

**Updated Work Plan for Bills Committee on
the Financial Institutions (Resolution) Bill**

- Further to LC Paper No. CB(1)382/15-16(01), the Government provides an updated work plan with explanatory remarks for the Bills Committee (“BC”) on the Financial Institutions (Resolution) Bill (“the Bill”) having regard to the progress made so far in respect of clause-by-clause examination of the Bill.

	Matters to be discussed	Part of the Bill	Explanatory remarks	Suggested timing
A	<ul style="list-style-type: none"> ➤ Preliminary (scope, designation power of the Financial Secretary) ➤ Resolution Authorities (including resolution objectives) 	Part 1; Schedule 1 Part 2	To introduce key, operative definitions and to introduce the objectives of the regime, designation powers of the Financial Secretary and the appointment and role of a lead resolution authority.	Examination of Parts 1, 2, 3, 4 and 10 has been completed in the two BC meetings in February.
B	<ul style="list-style-type: none"> ➤ Powers Related to Resolution (including preparatory powers) ➤ Moving to Resolution (including initiation of resolution and mandatory reduction of capital instruments) ➤ Information Gathering, Inspection and Investigation Powers 	Part 3 Part 4 Part 10	This set of provisions is the next step in the “resolution process” as they deal with the preparation for, and initiation of, resolution. They also deal with the power to write down or convert regulatory capital instruments in line with their contractual terms <u>before</u> a stabilization option is applied. It is also useful to cover Part 10 at	

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			this stage as although the powers under Part 10 can be exercised at any time by a resolution authority, they are particularly relevant in the context of resolution planning under the preparatory powers.	
C	<ul style="list-style-type: none"> ➤ Stabilization Options ➤ Transfer to Purchaser ➤ Transfer to Bridge ➤ Transfer to Asset Management Vehicle ➤ Bail-in ➤ Temporary Public Ownership 	<p>Part 5, Division 1</p> <p>Part 5, Division 1, Subdivision 2</p> <p>Part 5, Division 1, Subdivision 3</p> <p>Part 5, Division 1, Subdivision 4</p> <p>Part 5, Division 1, Subdivision 5; Schedule 5</p> <p>Part 5, Division 1, Subdivision 6</p>	This set of provisions covers the five stabilization options which a resolution authority may apply to a within scope financial institution, the resolution of which has been initiated.	By March

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	<ul style="list-style-type: none"> ➤ Part 5 Instruments (Securities Transfer Instruments, Property Transfer Instruments, Bail-in Instruments) ➤ Protected Arrangements ➤ Deferral of Requirements ➤ Power to Direct Continued Performance of Essential Services ➤ Suspension of Obligations ➤ Default Event Provisions ➤ Functions of Resolution Authority 	<p>Schedules 3, 4 and 6</p> <p>Part 5, Division 1, Subdivision 7</p> <p>Part 5, Division 1, Subdivision 8</p> <p>Part 5, Division 2</p> <p>Part 5, Division 3</p> <p>Part 5, Division 4</p> <p>Part 5, Division 5</p>	<p>This set of provisions covers (i) a key safeguard under the regime, i.e. the protection of certain financial arrangements, the economic effect of which could potentially be disrupted by the application of certain resolution options; and (ii) “general” resolution powers, which are necessary to support a resolution authority’s effective application of stabilization options.</p>	

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D	<ul style="list-style-type: none"> ➤ Compensation ➤ Resolvability Review Tribunal ➤ Resolution Compensation Tribunal ➤ Clawback of Remuneration ➤ Deferral of Certain Disclosure Requirements ➤ Confidentiality Requirements 	<p>Part 6; Schedules 2 and 7</p> <p>Part 7, Division 1; Schedule 8</p> <p>Part 7, Division 2; Schedule 9</p> <p>Part 8</p> <p>Part 9</p> <p>Part 11</p>	<p>This set of provisions covers (i), a key safeguard under the regime - the “no creditor worse off than in liquidation” compensation mechanism; (ii) the Resolvability Review Tribunal and the Resolution Compensation Tribunal; (iii) the power to claw back remuneration of those senior officers of a financial institution who are shown, by the court, to have contributed to the failure of a financial institution; (iv) the power to defer certain disclosure requirements in certain circumstances; and (v) confidentiality requirements which impose restrictions on the use of information obtained in the course of performing, or assisting in the performance of, a function under the Bill.</p>	By April

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E	<ul style="list-style-type: none"> ➤ Resolution Funding Arrangements ➤ Non-Hong Kong Resolution Actions ➤ Miscellaneous (including temporary restriction on presentation of winding up petition, code of practice, civil liability, etc.) ➤ Related and Consequential Amendments 	<p>Part 12</p> <p>Part 13</p> <p>Part 14</p> <p>Part 15</p>	<p>The remaining provisions cover: (i) the funding arrangements to be established under the regime, including ex post levies; (ii) how the resolution authority is empowered to act in coordination with overseas resolution authorities to achieve coordinated approaches to cross-border resolution where appropriate; (iii) a number of miscellaneous provisions including immunities conferred on a resolution authority and its staff; and (iv) a number of consequential amendments to existing Ordinances arising as a result of the Bill.</p>	By May

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F	➤ Committee stage amendments (“CSAs”)	n/a	The Government intends to raise anticipated CSAs as appropriate during the clause by clause scrutiny of the Bill.	By May

Financial Services and the Treasury Bureau (Financial Services Branch)
Hong Kong Monetary Authority
Securities and Futures Commission
Office of the Commissioner of Insurance
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