

立法會
Legislative Council

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From : Clerk to the Legislative Council

To : All Members of the Legislative Council

Council meeting of 8 February 2017

**Amendments to motion on
“Urging the Government to step up the regulation of money lenders
and financial intermediaries”**

Further to LC Paper No. CB(3) 291/16-17 issued on 24 January 2017, three Members (Hon LEUNG Yiu-chung, Hon WU Chi-wai and Hon Kenneth LEUNG) have respectively given notice of their intention to move separate amendments to Hon Alice MAK’s motion on “Urging the Government to step up the regulation of money lenders and financial intermediaries” scheduled for the Council meeting of 8 February 2017. As directed by the President, the respective amendments will be printed in the terms in which they were handed in on the Agenda of the Council.

2. The President will order a joint debate on the above motion and the three amendments. To assist Members in debating the motion and the amendments, I set out below the procedure to be followed during the debate:

- (a) the President calls upon Hon Alice MAK to speak and move her motion;
- (b) the President proposes the question on Hon Alice MAK’s motion;
- (c) the President calls upon the three Members who wish to move amendments to speak in the following order, but no amendment is to be moved at this stage:
 - (i) Hon LEUNG Yiu-chung;

- (ii) Hon WU Chi-wai; and
 - (iii) Hon Kenneth LEUNG;
- (d) the President calls upon the public officer(s) to speak;
 - (e) the President invites other Members to speak;
 - (f) the President gives leave to Hon Alice MAK to speak for the second time on the amendments;
 - (g) the President calls upon the public officer(s) to speak again;
 - (h) in accordance with Rule 34(5) of the Rules of Procedure, the President has decided that he will call upon the three Members to move their respective amendments in the order set out in paragraph (c) above. The President invites Hon LEUNG Yiu-chung to move his amendment to the motion, and forthwith proposes and puts to vote the question on Hon LEUNG Yiu-chung's amendment;
 - (i) after Hon LEUNG Yiu-chung's amendment has been voted upon, the President deals with the other two amendments; and
 - (j) after all amendments have been dealt with, the President calls upon Hon Alice MAK to reply. Thereafter, the President puts to vote the question on Hon Alice MAK's motion, or her motion as amended, as the case may be.

3. For Members' reference, the terms of the original motion and of the motion, if amended, are set out in the **Appendix**.

(Dora WAI)
for Clerk to the Legislative Council

Encl.

(Translation)

**Motion debate on
“Urging the Government to step up the regulation of
money lenders and financial intermediaries”
to be held at the Council meeting of 8 February 2017**

1. Hon Alice MAK’s original motion

That in recent years, fraudulent cases involving financial intermediaries (‘intermediaries’) have frequently occurred; information shows that the Police conducted a number of large-scale enforcement actions in 2015 and the first eight months of 2016, in which over 400 persons involved in malpractices of intermediaries were arrested, reflecting the severity of the problem; people in the relevant industry and non-governmental organizations have pointed out that the measures launched by the Government in April 2016 for more stringent regulation of money lenders can only treat the symptoms but not the root cause of the problem; to prevent more people from inadvertently falling into lending traps, this Council urges the Government to step up the regulation of money lenders and intermediaries, and relevant measures should include:

- (1) comprehensively reviewing and amending the Money Lenders Ordinance (Cap. 163) to expand its ambit to the regulation of companies or institutions engaged in money lending-related business, and to implement the establishment of a licensing regime for financial intermediaries to directly regulate the intermediaries;
- (2) further imposing more stringent licensing conditions for money lenders licence and formulating more stringent procedures for vetting licence applications, including requiring the applicant to hold a specified sum of registered capital to ensure adequate financial resources for the operation of money lending-related business, and making the operator’s conduct and the company’s business and financial information factors for consideration in licence issuance and renewal; and applying the above arrangements to the new licensing regime for intermediaries;
- (3) promoting the professional development of the industry to improve the conduct of its practitioners, so as to solve the problem of varying standards among practitioners and combat the bad sales practices in the industry;

- (4) exploring the establishment of a statutory regulatory body to more effectively regulate companies or institutions engaged in money lending-related business;
- (5) continuously taking strict enforcement actions to combat the illegal practices involving intermediaries; and
- (6) providing adequate resources to enhance public education and counselling services, with a view to reducing people's risk of being deceived by unscrupulous intermediaries.

2. Motion as amended by Hon LEUNG Yiu-chung

That ~~in recent years~~ *as the current policy and legislation fail to put financial intermediaries ('intermediaries') under direct regulation*, fraudulent cases involving ~~financial~~ intermediaries (~~'intermediaries'~~) have frequently occurred *in recent years*; information shows that the Police conducted a number of large-scale enforcement actions in 2015 and the first eight months of 2016, in which over 400 persons involved in malpractices of intermediaries were arrested, reflecting the severity of the problem; people in the relevant industry and non-governmental organizations have pointed out that the measures launched by the Government in April 2016 for more stringent regulation of money lenders can only treat the symptoms but not the root cause of the problem; to prevent more people from inadvertently falling into lending traps, this Council urges the Government to step up the regulation of money lenders and intermediaries, and relevant measures should include:

- (1) comprehensively reviewing and amending the Money Lenders Ordinance (Cap. 163) to expand its ambit to the regulation of companies or institutions engaged in money lending-related business, and to implement the establishment of a licensing regime for financial intermediaries to directly regulate the intermediaries;
- (2) further imposing more stringent licensing conditions for money lenders licence and formulating more stringent procedures for vetting licence applications, including requiring the applicant to hold a specified sum of registered capital to ensure adequate financial resources for the operation of money lending-related business, and making the operator's conduct and the company's business and financial information factors for consideration in licence issuance and renewal; and applying the above arrangements to the new licensing regime for intermediaries;
- (3) promoting the professional development of the industry to improve the conduct of its practitioners *and increasing penalties for contravening*

the legislation, so as to solve the problem of varying standards among practitioners and combat the bad sales practices in the industry;

- (4) exploring the establishment of a statutory regulatory body to more effectively regulate companies or institutions engaged in money lending-related business;
- (5) continuously taking strict enforcement actions to combat the illegal practices involving intermediaries; ~~and~~
- (6) providing adequate resources to enhance public education and counselling services, with a view to reducing people's risk of being deceived by unscrupulous intermediaries;
- (7) *establishing a registration system for practitioners in the industry to prevent people from being deceived by fake practitioners;*
- (8) *providing training and guidelines to enforcement officers in handling malpractices of money lenders and intermediaries, and requiring that relevant enforcement authorities must conduct inquiries into cases reported by the public, rather than refusing to process them on account of their being private commercial disputes or other unreasonable grounds; and*
- (9) *requiring that money lenders must assess the repayment ability of the borrowers prior to making the loan and decide the loan amount based on the assessment result.*

Note: Hon LEUNG Yiu-chung's amendment is marked in *bold and italic type* or with deletion line.

3. Motion as amended by Hon WU Chi-wai

That ~~in recent years, fraudulent cases involving~~ *despite the tightening of licensing conditions for money lenders by the Government in December 2016 to stop* financial intermediaries ('intermediaries') ~~have frequently occurred from~~ *deceiving people through bad practices, there are still alleged cases of people being deceived by intermediaries recently;* information shows that the Police conducted a number of large-scale enforcement actions in 2015 and the first eight months of 2016, in which over 400 persons involved in malpractices of intermediaries were arrested, reflecting the severity of the problem; people in the relevant industry and non-governmental organizations have pointed out that the *related* measures launched by the Government in April 2016 ~~for more stringent regulation of money lenders~~ can only treat the symptoms but not the

root cause of the problem; to prevent more people from inadvertently falling into lending traps, this Council urges the Government to *further* step up the regulation of money lenders and intermediaries, and relevant measures should include:

- (1) comprehensively reviewing and amending the Money Lenders Ordinance (Cap. 163) to expand its ambit to the regulation of companies or institutions engaged in money lending-related business, and to implement the establishment of a licensing regime for financial intermediaries to directly regulate the intermediaries;
- (2) further imposing more stringent licensing conditions for money lenders licence and formulating more stringent procedures for vetting licence applications, including requiring the applicant to hold a specified sum of registered capital to ensure adequate financial resources for the operation of money lending-related business, ~~and~~; making the operator's conduct and the company's business and financial information factors for consideration in licence issuance and renewal *to ensure that the applicant and the licensee comply with the 'fit and proper person' as stipulated in the Ordinance, and requiring the incorporation of provisions on cooling-off periods into loan agreements*; and applying the above arrangements to the new licensing regime for intermediaries;
- (3) promoting the professional development of the industry to improve the conduct of its practitioners, so as to solve the problem of varying standards among practitioners and combat the bad sales practices in the industry;
- (4) ~~exploring the establishment of a statutory regulatory body to more effectively regulate~~ *given that in recent years, many holders of money lenders licence have also engaged in mortgage loan business offering high loan-to-value ratio, and such business has a certain degree of impact on the stability of Hong Kong's financial system, requiring the inclusion of the businesses of money lenders and the related intermediaries into the regulatory ambit of the Hong Kong Monetary Authority, with a view to stepping up the regulation of* companies or institutions engaged in money lending-related business;
- (5) continuously taking strict enforcement actions to combat the illegal practices involving intermediaries; and

- (6) providing adequate resources to enhance public education and counselling services, with a view to reducing people's risk of being deceived by unscrupulous intermediaries.

Note: Hon WU Chi-wai's amendment is marked in *bold and italic type* or with deletion line.

4. Motion as amended by Hon Kenneth LEUNG

That in recent years, fraudulent cases involving financial intermediaries ('intermediaries') have frequently occurred; information shows that the Police conducted a number of large-scale enforcement actions in 2015 and the first eight months of 2016, in which over 400 persons involved in malpractices of intermediaries were arrested, reflecting the severity of the problem; people in the relevant industry and non-governmental organizations have pointed out that the measures launched by the Government in April 2016 for more stringent regulation of money lenders can only treat the symptoms but not the root cause of the problem; to prevent more people from inadvertently falling into lending traps, this Council urges the Government to step up the regulation of money lenders and intermediaries, and relevant measures should include:

- (1) comprehensively reviewing and amending the Money Lenders Ordinance (Cap. 163) to expand its ambit to the regulation of companies or institutions engaged in money lending-related business, and to ~~implement~~ *explore* the establishment of a licensing regime for financial intermediaries to directly regulate the intermediaries;
- (2) further imposing more stringent licensing conditions for money lenders licence and formulating more stringent procedures for vetting licence applications, including requiring the applicant to hold a specified sum of registered capital to ensure adequate financial resources for the operation of money lending-related business, and making the operator's conduct and the company's business and financial information factors for consideration in licence issuance and renewal; and *exploring* applying the above arrangements to the new licensing regime for intermediaries;
- (3) promoting the professional development of the industry to improve the conduct of its practitioners, so as to solve the problem of varying standards among practitioners and combat the bad sales practices in the industry;
- (4) ~~exploring the establishment of a statutory regulatory body to more effectively regulate~~ *inclusion of* companies or institutions engaged in

money lending-related business *into the regulatory ambit of existing statutory regulatory bodies, and formulating as well as implementing policies on financial technology development to promote diversified development of the lending business and foster benign competition within the industry;*

- (5) continuously taking strict enforcement actions to combat the illegal practices involving intermediaries; ~~and~~
- (6) providing adequate resources to enhance public education and counselling services, with a view to reducing people's risk of being deceived by unscrupulous intermediaries; *and*
- (7) *increasing the transparency of the information of lending business to deter intermediaries from adopting bad practices in business operation.*

Note: Hon Kenneth LEUNG's amendment is marked in *bold and italic type* or with deletion line.