

立法會
Legislative Council

LC Paper No. CB(1)539/18-19

(These minutes have been seen
by the Administration)

Ref : CB1/SS/2/18

**Subcommittee on Financial Institutions (Resolution)
(Loss-absorbing Capacity Requirements — Banking Sector) Rules**

**Minutes of the second meeting on
Friday, 23 November 2018, at 9:30 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon CHAN Chun-ying, JP (Chairman)
Hon James TO Kun-sun
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon CHAN Kin-por, GBS, JP
Hon YIU Si-wing, BBS
Hon Kenneth LEUNG
Hon Dennis KWOK Wing-hang
Hon Christopher CHEUNG Wah-fung, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon YUNG Hoi-yan

Member absent : Hon Abraham SHEK Lai-him, GBS, JP

Public officers attending : Ms Estrella CHEUNG
Principal Assistant Secretary for Financial Services and
the Treasury (Financial Services)³

Mr Eamonn WHITE
Head (Resolution Office)
Hong Kong Monetary Authority

Mr Robert PROBYN
Senior Manager (Resolution Office) (Policy)3
Hong Kong Monetary Authority

Ms Helen CHAN
Acting Senior Manager (Resolution)(Policy)1
Hong Kong Monetary Authority

Mr Michael LAM
Senior Assistant Law Draftsman
Law Drafting Division
Department of Justice

Ms Carmen CHU
Senior Government Counsel
Law Drafting Division
Department of Justice

**Attendance by
invitation**

: Deputations

Dah Sing Bank

Mr WANG Gary
Deputy Chief Executive

Bank of China (Hong Kong) Limited

Ms YIM Yuen-kwan Annie
Deputy General Manager

Chong Hing Bank Limited

Mr CHAN Kam-ki Vincent
Chief Financial Officer

The Bank of East Asia Limited

Mr TONG Hon-shing
Deputy Chief Executive & Chief Operation Officer

Shanghai Commercial Bank Limited

Ms WENG Li-chien, Wendy
Chief Financial Controller

Nanyang Commercial Bank Limited

Ms KAN Lai-fun
Head of Financial Management Division

Fubon Bank (Hong Kong) Limited

Mr KWONG Kwok-wing
Senior Vice President, Head of Financial Markets

OCBC Wing Hang Bank Limited

Mr TAN You-leong
Chief Risk Officer, North Asia

CMB Wing Lung Bank Limited

Mr CHEUNG Chung-keung
Chief Financial Officer

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)4

Staff in attendance : Mr Mark LAM
Assistant Legal Adviser 7

Mr Hugo CHIU
Senior Council Secretary (1)4

Ms Sharon CHAN
Legislative Assistant (1)4

Ms Vivian CHAN
Clerical Assistant (1)4

Action

I Meeting with the Administration and deputations

Meeting with deputations and the Administration

Submissions from deputations attending the meeting

(LC Paper No. CB(1)198/18-19(04) — Joint submission from Chong Hing Bank, Dah Sing Bank, Fubon Bank (Hong Kong), Public Bank (Hong Kong) and Shanghai Commercial Bank (English version only)

LC Paper No. CB(1)198/18-19(05) — Submission from The Bank of East Asia Limited

LC Paper No. CB(1)198/18-19(06) — Submission from OCBC Wing Hang Bank Limited (English version only)

LC Paper No. CB(1)207/18-19(01) — Submission from Nanyang Commercial Bank Limited (Chinese version only)

Meeting with the Administration

Matters arising from the previous meeting

(LC Paper No. CB(1)198/18-19(01) — List of follow-up actions arising from the discussion at the meeting on 12 November 2018

LC Paper No. CB(1)198/18-19(02) — Administration's response to issues raised at the meeting on 12 November 2018

LC Paper No. CB(1)157/18-19(01) — Letter dated 6 November 2018 from the Legal Service Division to the Administration

LC Paper No. CB(1)198/18-19(03) — Administration's response to the letter dated 6 November 2018 from the Legal Service Division)

Action

Clause-by-clause examination of the Rules

(L.N. 195 of 2018	— Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules
File Ref: B&M/2/1/29/4/1C(2018)	— Legislative Council Brief
LC Paper No. LS5/18-19	— Legal Service Division Report
LC Paper No. CB(1)157/18-19(02)	— Background brief prepared by the Legislative Council Secretariat)

The Chairman welcomed representatives of the Administration and deputations to the meeting. He reminded the deputations that their written submissions provided to the Subcommittee and views presented at the meeting would not be covered by the protection and immunity provided under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382).

Discussion

2. The Subcommittee received views from 9 deputations attending the meeting.
3. The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

(At 11:30 am, the Chairman ordered that the meeting be suspended for 5 minutes. The meeting resumed at 11:36 am.)

(Post meeting note: The speaking note of Ms YIM Yuen-kwan Annie, Deputy General Manager of Bank of China (Hong Kong) Limited and the submission from CMB Wing Lung Bank Limited which were tabled at/received after the meeting were circulated to members vide LC Paper Nos. CB(1)210/18-19(01) and (02) on 23 November 2018 respectively. The speaking note of the representative of the Bank of East Asia, Limited (English version only) received after the meeting was issued to members vide LC Paper No. CB(1)231/18-19(01) on 27 November 2018.)

Action

Declaration of interest

4. The Chairman declared that he was a consultant of the Bank of China (Hong Kong) Limited. Mr CHAN Kin-po declared that he was an independent non-executive director of the Bank of East Asia Limited.

Follow-up actions to be taken by the Administration

5. The Administration and the Hong Kong Monetary Authority ("HKMA") were requested to:

- (a) provide a comparison of the coverage of the loss-absorbing capacity ("LAC") rules under the Hong Kong regime with other major international financial markets, including whether an entity which was neither a global systemically important bank ("G-SIB") nor a domestic systemically important bank ("D-SIB") would be subject to LAC requirements;
- (b) consider some members' suggestion that the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules ("the Rules") should provide that only G-SIBs and D-SIBs would be subject to LAC requirements; and
- (c) provide written responses on views raised and submissions made by deputations.

6. The Administration and HKMA were requested to consider some members' suggestion that the following matters should be prescribed in the Rules instead of in a Code of Practice on the LAC requirements developed by HKMA:

- (a) the asset threshold for authorized institutions ("AIs") to be covered under the Rules and hence required to meet the LAC requirements;
- (b) the factors to be considered by the Monetary Authority ("MA") in deciding the classification of an AI as a resolution entity or a material subsidiary (i.e. an in-scope AI); and
- (c) the timeline for in-scope AIs to comply with the LAC requirements, and the mechanism for MA to defer the implementation schedule of a particular in-scope AI.

Action

(*Post meeting note:* The Administration's written response was issued to members vide LC Paper No. CB(1)218/18-19(02) on 27 November 2018.)

II Any other business

Date of next meeting

7. The Chairman said that the next meeting would tentatively be held on 28 November 2018 to allow sufficient time for the Administration to prepare its written responses to issues raised at the current meeting.

(*Post meeting note:* The third meeting was scheduled for 28 November 2018 from 8:30 am to 10:30 am. The notice of meeting was issued vide LC Paper No. CB(1)213/18-19 on 23 November 2018.)

Legislative timetable

8. The Subcommittee noted that the Chairman had moved a motion at the Council meeting of 21 November 2018 to extend the scrutiny period of the Rules to the Council meeting of 12 December 2018. The Subcommittee also noted that the deadline for giving notice of motion to amend the Rules would be 5 December 2018, and the Chairman would give a verbal report on the deliberations of the Subcommittee at the House Committee meeting on 30 November 2018.

9. There being no other business, the meeting ended at 12:01 pm.

Council Business Division 1
Legislative Council Secretariat
31 January 2019

**Proceedings of the second meeting of
the Subcommittee on Financial Institutions (Resolution)
(Loss-absorbing Capacity Requirements — Banking Sector) Rules
on Friday, 23 November 2018, at 9:30 am
in Conference Room 1 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
Agenda item I — Meeting with the Administration and deputations			
Presentation of views by deputations/individuals and the Administration's responses			
000343 – 000551	Chairman	Introductory remarks	
000552 – 006000	Chairman	Declaration of interest	
006001 – 001255	Chairman Dah Sing Bank	Presentation of views [LC Paper No. CB(1)198/18-19(04) (English version only)]	
001256 – 001719	Chairman Bank of China (Hong Kong) Limited	Presentation of views [LC Paper No. CB(1)210/18-19(01)]	
001720 – 002002	Chairman Chong Hing Bank Limited	Presentation of views [LC Paper No. CB(1)198/18-19(04) (English version only)]	
002003 – 002307	Chairman The Bank of East Asia Limited	Presentation of views [LC Paper No. CB(1)198/18-19(05)] [LC Paper No. CB(1)231/18-19(01) (English version only)]	
002308 – 002329	Chairman Shanghai Commercial Bank Limited	Presentation of views [LC Paper No. CB(1)198/18-19(04) (English version only)]	
002330 – 002801	Chairman Nanyang Commercial Bank Limited	Presentation of views [LC Paper No. CB(1)207/18-19(01) (Chinese version only)]	
002802 – 002942	Chairman Fubon Bank (Hong Kong) Limited	Presentation of views [LC Paper No. CB(1)198/18-19(04) (English version only)]	

Time Marker	Speaker	Subject(s)	Action Required
002943 – 003056	Chairman OCBC Wing Hang Bank Limited	Presentation of views [LC Paper No. CB(1)198/18-19(06) (English version only)]	
003057 – 003621	Chairman CMB Wing Lung Bank Limited	Presentation of views [LC Paper No. CB(1)210/18-19(02) (English version only)]	
003622 – 005233	Chairman Administration	<p>The Administration's preliminary responses as follows:</p> <p>(a) the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules ("the Rules") provided the framework for implementing the loss-absorbing capacity ("LAC") requirements. Relevant details (including indicative asset threshold for in-scope authorized institutions ("AIs")) would be set out in a Code of Practice chapter for LAC requirements ("LAC CoP") developed by the Hong Kong Monetary Authority ("HKMA"), and a draft was currently under consultation with the banking industry till 3 December 2018. The Monetary Authority ("MA") would conduct resolution planning for individual AIs on a case-by-case basis having regard to the circumstances of each AI. The Rules had already provided flexibility in implementation;</p> <p>(b) the asset threshold of HK\$ 150 billion as proposed in the draft LAC CoP was yet to be finalized as further feedback from the industry was expected before the close of the consultation. An AI meeting the asset threshold would not automatically be classified as a resolution entity or a material subsidiary and thus subject to LAC requirements. MA would undertake resolution planning and formulate the preferred resolution strategy ("PRS") for AIs, which would inform whether an entity should be classified as a resolution entity or a material subsidiary and be subject to the</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>LAC requirements. MA would consider a host of factors (e.g. balance sheet size, volume of deposits, number of depositors, number of transactional accounts, etc.) in making the classification decisions, and would review the indicative asset threshold no less frequently than every three to five years;</p> <p>(c) the failure of an AI which was neither a global systemically important bank ("G-SIB") nor a domestic systemically important bank ("D-SIB") might still pose systemic risks to Hong Kong's financial stability, especially because of the deposit-taking activities undertaken by AIs. Should a small and medium-sized ("SMS") AI become non-viable, its depositors would lose access to their deposits and this might undermine general confidence in the market and lead to contagion, and so had an adverse impact on local financial stability. As deposit protection under the Deposit Protection Scheme was subject to a ceiling of HK\$ 500,000 per depositor, the portion of any depositor's funds above that amount could be at risk should the AI go into insolvency. MA had to strike a balance between mitigating the increase in AIs' compliance costs and protecting the interests of depositors, and had taken the scale of deposit-taking activities into account in formulating the proposed asset threshold;</p> <p>(d) an AI being classified as a resolution entity or a material subsidiary had the statutory right to make representations to MA if it disagreed with MA's decision;</p> <p>(e) MA would assess AIs in Hong Kong (which were not G-SIBs) one by one (with priority given to AIs with higher systemic importance) to determine whether they should be classified as resolution entities or material</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>subsidiaries. HKMA's current planning assumption was that D-SIBs and non-D-SIBs would be subject to classification no earlier than January 2020 and July 2020 respectively. Besides, an AI (except that which was part of a non-emerging market economy headquartered G-SIB group) being classified as a resolution entity or a material subsidiary had 24 months to make preparation for meeting the relevant LAC requirements. Depending on the circumstances of individual AIs, MA could vary the LAC conformance period applicable to them if necessary. MA would have bilateral discussions with individual AIs in the course of formulating their PRS and determining their LAC requirements. AIs therefore would have knowledge about, and be prepared for, applicability of LAC requirements to them before being classified by MA as a resolution entity or a material subsidiary;</p> <p>(f) for AIs with total consolidated assets in the range of HK\$ 150 billion to below HK\$ 300 billion, MA was considering allowing a longer timeline for classification and for such AIs in meeting the LAC requirements; and</p> <p>(g) the draft LAC CoP provided that LAC debt instruments must be accounted for as liabilities in order to count towards the minimum debt requirement. However, HKMA was re-examining this point, and was taking an open attitude towards whether the classification of debt instruments which could be used to meet the minimum debt requirements under the Rules should be based on their legal form or accounting classification.</p>	
005234 – 015820	Chairman Mr James TO Mr CHAN Kin-por Mr Kenneth LEUNG	Mr CHAN declared that he was an independent non-executive director of the Bank of East Asia Limited.	

Time Marker	Speaker	Subject(s)	Action Required
	<p>Mr Christopher CHEUNG</p> <p>Ir Dr LO Wai-kwok</p> <p>Dah Sing Bank</p> <p>The Bank of East Asia Limited</p> <p>Bank of China (Hong Kong) Limited</p> <p>Administration</p>	<p><u>Scope and impacts of the Rules</u></p> <p>Mr TO's view was that the policy objective of the Financial Institutions (Resolution) Ordinance (Cap. 628) ("FIRO") was to establish a resolution regime for financial institutions ("FIs") in Hong Kong which were systemically important. The scope of the Rules was excessive as the Rules covered most AIs in Hong Kong. Mr CHEUNG shared the views.</p> <p>Mr LEUNG remarked that although FIRO covered all AIs, MA should adopt a risk-based approach in implementing the LAC requirements.</p> <p>Mr CHAN suggested that MA should make reference to the practice of the United States ("the US") and examine whether only G-SIBs should be classified as resolution entities. He urged the Administration to consider whether the Rules should provide that only G-SIBs and D-SIBs would be subject to LAC requirements.</p> <p>Mr CHAN, Mr CHEUNG and Ir Dr LO expressed concern that the Rules would increase the operating costs of SMS AIs, thus might undermine their competitiveness and affecting the stability of Hong Kong's financial system. Ir Dr LO further cautioned that the operation of small and medium enterprises might eventually be affected. Mr CHAN further called on HKMA to defer implementation of the LAC requirements.</p> <p>The representative of Dah Sing Bank's views as follows:</p> <p>(a) under the proposed asset threshold in the draft LAC CoP, most AIs in Hong Kong would be covered by the Rules. This was contrasted to the LAC rules of other jurisdictions including the US and Japan which only covered G-SIBs and D-SIBs; and</p>	<p>The Administration to take action as per paragraph 5(b) of the minutes</p>

Time Marker	Speaker	Subject(s)	Action Required
		<p>(b) the cost implications of issuing LAC debt instruments on SMS AIs would be greater than those on large AIs.</p> <p>The Administration responded as follows:</p> <p>(a) while all AIs were within the scope of FIRO, MA could only exercise resolution powers under FIRO in relation to AIs which would pose systemic risk to Hong Kong's financial stability (including continued performance of critical financial functions) upon their failure. Thus, in determining whether an individual AI should be subject to LAC requirements, MA would have regard to its specific circumstances including potential impact on financial stability upon failure; and</p> <p>(b) the proposed asset threshold of HK\$ 150 billion had struck a balance between mitigating the increase in the compliance cost of AIs and protecting financial stability and public interest (including public money and the interests of depositors). HKMA would carefully examine the views received in the consultation in finalizing the LAC CoP.</p> <p><u>Implementation progress of loss-absorbing capacity rules</u></p> <p>Mr CHAN's view that HKMA should observe the implementation progress of LAC rules in other jurisdictions including the US and Singapore, and should not make Hong Kong the front-runner in implementing such rules. Ir Dr LO concurred with the views.</p> <p>The representative of The Bank of East Asia Limited suggested that HKMA should implement LAC requirements in phases to avoid a glut of LAC debt instruments in the market.</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>HKMA pointed out that Hong Kong was not a front-runner in implementing LAC rules by highlighting paragraph 2 of its response paper to issues raised at the meeting on 12 November 2018 (LC Paper No. CB(1)198/18-19(02)).</p> <p><u>Relationship between the Rules and the Code of Practice chapter on loss-absorbing capacity</u></p> <p>Noting the grave concerns raised by the banking industry, Mr TO remarked that he would not support the Rules unless HKMA had duly addressed the banking industry's concerns about the draft LAC CoP.</p> <p>The Chairman's view that the draft LAC CoP was not subject to the scrutiny of the Legislative Council ("LegCo"). Important issues in the draft LAC CoP (including the asset threshold) should be addressed during scrutiny of the Rules. Mr LEUNG, Mr CHEUNG and Ir Dr LO echoed the views, and called on the Administration and HKMA to address the banking industry's concern on the draft LAC CoP.</p> <p>At the request of the Chairman, Mr LEUNG, Mr CHAN and Ir Dr LO, the Administration was required to consider prescribing the following matters in the Rules instead of in the LAC CoP:</p> <ul style="list-style-type: none"> (a) the asset threshold for AIs to be covered under the Rules and hence required to meet the LAC requirements; (b) the factors to be considered by MA in deciding the classification of an AI as a resolution entity or a material subsidiary (i.e. "an in-scope AI"); and (c) the timeline for in-scope AIs to comply with the LAC requirements, and the mechanism for MA to defer the implementation schedule of a particular in-scope AI. 	<p>The Administration to take action as per paragraph 6 of the minutes</p>

Time Marker	Speaker	Subject(s)	Action Required
		<p>At the request of Mr TO and the Chairman, the Administration was required to provide written responses on views raised and submissions made by deputations.</p> <p>The Administration responded as follows:</p> <ul style="list-style-type: none"> (a) the approach of the Rules was consistent with that of FIRO in a sense that the Rules only provided for the regulatory framework without prescribing the implementation details; (b) HKMA had engaged stakeholders in the early stage when formulating the LAC rules so that AIs could have more time to make preparations; (c) the draft LAC CoP was under consultation. HKMA would carefully consider stakeholders' views including the need for a higher asset threshold and a longer implementation timeline; (d) HKMA had to strike a balance between clarity and flexibility in implementing LAC requirements. If the asset threshold was set out in the Rules, MA would have to implement LAC requirements in a "one-size-fit-all" manner, and it would be more difficult for MA to vary the LAC requirements on a specific AI upon examining its particular circumstances. Therefore, it would be appropriate to set out the implementation details of LAC requirements in the LAC CoP; and (e) MA would adopt a flexible approach in making classification decisions for AIs considering the AI-specific circumstances. HKMA's current planning assumption was that D-SIBs and non-D-SIBs would be classified on earlier than end December 2019 and end June 2020, so that they would have to meet LAC requirements from January 2022 and July 2022 respectively. Further extension might apply to AIs with total 	<p>The Administration to take action as per paragraph 5(c) of the minutes</p>

Time Marker	Speaker	Subject(s)	Action Required
		<p>consolidated assets below HK\$ 300 billion.</p> <p><u>Cost on authorized institutions in issuing loss-absorbing capacity debt instruments</u></p> <p>Mr CHAN's view that the annual cost of non-capital LAC debt instruments estimated by HKMA (i.e. with coupon rates of around 4%) might be outdated in light of recent uncertainties in the global economic environment.</p> <p>The representative of Dah Sing Bank's views as follows:</p> <p>(a) the coupon rates of non-capital LAC debt instruments might be well above 4% having regard to recent economic developments; and</p> <p>(b) the actual amount of LAC debt instruments to be issued by SMS AIs might be rather large.</p> <p>Mr LEUNG's enquired about whether the liquidity of LAC debt instruments would be limited given that their primary issuance in Hong Kong was confined to professional investors.</p> <p>HKMA responded that it had estimated the annual cost of non-capital LAC debt instruments by making reference to relevant data collected from the banking industry. HKMA had already adopted a conservative approach in making the estimation. The actual cost might differ from HKMA's estimation depending on the market circumstances that prevailed when AIs actually issued the instruments.</p> <p>The representative of the Bank of China (Hong Kong) Limited's views as follows:</p> <p>(a) the Bank of China (Hong Kong) Limited (which was a D-SIB in Hong Kong with its parent company in the Mainland) had been liaising with the China Banking and</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>Insurance Regulatory Commission, and learnt that the cross-boundary arrangements between Hong Kong and the Mainland on the implementation of resolution regime and LAC requirements were still at a very preliminary stage. This had given rise to uncertainties in the resolution planning of Bank of China (Hong Kong) Limited; and</p> <p>(b) the Administration and HKMA should step up their efforts in liaising with the Mainland counterparts on the relevant cross-boundary arrangements.</p> <p>HKMA responded that for overseas G-SIBs of which the subsidiaries in Hong Kong were classified as material subsidiaries, MA would maintain close liaison with the home resolution authorities of the G-SIBs in implementing LAC requirements on the Hong Kong subsidiaries.</p>	
015821 – 020431	Chairman Ir Dr LO Wai-kwok Administration	<p>Ir Dr LO questioned why the Administration and HKMA had not properly addressed the banking industry's concern before tabling the Rules at LegCo.</p> <p>The Administration responded as follows:</p> <p>(a) HKMA had conducted two rounds of consultation on the Rules in 2018. The respondents were in general supportive of the Rules;</p> <p>(b) the banking industry was concerned about the implementation details of LAC requirements (including the indicative asset threshold for in-scope AIs) set out in the draft LAC CoP, and the draft was published for consultation on 19 October 2018; and</p> <p>(c) HKMA would carefully examine the feedback received in finalizing the LAC CoP.</p>	

Time Marker	Speaker	Subject(s)	Action Required
		The Chairman remarked that the Subcommittee would commence clause-by-clause examination of the Rules after it had examined the Administration's responses to issues raised at the current meeting.	
020432 – 021025	Chairman	Break	
021026 – 022317	Chairman Administration Mr CHAN Kin-por	<p>Briefing by the Administration on its response to issues raised at the meeting on 12 November 2018 [LC Paper No. CB(1)198/18-19(02)]</p> <p>In response to Mr CHAN's enquiry, the Administration advised that the coupon rates of non-capital LAC debt instruments might be over 4% in view of recent economic developments.</p> <p>At Mr CHAN's request, the Administration was required to provide a comparison of the coverage of LAC rules under the Hong Kong regime with that of other major international financial markets, including whether an entity which was neither a G-SIB nor a D-SIB would be subject to LAC requirements.</p>	The Administration to take action as per paragraph 5(a) of the minutes
022318 – 023149	Chairman Assistant Legal Adviser 7 ("ALA7") Administration	<p>Briefing by the Administration on its response to the letter dated 6 November 2018 from the Legal Service Division [LC Paper No. CB(1)198/18-19(03)]</p> <p>ALA7 pointed out that under rule 3 of the Rules, the resolution authority ("RA") was not required to specify the grounds of its decision to identify a particular resolution strategy as PRS covering an entity in a notice to that entity. Also there was no procedure for the entity concerned to make written representations to RA to object to the term(s) or matter(s) specified in the notice. There was concern about whether such an arrangement would violate the due process principle, and would in practice lengthen the process. It was because the</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>entity would resort to a judicial review in order to object to the decisions of RA and this would likely take more time than allowing the entity to make written representations to RA.</p> <p>HKMA responded as follows:</p> <p>(a) the power of an RA, including the power to devise resolution strategies for within scope FIs, was stipulated in FIRO. FIRO had not provided any procedure for an entity to seek a review of the resolution strategies devised by an RA. This approach was in line with the requirement under the Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions that resolution authorities should not be subject to <i>ex ante</i> judicial action that could hinder the effective exercise of resolution powers. It would not be consistent with FIRO to include any procedure in the Rules to allow for written representations or objections to PRS devised by MA as RA for AIs; and</p> <p>(b) in practice, an AI could submit its views on resolution planning to MA including the PRS identified for the AI. MA would take such views into account. Nevertheless, for the reasons explained above, FIRO provided that the final decisions on resolution planning were made by RAs.</p>	
Agenda item II — Any other business			
023150 – 023445	Chairman Mr CHAN Kin-por Mr Christopher CHEUNG Administration Clerk	<p><u>Legislative timetable and date of next meeting</u></p> <p>Members noted that the Chairman had moved a motion at the Council meeting of 21 November 2018 to extend the scrutiny period of the Rules to the Council meeting of 12 December 2018. The scrutiny period could not be extended further. If necessary, the Subcommittee could still hold further meetings after the Chairman had reported</p>	

Time Marker	Speaker	Subject(s)	Action Required
		deliberations of the Subcommittee to the House Committee on 30 November 2018.	

Council Business Division 1
Legislative Council Secretariat
31 January 2019