

For discussion
on 5 January 2016

Bills Committee on Financial Institutions (Resolution) Bill

Proposed Work Plan

Introduction

This paper sets out the proposed work plan to take forward the Financial Institutions (Resolution) Bill (“the Bill”) for Members’ consideration.

Proposed Arrangements

2. The policy objective of the Bill is to establish a resolution regime for systemically important financial institutions (“FIs”) with a view to avoiding or mitigating the risks otherwise posed by their non-viability to the stability and effective working of the financial system of Hong Kong, including to the continued performance of critical financial functions and to public funds. The Bill confers powers on the Monetary Authority, the Securities and Futures Commission and the Insurance Authority for this purpose.

3. To facilitate the scrutiny of the Bill, we propose the following arrangements for Members’ consideration –

- (a) The discussion of the Bill may be divided into four parts (see **Annex**). The Administration will give an overview of the policy issues and the Bill by way of PowerPoint presentation at the first meeting.
- (b) Members will be invited to consider the provisions in each part of the Bill in sequence.
- (c) Draft Committee Stage Amendments (“CSAs”) in response to comments made by Members will be produced in parallel in response to the Bills Committee discussion.

Proposed Timetable

4. Our work plan is at **Annex**. The proposed target date for enacting the Bill is by June 2016. This target is subject to Members' comments, and will be reviewed from time to time depending on progress made. The Administration reiterates that securing these reforms in a timely manner is considered of the utmost importance in striving to maintain and enhance Hong Kong's status as an international financial centre.

Advice Sought

5. Members are invited to comment on the proposed arrangements and the timetable.

Financial Services and the Treasury Bureau
31 December 2015

**Proposed Work Plan for the Bills Committee on
Financial Institutions (Resolution) Bill**

	Matters to be discussed	Part of the Bill	Suggested timing
1.	<ul style="list-style-type: none">➤ Preliminary (scope, designation power of the Financial Secretary)➤ Resolution Authorities (including resolution objectives)➤ Powers Related to Resolution (including preparatory powers)➤ Moving to Resolution (including initiation of resolution and mandatory reduction of capital instruments)➤ Resolvability Review Tribunal➤ Information Gathering, Inspection and Investigation Powers	Part 1; Schedule 1 Part 2 Part 3 Part 4 Part 7, Division 1; Schedule 8 Part 10	By mid-Feb
2.	<ul style="list-style-type: none">➤ Stabilization Options➤ Protected Arrangements➤ Deferral of Requirements➤ Power to Direct Continued Performance of Essential Services➤ Suspension of Obligations➤ Default Event Provisions➤ Functions of Resolution Authority	Part 5, Division 1, Subdivisions 1-6 Part 5, Division 1, Subdivision 7 Part 5, Division 1, Subdivision 8 Part 5, Division 2 Part 5, Division 3 Part 5, Division 4 Part 5, Division 5; Schedules 3-6	By mid-March

3.	<ul style="list-style-type: none"> ➤ Compensation ➤ Resolution Compensation Tribunal ➤ Clawback of Remuneration ➤ Deferral of Certain Disclosure Requirements ➤ Confidentiality Requirements 	Part 6; Schedules 2 and 7 Part 7, Division 2; Schedule 9 Part 8 Part 9 Part 11	By mid-April
4.	<ul style="list-style-type: none"> ➤ Resolution Funding Arrangements ➤ Non-Hong Kong Resolution Actions ➤ Miscellaneous (including temporary restriction on presentation of winding up petition, code of practice, civil liability, etc.) ➤ Related and Consequential Amendments ➤ CSAs 	Part 12 Part 13 Part 14 Part 15 N/A	By mid- May
5.	<ul style="list-style-type: none"> ➤ Resumption of second reading in LegCo and passage of the Bill 	N/A	By June