

In the letter dated 8 June 2010, Clerk to Bills Committee requested the Administration to provide a written response to the issue raised at the meeting on 7 June 2010. The Administration's response is set out below.

Clause 12 – Schedule 2 amended (Provisions relating to Board)

As the Chairman or an appointed member of the Hong Kong Deposit Protection Board (DPB) is to be regarded as being present at a meeting of the DPB if he does not attend the meeting in person but participates in the meeting by any of the ways specified in the proposed section 5 of Schedule 2 to the Deposit Protection Scheme Ordinance (Cap. 581) (DPSO), Hon Miriam LAU requested the Administration to consider whether “absence from Hong Kong” should still be included in section 2(4) and (5) of Schedule 2 to the DPSO as a reason for being unable to perform the functions of his office as Chairman / member.

2. Clause 12(1) and (2) of the Bill amends section 2(4) and (5) of Schedule 2 to the Deposit Protection Scheme Ordinance (Cap. 581) (“DPSO”) to provide that, where the Chairman or an appointed member of the Hong Kong Deposit Protection Board (“DPB” or “the Board”) is unable to perform the functions of his office, a temporary Chairman or temporary member may be appointed in his place during his incapacity. The appointment is not to be made only on the ground that the Chairman or appointed member is not in Hong Kong, as he may participate in the meetings and transact business of the Board by electronic means. If, however, the Chairman's or appointed member's absence from Hong Kong has resulted in his incapacity to perform his functions, a temporary Chairman or temporary member will be appointed. The expressions “due to absence from Hong Kong” and “for any other reason” are included in the amended section 2(4) and (5) of Schedule 2 to the DPSO just to explain the possible causes for the Chairman's or appointed member's incapacity. We do not think it necessary to remove these expressions from the abovementioned provisions.

June 2010