

立法會
Legislative Council

LC Paper No. CB(1) 2508/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/10/02/2

Bills Committee on Deposit Protection Scheme Bill

Minutes of the second meeting
held on Wednesday, 17 September 2003, at 10:45 am
in Conference Room A of the Legislative Council Building

Members present : Hon Albert HO Chun-yan (Chairman)
Hon Fred LI Wah-ming, JP
Hon NG Leung-sing, JP
Hon Margaret NG
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Ambrose LAU Hon-chuen, GBS, JP

Members absent : Dr Hon Eric LI Ka-cheung, GBS, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Bernard CHAN, JP
Hon Abraham SHEK Lai-him, JP
Hon Audrey EU Yuet-mee, SC, JP

Public officers attending : Hong Kong Monetary Authority

Mr Raymond LI
Executive Director (Banking Development)

Mr Raymond CHAN
Acting Division Head (Banking Development)

Financial Services and the Treasury Bureau

Mr Edmond LAU
Principal Assistant Secretary (Financial Services)

Ms Millie KIANG
Assistant Secretary (Financial Services)

Department of Justice

Mr Lawrence PENG
Senior Assistant Law Draftsman

Ms Grace LEUNG
Government Counsel

- Attendance by invitation** : Consumer Council
Mr Ron CAMERON
Head, Trade Practices Division
Ms Vera TAM
Chief Trade Practices Officer
- Clerk in attendance** : Miss Becky YU
Chief Assistant Secretary (1)1
- Staff in attendance** : Mr KAU Kin-wah
Assistant Legal Adviser 6
Mrs Mary TANG
Senior Assistant Secretary (1)2
-

- I. Confirmation of minutes**
(LC Paper No. CB(1) 2328/02-03 -- Minutes of the meeting held on 18 July 2003)

The minutes of first meeting on 18 July 2003 were confirmed.

II. Meeting with deputations and the Administration

Meeting with deputations

Consumer Council
(LC Paper No. CB(1) 2440/02-03(01) -- Submission from the Council)

Submissions from organizations not attending the meeting

The DTC Association

(LC Paper No. CB(1) 2440/02-03(02) -- Submission from the Association
(English version only))

The Hong Kong Association of Banks

(LC Paper No. CB(1) 2440/02-03(03) -- Submission from the Association
(English version only))

Hong Kong Society of Accountants

(LC Paper No. CB(1) 2440/02-03(04) -- Submission from the Society
(English version only))

Securities & Futures Commission

(LC Paper No. CB(1) 2440/02-03(05) -- Submission from the Commission
(English version only))

Meeting with the Administration

(LC Paper No. CB(1) 2440/02-03(06) -- List of follow-up actions arising
from the discussion on
18 July 2003

LC Paper No. CB(1) 2440/02-03(07) -- Administration's response to
CB(1) 2440/02-03(06)

LC Paper No. CB(1) 2440/02-03(08) -- Summary of concerns (as at
10 September 2003)

LC Paper No. CB(1) 2440/02-03(09) -- Proposed discussion schedule
provided by the Administration)

2. The Committee deliberated (Index of proceedings attached at **Annex A**).
3. The Administration was requested to -
 - (a) consider the merits of introducing a statutory requirement to appoint persons who had experience in consumer protection to the Hong Kong Deposit Protection Board. Reference should be made to other existing legislation, including the Estate Agents Ordinance (Cap. 511);
 - (b) provide a flow chart showing the time frame and sequence of events which would take place before compensation was payable to depositors in the case of failure of a bank; and
 - (c) consider further development of the deposit protection scheme and to provide a paper on the pros and cons of linking the coverage limit to inflation as is being considered in the United States.

4. Members agreed that the fifth and sixth meetings would be scheduled as follows -

(a) Tuesday, 21 October 2003 at 4:30 pm; and

(b) Tuesday, 4 November 2003 at 4:30 pm.

5. There being no other business, the meeting ended at 12:15 pm.

Council Business Division 1
Legislative Council Secretariat
2 October 2003

**Proceedings of the meeting of the
Bills Committee on Deposit Protection Scheme Bill
Meeting on Wednesday, 17 September 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000310	Chairman	Introductory remarks and confirmation of minutes of meeting on 18 July 2003 (LC Paper No. CB(1) 2328/02-03))	
000311 - 000711	Consumer Council	Presentation of views (LC Paper No. CB(1) 2440/02-03(01))	
000712 - 001117	Chairman Administration	The Administration's response to the views of Consumer Council and the need for statutory requirement to appoint persons with experience in consumer protection to the Hong Kong Deposit Protection Board (HKDPB)	
001118 - 001640	Chairman Mr Fred LI Administration	The merits of introducing a statutory requirement to appoint persons who had experience in consumer protection to the HKDPB and the need to make reference to other legislation on the appointment of members	The Administration to consider the merits of introducing a statutory requirement to appoint persons who had experience in consumer protection to the HKDPB. Reference should be made to other existing legislation, including the Estate Agents Ordinance (Cap. 511)
001641 - 001858	Mr CHAN Kam-lam	Support for the introduction of a Deposit Protection Scheme (DPS) which was simple to administer	
001859 - 002051	Chairman Consumer Council	Clarification of Consumer Council's views	

Time marker	Speaker	Subject(s)	Action required
002052 - 002109	Mr CHAN Kam-lam	Membership size of HKDPB	
002110 - 002523	Miss Margaret NG Chairman	Concern over the nominal level of protection under DPS; whether implementation details were clearly set out in the DPS Bill; and how long it would take for depositors to obtain compensation	
002524 - 003012	Administration	Agreed to the need for early compensation to small depositors in the case of failure of a bank; pledge for interim payments to be made by HKDPB within 10 days from trigger date and remaining compensation to be made within one month; making of regulations to enable timely compensation; and introduction of Committee Stage amendments (CSAs) to address concerns raised by the Law Society of Hong Kong (LS) on client accounts	
003013 - 003112	Consumer Council	Need for an action plan to be developed by HKDPB and made available to the public	
003113 - 003645	Miss Margaret NG Administration	Need for preparation of flow chart showing the time frame and sequence of events which would take place before compensation was payable to depositors in the case of failure of a bank, with details on the types of information to be provided by the failed bank and how different accounts should be dealt with	The Administration to provide a flow chart showing the time frame and sequence of events which would take place before compensation was payable to depositors in the case of failure of a bank
003646 - 003951	Miss Margaret NG Administration	Provision of information pamphlet on DPS to the public	

Time marker	Speaker	Subject(s)	Action required
003952 - 004040	Administration Miss Margaret NG	Regulations to be made by HKDPB upon passage of DPS Bill	
004041 - 004120	Chairman Mr SIN Chung-kai Administration	Measures to ensure that depositors could distinguish between member and non-member institutions of DPS	
004121 - 004209	Chairman Miss Margaret NG	Need to involve Consumer Council in the preparation of flow chart and/or pamphlet	
004210 - 004355	Mr NG Leung-sing Administration Chairman	Need to make reference to other legislation on the appointment of members to HKDPB	
004356 - 004529	Chairman	Concern whether the priority for compensation currently accorded to small depositors under the Companies Ordinance (Cap. 32) should remain after the coming into operation of DPS under which HKDPB was given subrogation rights	
004530 - 005116	Consumer Council Administration Chairman	Justifications for subrogation provisions of the Bill	
005117 - 005701	Miss Margaret NG Administration Chairman	Occurrence of specified event under clause 21; trigger mechanism and appointment of managers upon occurrence of the event	
005702 - 005813	Consumer Council	Involvement in the preparation of action plan for DPS	
005814 - 010150	Chairman Administration	CSAs to address LS's concern about client accounts; and exclusion of deposit taking companies from DPS	

Time marker	Speaker	Subject(s)	Action required
010151 - 010325	Mr SIN Chung-kai Chairman Administration	Paper on comparison between overseas DPS (LC Paper No. CB(1) 2440/02-03(07)) to be used as basis for future discussions	
010326 - 010600	Miss Margaret NG	Need to consider “growth factor” in the future development of DPS with reference to overseas schemes	The Administration to consider further development of DPS
010601 - 010931	Administration	Future development of DPS dependent on market situation and needs	
010932 - 011311	Mr SIN Chung-kai	Proposal of setting out coverage limit of \$100,000 in the schedule to the Bill to facilitate future adjustments	
011312 - 012219	Administration Chairman Miss Margaret NG Mr NG Leung-sing	Index-linked protection level and the need to set out the coverage limit in the main legislation	The Administration to provide a paper on the pros and cons of linking the coverage limit to inflation as was being considered in the United States
012220 - 012552	Chairman Mr SIN Chung-kai	Agreement on proposed discussion schedule (LC Paper No. CB(1) 2440/02-03(09))	
012553 - 012751	Mr SIN Chung-kai Chairman Administration	Schedule of meetings	