

For discussion on
17 September 2003

**Bills Committee on
Deposit Protection Scheme Bill**

Proposed Discussion Schedule

The following table sets out a proposed discussion schedule to take forward the Deposit Protection Scheme Bill. In preparing the discussion schedule, it is assumed that the Bills Committee will convene two times a month and each meeting will last for approximately two hours. The schedule will be subject to comment by the Members of the Bills Committee. It will also need to be reviewed from time to time in the light of the progress of the discussion.

2. The proposed discussion schedule provides a structure for examination of the various issues relating to the Bill, thus helping to facilitate Members' scrutiny of the Bill. We suggest that the Bills Committee could divide its work into two phases. Phase 1 could deal with the key policy issues first, which may take approximately 3 months to complete (say until December 2003). Once all relevant policy issues are sorted out, we could proceed to Phase 2 (clause by clause examination) which, hopefully, could be completed within a shorter span of time (say until end February 2004).

3. The policy issues and different parts of the Bills are set out in the table below for Members' reference. Subject to Members' advice, the Administration is prepared to provide relevant background materials to facilitate Members' deliberations in Phase I for items (a) and (b) in September; (c) and (d) in October; (e) and (f) in November, and (g) and (h) in December.

Topics / Section of the Bill to be discussed
Phase 1 Deliberations on policy issues <ul style="list-style-type: none">(a) Composition, powers and functions of the Hong Kong Deposit Protection Board(b) Membership of the Scheme and exemption arrangement(c) Coverage issues (including coverage limit, deposits excluded from protection and treatment of multi-beneficiary accounts)(d) Determination of compensation (including trigger conditions, netting approach and interim payment)(e) Funding issues (including establishment of the DPS Fund and assessment of contributions)(f) Investment of the DPS Fund(g) Establishment of Deposit Protection Appeals Tribunal(h) Other issues

Topics / Section of the Bill to be discussed
Phase 2 -
Clause by clause examination
(a) Part 1 – Preliminary & Schedule 1 – Definition of “protected deposits
(b) Part 2 – Deposit Protection Board & Schedule 2 – Provisions relating to the Board
(c) Part 3 – Deposit Protection Scheme
(d) Part 4 – Deposit Protection Scheme Fund & Schedule 4 – Assessment of contributions
(e) Part 5 – Compensation
(f) Part 6 – Deposit Protection Appeals Tribunal & Schedule 3 – Provisions relating to the Tribunal
(g) Part 7 – Miscellaneous & Schedule 5 – Consequential and other amendments

4. Members are invited to comment on the proposed discussion schedule set out in this paper.

Hong Kong Monetary Authority
Financial Services and the Treasury Bureau
25 July 2003