

**立法會**  
***Legislative Council***

LC Paper No. LS46/12-13

**Paper for the House Committee Meeting  
on 3 May 2013**

**Legal Service Division Report on  
Proposed Resolution under section 3 of  
the Loans Ordinance (Cap. 61)**

The Secretary for Financial Services and the Treasury has given notice to move a motion at the Legislative Council meeting on 15 May 2013 under section 3(1) of the Loans Ordinance (Cap. 61) (the Ordinance) to authorize the borrowings by the Government for the purposes of the Bond Fund up to a sum not exceeding in total \$200 billion or equivalent.

2. The proposed resolution is to replace the previous resolution passed by the Council on 8 July 2009 under the Ordinance, which authorizes the Government to borrow from any person from time to time for the purposes of the Bond Fund such sums in total not exceeding \$100 billion or equivalent and requires that the sums borrowed be credited to the Bond Fund.

3. The Bond Fund was established by another resolution passed by the Council under section 29 of the Public Finance Ordinance (Cap. 2) on 8 July 2009 for the implementation of the Government Bond Programme (the Programme) in July 2009. The Programme seeks to promote further and sustainable development of local bond market through issuances of government bonds for retail and institutional investors. Members may refer to the Administration's information paper on the Programme issued to the Panel on Financial Affairs in April 2009 (LC Paper No. CB(1)1469/08-09(01)).

4. In the 2013-14 Budget, the Financial Secretary announced the proposal to expand the size of the Programme from \$100 billion to \$200 billion. According to the Administration, the outstanding amount of bonds issued under the Programme is projected at \$87 billion at end August 2013, leaving an issuance quota of \$13 billion. To enable the Programme to operate in a sustainable manner and meet the growing demand of local and international investors for government bonds, the Administration considers it necessary to raise the maximum amount of borrowings by the Government. Members may refer to LegCo Brief (File Ref: G6/123/5/1C) issued by Financial Services and

the Treasury Bureau and dated 24 April 2013 for the developments of the local bond market since the launch of the Programme and other background information.

5. As advised by the Clerk to the Panel on Financial Affairs, the Panel was consulted at the meeting on 8 April 2013. Panel members in general supported the proposal to raise the maximum amount of borrowings under the Programme. Some members suggested that the Government should consider increasing the maximum amount of borrowings beyond the proposed limit of \$200 billion. Members also made suggestions on the Government Bond Programme, including increasing the share of retail bonds vis-à-vis institutional bonds issued under the Programme, diversifying bond products to cover bonds denominated in other currency such as Renminbi, and issuing bonds specifically for investment by schemes under the Mandatory Provident Fund System.

6. The proposed resolution, if approved by this Council, will come into operation on the day of publication in the Gazette, which is scheduled to be 24 May 2013.

7. No difficulties relating to the legal and drafting aspects of the proposed resolution have been identified.

Prepared by

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