

**Bills Committee on Clearing and Settlement Systems
(Amendment) Bill 2015**

**List of follow-up actions arising from the discussion
at the meeting on 28 April 2015**

Offences and penalties in respect of contravention of requirements applying to designated systems

1. The proposed amendments to section 7 of of the Clearing and Settlement Systems Ordinance (Cap. 584) ("CSSO") (under clause 14 of the Bill) provide for penalties on conviction on indictment for contravention of requirements applicable to designated systems. In the light of comment of the Legal Adviser to the Bills Committee, the Administration is requested to consider whether penalties on summary conviction should also be provided under section 7, so as to achieve consistency with the penalty provisions in respect of some other offences under the Bill where penalties are provided for on both conviction on indictment and summary conviction.

Licensing criteria for stored value facilities ("SVF") issuers and facilitators

2. Paragraph 8(b) in Part 2 of the proposed new Schedule 3 to CSSO (i.e. Clause 53 of the Bill) requires that an applicable company holding the float or deposit of an SVF must state clearly and prominently in the contract between the applicable company and the user "any fee to be charged for redemption of outstanding stored value in the SVF, and any deadline for using or redeeming the stored value that remains on the facility". As it is one of the policy objectives of the Bill to enhance protection of consumers' interests in relation to users' float maintained by SVF issuers, the Administration is requested to respond to members' concerns/suggestions about:

- (a) allowing SVF issuers to charge and set deadline for users in using or redeeming the stored value in the facility. The latter practice would result in forfeiture of the unused/unredeemed value after the deadline by the issuers; and
- (b) reviewing the relevant provisions with reference to existing measures adopted by banks for handling clients' deposits in frozen/dormant accounts (e.g. the banks may charge administrative fees on such accounts but cannot set a deadline for clients for withdrawing the deposits/closing the accounts).

Licence fees payable by SVF licensees

3. The Administration is requested to provide information on actions the Hong Kong Monetary Authority ("HKMA") would consider taking when an SVF licensee has failed to pay licence fees as required under the proposed new sections 8M or 8N of CSSO (Clause 17 of the Bill), including how HKMA would protect the interest of the retail public by taking action to stop the operation of the SVF licensee in question so that it cannot continue to collect payments from users.

Council Business Division 1
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