

Meeting of Legislative Council Panel on Financial Affairs on 6 July 2015

"Bank of Communications (Hong Kong) Limited (Merger) Bill"

Speech of Hon. NG Leung-sing, SBS, JP

Chairman,

The Bill aims to effect the merger of the retail banking business and private banking business of Bank of Communications, Hong Kong Branch into BOCOM Hong Kong Limited (to be renamed as Bank of Communications (Hong Kong) Limited), a new wholly-owned subsidiary of Bank of Communications which is incorporated in Hong Kong and is currently applying for a bank licence with the Hong Kong Monetary Authority. The provisions of the Bill are similar to those of the bank merger ordinances previously passed by the Legislative Council.

The Bill has been submitted to the relevant Government departments and statutory authorities for consideration. As the Bill will be submitted to the Legislative Council as a private member's bill, the President of Legislative Council will rule on its admissibility and the consent of the Chief Executive will thereafter be sought for the Bill to be introduced into the Legislative Council.

The Bill provides for the transfer of the retail banking business and private banking business of Bank of Communications, Hong Kong Branch to Bank of Communications (Hong Kong). The intention of the merger is to allow Bank of Communications, Hong Kong Branch to transfer its retail banking business and private banking business, as they were carried out on the appointed day, to Bank of Communications (Hong Kong) which will be an independent licensed bank subject to the regulatory supervision of the Hong Kong Monetary Authority in the future. Bank of Communications (Hong Kong) will have an independent board of directors of its own and its business operations and capital requirements will be subject to the regulatory requirements of the Banking Ordinance in Hong Kong. The protection offered to customers transferred to Bank of Communications (Hong Kong) will be the same as that enjoyed by customers of other locally incorporated banks.

Chairman, I believe that the Bill is not controversial. It aligns with the development trend of the banking industry in Hong Kong and meets the policy objectives on the supervision of the Hong Kong banking industry. By effecting the merger via the passing of the Bill, which is a

highly transparent means, the retail and private banking customers of Bank of Communications, Hong Kong Branch, other banks and suppliers will know clearly that the relevant assets and liabilities have been properly transferred to Bank of Communications (Hong Kong). I recommend the Bill to the Panel.