

**Bills Committee on
Deposit Protection Scheme Bill**

CB(1) 220/03-04(01)

**List of follow-up actions arising from previous meetings
(as at 3 November 2003)**

Date of meeting	List of follow-up actions	Administration's response
18 July 2003	<p>(a) To advise the changes in percentages of depositors and value of deposits to be covered as well as the costs to banking institutions if the proposed compensation limit is increased from \$100,000 to \$150,000 and \$200,000 per depositor per bank respectively.</p> <p>(b) To compare the proposed Deposit Protection Scheme (DPS) with its overseas equivalents in terms of scheme features, level of protection, contribution from member banks and appeal mechanism etc.</p>	<p>Information paper on "Coverage Limit" issued for the meeting on 17 September 2003 (CB(1)2440/02-03(07))</p> <p>Information paper on "Comparison with Overseas Schemes" issued for the meeting on 17 September 2003 (CB(1)2440/02-03(07))</p>
17 September 2003	<p>(a) To consider the merits of introducing a statutory requirement to appoint persons who have experience in consumer protection to the Hong Kong Deposit Protection Board (HKDPB). Reference should be made to other existing legislation, including the Estate Agents Ordinance (Cap. 511).</p> <p>(b) To provide a flow chart showing the time frame and sequence of events which will take place before compensation is payable to depositors in the case of failure of a bank.</p> <p>(c) To consider further development of DPS 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.</p>	<p>Information paper on "Appointment to HKDPB" issued for the meeting on 25 September 2003 (CB(1)2496/02-03(02))</p> <p>Information paper on "Timeline Showing the Sequence of Events Before Compensation is Paid to Depositors" issued for the meeting on 3 October 2003 (CB(1)2533/02-03(05))</p> <p>Information paper on "Indexing Coverage Limit" issued for the meeting on 3 October 2003 (CB(1)2533/02-03(04))</p>

Date of meeting	List of follow-up actions	Administration's response
25 September 2003	<p>(a) To reflect the Administration's policy intention, consideration should be given to including in the Bill objective appointment criteria for members of the HKDPB.</p> <p>(b) To provide an organizational chart of the HKDPB secretariat and its estimated annual expenditure.</p> <p>(c) To provide a paper explaining the rationale behind and the application of clause 44 on confidentiality, with particular reference on how a person may contravene clause 44(1)(a).</p> <p>(d) To include in the discussion schedule clauses in the Bill which are relevant to the policy issues to be examined.</p>	<p>The Administration will consider introducing appropriate Committee Stage amendments to address members' concern</p> <p>Information paper on "Board Structure and Administration Costs" issued for the meeting on 21 October 2003 (CB(1)92/03-04(02))</p> <p>Information paper on "Confidentiality" to be discussed at the meeting on 4 November 2003 (CB(1)220/03-04(03))</p> <p>Updated discussion schedule (CB(1)2533/02-03(02))</p>
3 October 2003	<p>(a) To request HKDPB to work out practice directions for banks so that depositors will be made aware of the extent of coverage of their deposits.</p> <p>(b) 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.</p>	<p>The Administration has agreed to relay both requests to HKDPB once it is established</p>

Date of meeting	List of follow-up actions	Administration's response
21 October 2003	<p>(a) To consider the need for arranging internal auditing in respect of investment of the DPS Fund.</p> <p>(b) To provide the basis, including the underlying assumptions and standards, upon which the estimated annual administration cost of \$7 to \$8 million in normal times for the HKDPB is arrived at. To also provide the estimated cost to be incurred in the event of failure of a medium-size bank.</p>	<p>Response awaited.</p> <p>Information paper on "Administration Cost" to be discussed at the meeting on 4 November 2003 (CB(1)220/03-04(04))</p>

Council Business Division 1
Legislative Council Secretariat
3 November 2003