

立法會
Legislative Council

LC Paper No. CB(4)1087/17-18
(These minutes have been
seen by the Administration)

Ref: CB4/BC/1/17

Bills Committee on Banking (Amendment) Bill 2017

**Minutes of the first meeting held on
Tuesday, 21 November 2017, at 8:30 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon CHAN Chun-ying (Chairman)
Hon James TO Kun-sun
Hon WONG Ting-kwong, GBS, JP
Hon CHAN Kin-por, GBS, JP
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Kenneth LEUNG
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Jimmy NG Wing-ka, JP
Hon YUNG Hoi-yan
Hon Tanya CHAN

Members absent : Hon Dennis KWOK Wing-hang
Hon CHEUNG Kwok-kwan, JP
Hon LAU Kwok-fan, MH

Public officers attending : **Agenda item II**
Financial Services and the Treasury Bureau

Mr Chris SUN
Deputy Secretary for Financial Services and the
Treasury (Financial Services)¹

Ms Eureka CHEUNG
Principal Assistant Secretary for Financial Services
and the Treasury (Financial Services)5

Mr Henry YIM
Assistant Secretary for Financial Services and the
Treasury (Financial Services)(5)2

Hong Kong Monetary Authority

Mr Daryl HO
Executive Director (Banking Policy)

Ms Gillian HUI
Head (Banking Policy)A

Mr Eamonn WHITE
Head (Resolution Office)

Mr Andy CHEUNG
Senior Manager (Banking Policy)

Department of Justice

Mr Michael LAM
Senior Assistant Law Draftsman

Clerk in attendance : Mr Lemuel WOO
Chief Council Secretary (4)6

Staff in attendance : Ms Vanessa CHENG
Assistant Legal Adviser 5

Ms Macy NG
Senior Council Secretary (4)6

Miss Katherine CHAN
Council Secretary (4)6

Ms Emily LIU
Legislative Assistant (4)6

Action

I. Election of Chairman

Mr James TO, the member who had the highest precedence among members of the Bills Committee present at the meeting, presided over the election of the Chairman of the Bills Committee.

2. Mr James TO invited nominations for the chairmanship of the Bills Committee. Mr WONG Ting-kwong nominated Mr CHAN Chun-ying, and the nomination was seconded by Ms YUNG Hoi-yan. Mr CHAN Chun-ying accepted the nomination.

3. There being no other nominations, Mr CHAN Chun-ying was elected as the Chairman of the Bills Committee.

4. Members agreed that there was no need to elect a Deputy Chairman.

II. Meeting with the Administration

[LC Paper No. CB(3)34/17-18, File Ref: B&M/4/1/43C, LC Paper Nos. LS9/17-18, CB(4)237/17-18(01) and CB(4)245/17-18(01)]

Declaration of interests

5. Mr CHAN Kin-por declared that he was an independent non-executive director of the Bank of East Asia Limited.

Discussion

6. The Administration briefed members on the Banking (Amendment) Bill 2017 ("the Bill"). The Bills Committee deliberated (index of proceedings in **Appendix**).

7. The Bills Committee requested the Administration to provide the following information:

- (a) sample(s) of recovery plan setting out the measures that the authorized institutions ("AIs"), in particular the medium-sized banks, would take to stabilize and restore their financial resources and viability under severe stress;
- (b) the penalties for committing an offence relating to recovery planning for AIs in Hong Kong vis-à-vis those in other

jurisdictions, including the United Kingdom, Australia and Singapore; as well as vis-à-vis the penalties under legislation regulating other financial institutions in Hong Kong, such as the insurance companies and the approved trustees of the Mandatory Provident Fund schemes;

- (c) whether the Monetary Authority ("MA") would consider issuing letters to directors of AIs (including independent non-executive directors) direct under certain circumstances to ensure that they had been notified of the important requirements or instructions issued by MA, such as the recovery planning requirements;
- (d) whether there were any requirements/restrictions imposed on directors or persons who were responsible for implementing the recovery plan (in particular in relation to the resignation of directors or other responsible officers) for AIs in order to protect the interests of the public and other stakeholders;
- (e) whether the recovery plan mandated major shareholders of AIs to any commitments (e.g. prior agreement/undertaking on capital injection by shareholders) under severe stress;
- (f) what technical comments had been given by the banking industry during consultation on MA's proposals for the implementation of the new Basel Committee on Banking Supervision exposure limits framework and recovery planning requirements; and what corresponding actions had been taken by MA; and
- (g) whether the recovery plan for AIs would include measures which would adversely affect the general public, such as call loan arrangements or reduction in the debts of AIs under severe stress.

(Post-meeting note: The supplementary information was circulated to members vide LC Paper No. CB(4)395/17-18(03) on 22 December 2017.)

Invitation of views

8. Members agreed to receive views from the banking industry and relevant stakeholders on the Bill at the next meeting.

III. Any other business

9. There being no other business, the meeting ended at 10:00 am.

Council Business Division 4
Legislative Council Secretariat
15 May 2018

**Proceedings of the first meeting of
Bills Committee on Banking (Amendment) Bill 2017
on Tuesday, 21 November 2017, at 8:30 am
in Conference Room 1 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda item I – Election of Chairman</i>			
000423 – 000526	Mr James TO Mr WONG Ting- kwong Ms YUNG Hoi-yan Mr CHAN Chun- ying	Election of Chairman	
<i>Agenda item II – Meeting with the Administration</i>			
000527 – 000701	Chairman	Opening remarks	
000702 – 001009	Chairman Administration	Briefing by the Administration on the Banking (Amendment) Bill 2017 ("the Bill")	
001010 – 001416	Chairman Mr Kenneth LEUNG Administration	Enquiry about the circumstances under which an authorized institution ("AI") would be considered as "under severe stress"	
001417 – 001719	Chairman Mr WONG Ting- kwong Administration	Views on receiving views from deputations on the Bill, and enquiry about the banking industry's feedback on the proposed amendments to the Banking Ordinance (Cap. 155) ("BO")	
001720 – 002412	Chairman Mr CHAN Kin-por Administration	Declaration of interests by Mr CHAN Views on receiving views from deputations on the Bill, and concerns about the penalties for committing an offence relating to non-compliance with requirements under the Bill	
002413 – 003333	Chairman Mr James TO Administration	Views on receiving views from deputations on the Bill, and request for the Administration to provide supplementary information as listed out in paragraph 7(a) of the minutes	Admin
003334 – 004227	Chairman Mr Kenneth LEUNG Administration	Views on receiving views from deputations on the Bill, and enquiry about the recovery planning requirements	
004228 – 005510	Chairman Mr CHAN Kin-por Administration	Enquiry about the mechanism for the Monetary Authority ("MA") to notify an AI of requirements or directions in relation to recovery planning, and request for the Administration to provide supplementary information as listed out in paragraph 7(b) of the minutes	Admin

Time marker	Speaker	Subject(s)	Action required
005511 – 010737	Chairman Mr James TO Administration	Request for the Administration to provide supplementary information as listed out in paragraphs 7(b) to 7(d) of the minutes	Admin
010738 – 011243	Chairman Mr Kenneth LEUNG Administration	Request for the Administration to provide supplementary information as listed out in paragraph 7(b) of the minutes	Admin
011244 – 011819	Chairman Mr CHAN Kin-por Administration	Views on MA's guidance to AIs on recovery planning, and concerns about whether BO was conducive to the healthy development of the banking industry	
011820 – 013352	Chairman Mr James TO Administration	Request for the Administration to provide supplementary information as listed out in paragraphs 7(e) to 7(g) of the minutes The Chairman's decision on receiving views from deputations on the Bill at the next meeting	Admin
<i>Agenda item III – Any other business</i>			
013353 – 013402	Chairman	Closing remarks	