

立法會
Legislative Council

LC Paper No. CB(1) 2542/02-03

(These minutes have been seen
by the Administration)

Ref: CB1/BC/10/02/2

Bills Committee on Deposit Protection Scheme Bill

**Minutes of the third meeting
held on Thursday, 25 September 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

- Members present** : Hon Albert HO Chun-yan (Chairman)
Hon NG Leung-sing, JP
Hon Margaret NG
Hon Bernard CHAN, JP
Hon SIN Chung-kai
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Ambrose LAU Hon-chuen, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Audrey EU Yuet-mee, SC, JP
- Members absent** : Dr Hon Eric LI Ka-cheung, GBS, JP
Dr Hon David LI Kwok-po, GBS, JP
Hon Fred LI Wah-ming, JP
Hon CHAN Kam-lam, 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

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. Meeting with the Administration

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|------------------------------------|----|-------------------------------------------------------------------------------|
| (LC Paper No. CB(1) 2496/02-03(01) | -- | List of follow-up actions arising from the discussion on 17 September 2003 |
| LC Paper No. CB(1) 2496/02-03(02) | -- | Administration's paper on "Appointment to Hong Kong Deposit Protection Board" |
| LC Paper No. CB(1) 2496/02-03(03) | -- | Administration's paper on "Membership and Exemption Arrangement" |
| LC Paper No. CB(1) 2496/02-03(04) | -- | Submission from the Hong Kong Bar Association (English version only) |
| LC Paper No. CB(1) 2496/02-03(05) | -- | Summary of concerns (as at 24 September 2003)) |

The Committee deliberated (Index of proceedings attached at **Annex A**).

2. The Administration was requested to -

- (a) consider including in the Bill objective appointment criteria for members of the Hong Kong Deposit Protection Board (HKDPB) to reflect the Administration's policy intention;
- (b) provide an organizational chart of the HKDPB secretariat and its estimated annual expenditure;
- (c) provide a paper explaining the rationale behind and the application of clause 44 on confidentiality, with particular reference on how a person might contravene clause 44(1)(a); and
- (d) include in the discussion schedule clauses in the Bill which were relevant to the policy issues to be examined.

3. Members agreed that the seventh, eighth and ninth meetings would be scheduled as follows -

- (a) Tuesday, 18 November 2003 at 4:30 pm;
- (b) Tuesday, 2 December 2003 at 4:30 pm; and
- (c) Tuesday, 16 December 2003 at 4:30 pm.

4. There being no other business, the meeting ended at 12:30 pm.

Council Business Division 1
Legislative Council Secretariat
6 October 2003

**Proceedings of the meeting of the
Bills Committee on Deposit Protection Scheme Bill
Meeting on Thursday, 25 September 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000302	Chairman	Opening remarks	
000303 - 001057	Administration	Composition, powers and functions of the Hong Kong Deposit Protection Board (HKDPB); appointment to HKDPB (LC Paper No. CB(1) 2496/02-03(02)); and membership and exemption arrangement (LC Paper No. CB(1) 2496/02-03(03))	
001058 - 001409	Chairman Administration	Composition of some statutory bodies in Hong Kong (Annex to LC Paper No. CB(1) 2496/02-03(02))	
001410 - 001918	Ms Audrey EU Chairman	Need to set out in the Bill objective criteria for appointment of members to HKDPB (e.g. the requirement for experiences in consumer protection and banking) so as to provide useful guidance for future appointments and necessary latitude in the appointment	
001919 - 002018	Mr SIN Chung-kai	Need to set out in the Bill the non-appointment of serving bankers to HKDPB if this was the legislative intent	

Time marker	Speaker	Subject(s)	Action required
002019 - 002856	Mr NG Leung-sing Chairman	Need to clearly set out the terms of reference of HKDPB to facilitate the appointment of suitable members to the Board; consider the appointment of former bankers who were no long serving in the banking industry; and strike a balance of interests in the appointment of members to the Board	
002857 - 003633	Administration Chairman Mr Abraham SHEK	The inclusion of objective appointment criteria for members of HKDPB in the Bill; the exclusion of serving bankers from HKDPB to avoid potential conflict of interests; and the need to protect depositors' interest rather than consumers' interest	The Administration to consider including in the Bill objective appointment criteria for members of HKDPB
003634 - 004125	Ms Audrey EU	Agreed to the exclusion of serving bankers to avoid conflict of interest among member banks but the term "serving bankers" should be clearly defined in the Bill; the need for impartiality in the appointment; support for the appointment of members with banking experience who were no longer serving in the banking industry and appointment of members with experience in consumer protection	

Time marker	Speaker	Subject(s)	Action required
004126 - 004442	Miss Margaret NG	The need for inclusion of objective criteria for appointment of members to HKDPB in the Bill; concern about clause 8 which empowered the Chief Executive in Council to give directions on the performance of the Board	
004443 - 005137	Chairman Administration Miss Margaret NG	The provision of reserve power to the Chief Executive in Council was common in most legislation governing statutory bodies but such power was seldom exercised	
005138 - 010119	Chairman Administration Mr Abraham SHEK ALA6	Monitoring of recurrent expenditure of HKDPB; comparison with the monitoring mechanism for Securities and Future Commission; and funding for HKDPB	The Administration to provide an organizational chart of the HKDPB secretariat and its estimated annual expenditure
010120 - 010246	Mr Abraham SHEK Administration Chairman	Establishment of the Deposit Protection Scheme Fund and contribution from member banks	
010247 - 010734	Chairman Administration ALA6	Exemption arrangements under clause 12 and monitoring of the scope and level of protection provided by exempted banks in their home jurisdiction	
010735 - 011112	Mr NG Leung-sing Administration Chairman	The number of overseas banks eligible to apply for exemption; and procedure for application for exemption	

Time marker	Speaker	Subject(s)	Action required
011113 - 011710	Miss Margaret NG Chairman Administration	Concern about the application of clause 44(1)(a) which required a person to preserve and aid in preserving secrecy and the penalty under clause 44(6) which was applicable to every director and chief executive of the person; comparison with the confidentiality provisions in other legislation and past cases of conviction for breach of confidentiality	The Administration to provide a paper explaining the rationale behind and the application of clause 44 on confidentiality, with particular reference on how a person might contravene clause 44(1)(a)
011711 - 011906	Chairman Ms Audrey EU	Proposed discussion schedule	The Administration to include in the discussion schedule clauses in the Bill which were relevant to the policy issues to be examined
011907 - 012211	Ms Audrey EU Miss Margaret NG Chairman Administration	Need to explain the meaning of “aid in preserving secrecy” in clause 44(1)(a) and how such provisions might be contravened	
012212 - 012348	Chairman	Schedule of meetings	