

The Honourable
CHAN Kam-lam
Chairman of the Bills Committee on Financial Institutions (Resolution) Bill
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

January 8, 2016

Re: Bills Committee on Financial Institutions (Resolution) Bill: Meeting to be held on Tuesday, 19 January 2016

Dear Mr. Chairman,

I would like to thank the Bills Committee on Financial Institutions (Resolution) Bill for the opportunity to comment on the Financial Institutions (Resolution) Bill ("the Bill").

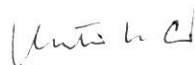
UBS strongly believes that a financial institution's failure should be possible without systemic consequences and / or requiring bail-outs. As proposed by the Financial Stability Board ("FSB"), we fully support the establishment of a resolution regime in Hong Kong that allows for the orderly resolution of a financial institution without disruption of critical financial functions, and that thereby helps to safeguard the stability of the financial system and minimise costs to taxpayers. Such a resolution regime should in our view be based on the FSB's international standards.

We note that the Financial Institutions (Resolution) Bill introduces a regime in Hong Kong that is well aligned with the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions and that the Bill was developed in close consultation with the industry. In particular, one of the key concerns of the industry and of UBS during the consultation phase was a suggestion that the resolution authority may have potential discretion to extend the stay on early termination rights beyond two business days. This discretion has now been removed under Clause 90 of the Bill. This is a welcome development that will increase certainty for financial market players.

Cross-border cooperation will clearly be key in resolving a global financial institution. In this context, it is positive that the Bill provides for a statutory recognition framework that would enable the relevant Hong Kong resolution authority to recognise non-Hong Kong resolution actions. We also encourage the Hong Kong resolution authorities to actively engage with foreign resolution authorities through the appropriate mechanism to coordinate and address conceivable issues ahead of a potential cross-border resolution.

On behalf of UBS, I therefore wish to express support for the Financial Institutions (Resolution) Bill.

Yours faithfully,



Kathryn Shih
President, Asia Pacific