

立法會

Legislative Council

LC Paper No. CB(4)1088/17-18
(These minutes have been
seen by the Administration)

Ref: CB4/BC/1/17

Bills Committee on Banking (Amendment) Bill 2017

**Minutes of the second meeting held on
Thursday, 28 December 2017, at 9:30 am
in Conference Room 2 of the Legislative Council Complex**

Members present : Hon CHAN Chun-ying (Chairman)
Hon CHAN Kin-por, GBS, JP
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Kenneth LEUNG
Hon YUNG Hoi-yan

Members absent : Hon James TO Kun-sun
Hon WONG Ting-kwong, GBS, JP
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP

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

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

Mr Timothy CHAU
Assistant Secretary for Financial Services and the
Treasury (Financial Services)(5)2 (Des.)

Hong Kong Monetary Authority

Ms Gillian HUI
Acting Executive Director (Banking Policy)

Mr Andy CHEUNG
Senior Manager (Banking Policy)

Ms Tracy RICHARDSON
Manager (Resolution Office)

Department of Justice

Mr Michael LAM
Senior Assistant Law Draftsman

Mr Jonathan LUK
Senior Government Counsel (Acting)

Agenda item II

Financial Services and the Treasury Bureau

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

Mr Timothy CHAU
Assistant Secretary for Financial Services and the
Treasury (Financial Services)(5)2 (Des.)

Hong Kong Monetary Authority

Ms Gillian HUI
Acting Executive Director (Banking Policy)

Mr Andy CHEUNG
Senior Manager (Banking Policy)

Ms Tracy RICHARDSON
Manager (Resolution Office)

Department of Justice

Mr Michael LAM
Senior Assistant Law Draftsman

Mr Jonathan LUK
Senior Government Counsel (Acting)

**Attendance by
invitation**

: Agenda item I

The Hongkong and Shanghai Banking Corporation
Limited

Mr Justin CHAN
Co-Head of Markets, Asia-Pacific

Standard Chartered Bank (Hong Kong) Limited

Ms Vicky KONG
Managing Director
Head, Retail Banking, Hong Kong

Bank of China (Hong Kong) Limited

Mr Qingbo MENG
General Manager, Risk Management Department

The Hong Kong Association of Banks

Mr Qingbo MENG
Representative

Chong Hing Bank Limited

Mr Rockson HSU
Chief Risk Officer

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

Staff in attendance : Ms Vanessa CHENG
Assistant Legal Adviser 5

Miss Katherine CHAN
Council Secretary (4)6

Ms Emily LIU
Legislative Assistant (4)6

Action

I. Meeting with deputations and the Administration

Declaration of interests

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

Discussion

2. The Bills Committee received views from four deputations attending the meeting (index of proceedings in **Appendix**). Their views on the Banking (Amendment) Bill 2017 ("the Bill") were summarized as follows:

- (a) they were generally in support of the Bill as devising a recovery plan by authorized institutions ("AIs"), changing the limitations of AIs' exposure and repealing obsolete provisions in the Banking Ordinance (Cap. 155) would strengthen the reliability of Hong Kong's banking system to cope with severe stress and were in accordance with the latest international standards on banking regulation issued by the Financial Stability Board ("FSB") and the Basel Committee on Banking Supervision ("BCBS");

Action

- (b) most of the banks in Hong Kong had already prepared their own recovery plans to follow the standards relating to recovery planning issued by FSB in 2014; and
 - (c) the Administration should allow sufficient time for AIs to prepare for the implementation of the new BCBS large exposures framework according to the internationally agreed timetable (i.e. by 1 January 2019).
3. The Administration's response to the depositions' views expressed above were as follows:
- (a) as most of the banks in Hong Kong had already developed their recovery plans setting out the measures that they could take to stabilize and restore their financial resources and viability in the event that they came under severe stress, a sound foundation had been laid down for implementing the proposed amendments in the Bill; and
 - (b) the Administration would keep close communication with the banking industry to address AIs' concerns about the timeframe for their implementation of the new BCBS large exposures framework in accordance with the internationally agreed timetable (i.e. by 1 January 2019).
4. The Bills Committee deliberated (index of proceedings in **Appendix**).

II. Meeting with the Administration

[LC Paper Nos. CB(4)245/17-18(01), CB(4)395/17-18(01) to (03), and CB(3)34/17-18, File Ref: B&M/4/1/43C, LC Paper Nos. LS9/17-18 and CB(4)237/17-18(01)]

Discussion

5. The Bills Committee deliberated (index of proceedings in **Appendix**).

Clause-by-clause examination of the Bill

6. The Bills Committee completed clause-by-clause examination of the Bill and would not propose any amendments to the Bill. The Administration indicated that it planned to resume the Second Reading debate on the Bill in January 2018, and would inform members on the proposed date later. The

Action

Chairman would report the Bills Committee's deliberations to the House Committee in due course.

(Post-meeting note: The Chairman reported the deliberations of the Bills Committee at the House Committee meeting on 12 January 2018. The Administration resumed the Second Reading debate and Third Reading of the Bill at the Council meeting of 24 January 2018.)

III. Any other business

7. There being no other business, the meeting ended at 11:01 am.

Council Business Division 4
Legislative Council Secretariat
15 May 2018

**Proceedings of the second meeting of
Bills Committee on Banking (Amendment) Bill 2017
on Thursday, 28 December 2017, at 9:30 am
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
<i>Agenda item I – Meeting with deputations and the Administration</i>			
000619 – 001016	Chairman	Opening remarks	
001017 – 001235	Chairman Mr Justin CHAN, The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	Presentation of views	
001236 – 001521	Chairman Ms Vicky KONG, Standard Chartered Bank (Hong Kong) Limited	Presentation of views	
001522 – 001850	Chairman Mr Qingbo MENG, The Hong Kong Association of Banks ("HKAB") and Bank of China (Hong Kong) Limited ("BoC")	Presentation of views	
001851 – 002121	Chairman Mr Rockson HSU, Chong Hing Bank Limited	Presentation of views [LC Paper No. CB(4)433/17-18(01)]	
002122 – 002634	Chairman Administration	The Administration's response to the views expressed by the deputations	
002635 – 003224	Chairman Mr CHAN Kin-por Mr Justin CHAN, HSBC Mr Qingbo MENG, HKAB and BoC	Declaration of interests by Mr CHAN Kin-por Concerns about whether there were other provisions in the Banking Ordinance (Cap. 155) ("BO") which were outdated	

Time marker	Speaker	Subject(s)	Action required
003225 – 003842	Chairman Mr Kenneth LEUNG Administration Mr Qingbo MENG, HKAB and BoC	Concerns about the legislative timetable for the main legislation and relevant subsidiary legislation(s)	
003843 – 005109	Chairman Mr CHAN Chi-Chuen Administration Mr Qingbo MENG, HKAB and BoC	Discussion on the penalty for committing an offence relating to recovery planning under the Banking (Amendment) Bill 2017 ("the Bill")	
<i>Agenda item II – Meeting with the Administration</i>			
005110 – 005355	Chairman Administration	Briefing by the Administration on its response to the list of follow-up actions arising from the meeting on 21 November 2017 [LC Paper No. CB(4)395/17-18(03)]	
005356 – 005939	Chairman Mr Kenneth LEUNG Administration	Enquiry about authorized institutions' ("AIs") non-compliance with recovery planning requirements	
005940 – 010422	Chairman Assistant Legal Adviser 5 ("ALA5") Administration	Commencement of clause-by-clause examination of the Bill <u>Long title</u> ALA5's seeking clarification on whether the long title of the Bill could reflect the related and consequential, and other minor amendments, as contained in the Bill, to BO <u>Clauses 1 and 2</u> Members raised no question	
010423 – 010538	Administration	<u>Clause 3</u> Members raised no question	
010539 – 011717	Chairman Mr Kenneth LEUNG ALA5 Administration	<u>Clause 4</u> Discussion on the recovery planning of overseas-incorporated AIs	
011718 – 012100	Chairman Mr Kenneth LEUNG Administration	<u>Clause 5</u> Discussion on the reasons for replacing the obsolete provisions in Part XV of BO and empowering the Monetary Authority to make the necessary rules to implement the new large exposures framework by way of subsidiary legislation	

Time marker	Speaker	Subject(s)	Action required
012111 – 012250	Administration	<u>Clauses 6 to 8</u> Members raised no question	
012251 – 012724	Chairman ALA5 Administration	<u>Clause 9</u> Discussion on whether it was necessary to provide for a review mechanism under the proposed section 81B in Clause 9	
012725 – 013200	Administration	<u>Clauses 10 to 30</u> Members raised no question	
013201 – 013537	Chairman Administration	Completion of clause-by-clause examination of the Bill The Bills Committee's support for the resumption of the Second Reading debate on the Bill and discussion on the legislative timetable	
<i>Agenda item III – Any other business</i>			
013538 – 013550	Chairman	Closing remarks	