

Bills Committee on Financial Institutions (Resolution) Bill

**List of follow-up actions arising from the discussion
at the meeting on 5 January 2016**

Clawback of remuneration - the proposed Part 8 of the Bill

1. The Administration is requested to provide supplementary information:
 - (a) comparing the clawback provisions on the remuneration of officers/former officers of a within scope financial institutions ("FI") under the proposed resolution regime with those proposed/implemented by other FSB member jurisdictions, including the items of remuneration to be subject to clawback, the controlled period, the matters/conditions to be taken into account by the court in determining the application of a clawback, and exemption of a clawback; and
 - (b) the sanctions under the existing regulatory regimes for officers/former officers of an FI who have caused the FI to cease to be viable due to their misconduct/misbehaviour in the performance of their functions.

Cross-border resolution

2. Under the proposed resolution regime, host jurisdictions are required to support the group-wide resolution plan carried out by the home jurisdiction to facilitate cross-border resolution. The Administration is requested to provide written responses to address members' concerns on:
 - (a) whether the ring-fence mechanism (i.e. the regulator can ring-fence the assets of the Hong Kong FI to prevent the assets from being transferred to the parent company or other branches in overseas jurisdictions) available under the existing regulatory regimes will still be applicable with implementation of the proposed resolution regime;
 - (b) how the resolution authority ("RA") can ensure that the interest of creditors, shareholders, and customers of the Hong Kong FI concerned will be properly protected in the group-wide resolution plan; and

- (c) whether the Hong Kong FI, which remains financially sound and viable, will be required to go into compulsory liquidation if its parent company, being a cross-border group, enters into liquidation. Under such circumstances, whether the RA would initiate the proposed resolution regime to protect the interest of the creditors, shareholders, and customers of the Hong Kong FI concerned even if the conditions for initiating resolution are not met.

Council Business Division 1
Legislative Council Secretariat
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