

立法會
Legislative Council

LC Paper No. CB(1) 70/03-04
(These minutes have been seen
by the Administration)

Ref: CB1/BC/10/02/2

Bills Committee on Deposit Protection Scheme Bill

**Minutes of the fourth meeting
held on Friday, 3 October 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 Bernard CHAN, JP
Hon CHAN Kam-lam, JP
Hon Jasper TSANG Yok-sing, GBS, JP
Hon Ambrose LAU Hon-chuen, GBS, 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 SIN Chung-kai
Hon Abraham SHEK Lai-him, 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. Confirmation of minutes

(LC Paper No. CB(1) 2508/02-03 -- Minutes of the meeting held on
17 September 2003)

The minutes of the meeting held on 17 September 2003 were confirmed.

II. Meeting with the Administration

(LC Paper No. CB(1) 2440/02-03(07) -- Administration's response to the
list of follow-up actions arising
from the discussion on
18 July 2003
LC Paper No. CB(1) 2533/02-03(01) -- List of follow-up actions arising
from the discussion on
25 September 2003
LC Paper No. CB(1) 2533/02-03(02) -- Updated discussion schedule
provided by the Administration

- LC Paper No. CB(1) 2533/02-03(03) -- Administration's paper on "Coverage"
- LC Paper No. CB(1) 2533/02-03(04) -- Administration's paper on "Indexing Coverage Limit"
- LC Paper No. CB(1) 2533/02-03(05) -- Administration's paper on "Timeline Showing the Sequence of Events Before Compensation is Paid to Depositors")

2. The Committee deliberated (Index of proceedings attached at **Annex A**).
3. The Administration was requested to -
 - (a) request the Hong Kong Deposit Protection Board (HKDPB) to work out practice directions for banks so that depositors would be made aware of the extent of coverage of their deposits; and
 - (b) relay to the future HKDPB the need to be more proactive in working out contingency arrangements, such as the retrieval of necessary information and the provision of enquiry services to the public, in the event of failure of a bank.
4. There being no other business, the meeting ended at 12:30 pm.

Council Business Division 1
Legislative Council Secretariat
15 October 2003

**Proceedings of the meeting of the
Bills Committee on Deposit Protection Scheme Bill
Meeting on Friday, 3 October 2003, at 10:45 am
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000030	Chairman	Introductory remarks and confirmation of minutes of meeting on 17 September 2003 (LC Paper No. CB(1) 2508/02-03)	
000031 - 001451	Chairman Administration	Paper on “Coverage” of the proposed Deposit Protection Scheme (DPS) (LC Paper No. CB(1) 2533/02-03(03))	
001452 - 001603	Miss Margaret NG	Since DPS compensation was made on the basis of per depositor per bank, depositors may tend to place their deposits in different banks to reduce risk	
001604 - 002242	Chairman Administration	Difference between active and bare trust (as applied in estate administration); whether deposit placed in overseas offices of local banks would be protected	
002243 - 002930	Ms Audrey EU Administration Chairman	Entitlement of each beneficiary of a bare trust to DPS compensation according to his share in the account; and need for Hong Kong Deposit Protection Board (HKDPB) to have access to information on the nature of bank accounts in order to determine compensation payable	

Time marker	Speaker	Subject(s)	Action required
002931 - 003144	Miss Margaret NG Administration Chairman	Disclosure and notification requirements for member banks	The Administration to request HKDPB to work out practice directions for banks so that depositors would be made aware of the extent of coverage of their deposits
003145 - 003554	Chairman Miss Margaret NG Administration	Client accounts	
003555 - 004054	Chairman Administration	Paper on “Indexing Coverage Limit” (LC Paper No. CB(1) 2533/02-03(04))	
004055 - 004434	Chairman Administration	Paper on “Timeline Showing the Sequence of Events Before Compensation is Paid to Depositors” (LC Paper No. CB(1) 2533/02-03(05))	
004435 - 005251	Miss Margaret NG Administration	Concern about panic caused by spreading of rumours on bank failures prior to the announcement of occurrence of specified event; and need to reduce time lapse between occurrence of specified event and the determination of full compensation	
005252 - 005919	Miss Margaret NG Administration	Need for HKDPB to be more proactive in working out contingency arrangements, such as the retrieval of necessary information and the provision of enquiry services to the public, in the event of failure of a bank	The Administration to relay to the future HKDPB the need to be more proactive in working out contingency arrangements, such as the retrieval of necessary information and the provision of enquiry services to the public, in the event of failure of a bank
005920 - 010248	Chairman Administration	Contingency planning on occurrence of specified event	

Time marker	Speaker	Subject(s)	Action required
010249 - 010651	Ms Audrey EU Administration Chairman	Quantification date and the splitting of companies to maximize compensation	
010652 - 011220	Miss Margaret NG Administration Chairman	The triggering mechanism and the steps involved; decision on interim payment; and quorum of HKDPB meetings	
011221 - 011839	Chairman Administration	Concerns raised by the Law Society of Hong Kong on designated client accounts (LC Paper No. CB(1) 2496/02- 03(05))	
011840 - 013226	Chairman Administration	Brief explanation on clauses 21 to 33	
013227 - 013414	Chairman Administration ALA6	Repeal of clause 34(c)	
013415 - 013628	Administration Chairman	Clauses 35 to 37 and Schedule 1	
013629 - 013743	Chairman Administration	Administration's response to concerns raised by the Hong Kong Bar Association	
013744 - 013916	Chairman ALA6 Administration	The netting approach under clause 25(3)	
013917 - 013955	Chairman	Date of next meeting	