

**立法會**  
**Legislative Council**

LC Paper No. CB(1)640/18-19  
(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 third meeting on**  
**Wednesday, 28 November 2018, at 8:45 am**  
**in Conference Room 3 of the Legislative Council Complex**

- Members present** : Hon CHAN Chun-ying, JP (Chairman)  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Hon CHAN Kin-por, GBS, JP  
Hon YIU Si-wing, BBS  
Hon Kenneth LEUNG  
Hon Christopher CHEUNG Wah-fung, SBS, JP
- Members absent** : Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Dennis KWOK Wing-hang  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon YUNG Hoi-yan
- Public officers attending** : Ms Estrella CHEUNG  
Principal Assistant Secretary for Financial Services and  
the Treasury (Financial Services)<sup>3</sup>
- 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

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

**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

---

Action

**I Meeting with the Administration**

Matters arising from the previous meeting

(LC Paper No. CB(1)218/18-19(01) — List of follow-up actions arising from the discussion at the meeting on 23 November 2018

LC Paper No. CB(1)218/18-19(02) — Administration's response to issues raised at the meeting on 23 November 2018

Action

LC Paper No. CB(1)218/18-19(03) — Letter dated 23 November 2018 from the Legal Service Division to the Administration)

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)

Discussion

The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

Declaration of interest

2. The Chairman declared that he was a consultant of the Bank of China (Hong Kong) Limited. Mr CHAN Kin-por 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

3. The Administration was requested to provide information to address some members' concern about the objectives of the Financial Institutions (Resolution) Ordinance (Cap. 628), in particular whether the protection of Hong Kong depositors should be taken into account in devising the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules ("the Rules").

4. The Administration was requested to provide information on: (a) the appointment process for independent non-executive directors ("INEDs") of

Action

banks; and (b) the training and assistance provided to INEDs on various compliance issues relating to banks.

*(Post meeting note: The Administration's written responses were issued to members vide LC Paper No. CB(1)244/18-19(01) on 29 November 2018.)*

**II Any other business**

Legislative timetable

5. The Chairman concluded that the Subcommittee had completed the scrutiny of the Rules and would not propose any amendment to the Rules.

6. The Subcommittee noted that the motion to extend the scrutiny period of the Rules to the Council meeting of 12 December 2018 had been passed at the Council meeting of 21 November 2018. The Chairman would make a verbal report on the deliberations of the Subcommittee at the House Committee meeting on 30 November 2018. The deadline for giving notice of motion to amend the Rules, if any, was 5 December 2018.

7. There being no other business, the meeting ended at 10:34 am.

Council Business Division 1  
Legislative Council Secretariat  
26 February 2019

**Proceedings of the third meeting of  
the Subcommittee on Financial Institutions (Resolution)  
(Loss-absorbing Capacity Requirements — Banking Sector) Rules  
on Wednesday, 28 November 2018, at 8:45 am  
in Conference Room 3 of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
<b>Agenda item I — Meeting with the Administration</b>			
000345 – 000900	Chairman Administration	Briefing by the Administration on its response to issues raised at the meeting on 23 November 2018 ("the response paper") [LC Paper No. CB(1)218/18-19(02)]	
000901 – 002017	Chairman Mr Kenneth LEUNG Administration	<p>Mr LEUNG's enquiries about:</p> <p>(a) whether the Hong Kong Monetary Authority ("HKMA") could undertake to conduct regular review of the loss-absorbing capacity ("LAC") Code of Practice chapter ("LAC CoP") every three years and the direction of the review;</p> <p>(b) whether HKMA would consider launching a public consultation (instead of an industry consultation) for the review of LAC CoP; and</p> <p>(c) whether the consultation arrangements (including consultation period) of the Securities and Futures Commission ("SFC") on its relevant CoP were similar to those of HKMA.</p> <p>The Administration responded as follows:</p> <p>(a) HKMA would review LAC CoP every three years. The review would cover all key aspects of LAC CoP and HKMA would consider factors including the prevailing circumstances of Hong Kong, the situations of authorized institutions ("AIs"), and latest development in international standards on resolution and LAC requirements. Following the</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>usual practice, HKMA would issue the draft CoP for consultation with the banking industry and engage other stakeholders in the wider financial market during the consultation process. Members of the public and market participants were welcome to submit their views to HKMA; and</p> <p>(b) the Administration would liaise with SFC on the latter's consultation arrangements.</p> <p>In respect of HKMA's plan to increase the proposed threshold of HK\$ 150 billion on total consolidated assets of an AI ("the asset threshold") as the indicative threshold for determining in-scope AIs under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules ("the Rules") to HK\$ 300 billion when finalizing LAC CoP, the Chairman remarked that HK\$ 300 billion represented around 1.2% of the existing total banking assets in Hong Kong. Anticipating that Hong Kong's financial market would continue to grow, HKMA should at least maintain or increase the percentage in its future review of the asset threshold.</p> <p>The Administration responded as follows:</p> <p>(a) HKMA would consider a host of factors in determining the asset threshold in future; and</p> <p>(b) it would be informative to consider the total banking assets relative to the Gross Domestic Product ("GDP") in determining the approach to implementing LAC requirements because the ratio of banking assets to GDP varied significantly between jurisdictions, and was much higher in Hong Kong than in any other major international financial market. The higher ratio of Hong Kong indicated that</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>the Hong Kong economy had a higher exposure to its banking sector than a number of international financial markets. The revised asset threshold of HK\$ 300 billion represented more than 10% of Hong Kong's GDP. On the other hand, the assets of the smallest AIs covered by minimum LAC requirements in Japan, the United Kingdom ("the UK") and the United States ("the US") constituted only 7.3%, 0.75% and 1.3% of their GDP respectively.</p>	
002018 – 002845	<p>Chairman Mr Christopher CHEUNG Administration</p>	<p>Mr CHEUNG's views and enquiries as follows:</p> <ul style="list-style-type: none"> <li>(a) he welcomed HKMA's proposal to increase the asset threshold, but remained of the view that the policy objective of the Financial Institutions (Resolution) Ordinance (Cap. 628) ("FIRO") was to establish a resolution regime for financial institutions in Hong Kong which were systemically important;</li> <li>(b) he was concerned that the LAC rules to be made by SFC in due course would cover many small and medium-sized ("SMS") securities firms;</li> <li>(c) whether HKMA would conduct another round of consultation on the LAC CoP incorporating the changes mentioned in the response paper to ensure that the industry's concerns were duly addressed; and</li> <li>(d) what factors HKMA would consider in reviewing the asset threshold in future.</li> </ul> <p>The Administration responded as follows:</p> <ul style="list-style-type: none"> <li>(a) SFC had no plan to make LAC rules for the securities and futures sector at the moment;</li> </ul>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>(b) the draft LAC CoP was currently under consultation and HKMA had already set out its major proposed amendments in the response paper;</p> <p>(c) HKMA would follow due process in carrying out its consultation on the draft LAC CoP, and carefully consider views received. The finalized LAC CoP would not deviate from the proposed amendments set out in the response paper without full justifications. Otherwise HKMA could be subject to judicial review; and</p> <p>(d) HKMA would consult the banking industry during the review of LAC CoP in future.</p>	
002846 – 005752	Chairman Mr YIU Si-wing Mr CHAN Kin-por Administration	<p><u>Determination and review of the asset threshold</u></p> <p>The Chairman remarked that it might not be appropriate for HKMA to use Hong Kong's GDP as the major denominator for assessing the potential risk the failure of an AI might pose to financial stability ("the risk denominator") as Hong Kong had substantial commercial relationships with other jurisdictions including the Mainland and members of the Association of Southeast Asian Nations. HKMA should thus take the GDP of Hong Kong's major trading partners into account.</p> <p>Mr YIU and Mr CHAN shared the Chairman's view. Mr YIU suggested that HKMA should consider using other indicators including total banking assets as the risk denominator.</p> <p>The Administration responded that GDP was primarily used for the purpose of comparing the exposure of the Hong Kong economy to its banking sector as compared to other key jurisdictions so as to inform LAC requirements policy. The ratio of consolidated asset to GDP was not used in</p>	



Time Marker	Speaker	Subject(s)	Action Required
		<p>setting the indicative threshold for LAC requirements. In devising LAC requirements, HKMA would take the resolution objectives set out in FIRO into account.</p> <p>Mr CHAN and the Chairman opined that the policy objective of FIRO was to establish a resolution regime for financial institutions in Hong Kong which were systemically important. Protection of Hong Kong depositors was not among the objectives of FIRO and hence should not be among the factors to be considered in determining the asset threshold. There were other means for protecting the interests of Hong Kong depositors such as enhancing the Deposit Protection Scheme ("DPS").</p> <p>Mr YIU remarked that HKMA should increase the asset threshold in the next review of LAC CoP, so that fewer non-domestic systemically important banks ("non-D-SIBs") would be covered under the Rules. The Chairman echoed his view.</p> <p>The Administration responded as follows:</p> <p>(a) the scope of FIRO and the scope of rule-making powers for the Monetary Authority as a resolution authority to prescribe LAC requirements under FIRO covered all AIs. An AI meeting the indicative asset threshold under the LAC CoP would not automatically be subject to LAC requirements. HKMA would engage with individual AIs on resolution planning on a firm-specific and on-going basis;</p> <p>(b) failure of non-D-SIBs, including its impact on deposit-taking function, could pose systemic risk to Hong Kong's financial stability. Disruption in access to deposits could worsen general confidence and create contagion risk in the financial system; and</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>(c) HKMA would take the views of the banking industry into account during the review of the LAC CoP.</p> <p><u>Implementation of loss-absorbing capacity requirements in other jurisdictions</u></p> <p>Mr YIU's view that the Administration should provide a comparison between Hong Kong and other jurisdictions on their thresholds for determining in-scope AIs that would be subject to LAC requirements.</p> <p>Mr CHAN remarked that the information provided by the Administration on the scope of LAC requirements in other jurisdictions was not comprehensive. Some stakeholders had pointed out that the LAC rules in a number of jurisdictions including Australia, the European Union ("the EU"), Singapore and Japan were less stringent when compared with those of Hong Kong.</p> <p>The Administration advised that the LAC rules of a number of jurisdictions (including Australia, the EU and the UK) covered banks that were neither global systemically important banks ("G-SIBs") nor D-SIBs. The threshold adopted by Hong Kong was no more stringent than that of some other jurisdictions.</p> <p><u>Impacts of loss-absorbing capacity requirements on small and medium sized authorized institutions</u></p> <p>Mr CHAN remarked that the Administration and HKMA should review the appropriateness of imposing onerous LAC requirements on SMS AIs given that the average capital adequacy ratio of AIs in Hong Kong was already well above the statutory requirement. HKMA should carefully assess the impacts of the Rules on SMS AIs as their major clientele were small and medium enterprises. The Chairman echoed the view.</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>The Administration advised that HKMA would maintain close dialogue with the banking industry in formulating LAC CoP and resolution planning for individual AIs.</p> <p><u>Other issues</u></p> <p>In response to Mr YIU's enquiry, the Administration advised that under the original (i.e. HK\$ 150 billion) and the revised (i.e. HK\$ 300 billion) indicative asset threshold, 17 and 12 licensed banks would potentially be subject to LAC requirements respectively.</p> <p>Mr CHAN remarked that the Administration should clarify whether it would impose additional regulatory requirements on AIs with total consolidated assets between HK\$ 150 billion and HK\$ 300 billion, which would not be subject to LAC requirements under the revised asset threshold.</p> <p>The Administration advised that as AIs with total consolidated assets between HK\$ 150 billion and HK\$ 300 billion would not be subject to LAC requirements, HKMA would take measures to mitigate the possible risk arising from the failure of such AIs.</p> <p>The Chairman suggested that HKMA should liaise with the banking industry on the implementation of its proposal to permit eligible Additional Tier 1 capital instruments to count towards the minimum LAC debt requirement.</p>	
<b>Clause-by-clause examination of the Rules</b>			
005753 – 010728	Chairman Administration Mr Kenneth LEUNG Mr CHAN Kin-por	<b>Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules (L.N. 195 of 2018)</b>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><b>Part 1</b></p> <p><b>Preliminary</b></p> <p><u>Rule 1 – Commencement</u></p> <p><u>Rule 2 – Interpretation</u></p> <p><u>Rule 3 – Preferred resolution strategy</u></p> <p><b>Part 2</b></p> <p><b>Resolution Entities, Material Subsidiaries and LAC Consolidation Groups</b></p> <p><u>Rule 4 – What entities can be classified as resolution entities or material subsidiaries</u></p> <p><u>Rule 5 – Resolution entities</u></p> <p><u>Rule 6 – Material subsidiaries</u></p> <p><u>Rule 7 – Variation of LAC consolidation groups</u></p> <p><u>Rule 8 – Procedure for classifying resolution entities and material subsidiaries and varying LAC consolidation groups</u></p> <p>Mr LEUNG's enquiries about:</p> <p>(a) the factors the resolution authority ("RA") would take into account in varying the LAC consolidation group of a resolution entity or material subsidiary under rule 7(1) of the Rules; and</p> <p>(b) how RA would apply rule 7 if an LAC consolidation group consisted of subsidiaries of different business nature.</p> <p>The Administration responded as follows:</p> <p>(a) rule 7(3) of the Rules provided the factors RA would take into account in varying the LAC consolidation group; and</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>(b) a LAC consolidation group would be the same as the capital consolidation group under the Banking (Capital) Rules (Cap. 155L), unless varied under rule 7. RA would consider the degree of connectedness between an LAC consolidation group and its subsidiaries in applying rule 7 of the Rules.</p> <p>Declaration of interest by the Chairman and Mr CHAN Kin-por</p>	
010729 – 011152	Chairman Administration Mr Kenneth LEUNG	<p><u>Rule 9 – Notification of changes to LAC consolidation group or group activities</u></p> <p><b>Part 3</b></p> <p><b>LAC Ratios</b></p> <p><i>Division 1 — External LAC Ratios for Resolution Entities</i></p> <p><u>Rule 10 – External LAC risk-weighted ratio</u></p> <p><u>Rule 11 – External LAC leverage ratio</u></p> <p><i>Division 2 — Internal LAC Ratios for Material Subsidiaries</i></p> <p><u>Rule 12 – Internal LAC risk-weighted ratio</u></p> <p><u>Rule 13 – Internal LAC leverage ratio</u></p> <p><i>Division 3 — Solo, Solo-consolidated and Consolidated Bases for Calculating LAC Ratios</i></p> <p><u>Rule 14 – Solo or solo-consolidated basis for calculating LAC ratios for resolution entities or material subsidiaries that are authorized institutions</u></p> <p><u>Rule 15 – Consolidated basis for calculating LAC ratios for resolution entities or material subsidiaries that are authorized institutions</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Rule 16 – Consolidated basis for calculating LAC ratios for resolution entities or material subsidiaries that are not authorized institutions</u></p> <p><u>Rule 17 – Consolidated basis for calculating capital</u></p> <p><b>Part 4</b></p> <p><b>Determination of Minimum LAC Ratios</b></p> <p><i>Division 1 – Capital Component Ratio and Resolution Component Ratio</i></p> <p><u>Rule 18 – Capital component ratio</u></p> <p><u>Rule 19 – Resolution component ratio</u></p> <p>In response to Mr LEUNG's enquiry, the Administration advised that the capital component ratio was essentially the minimum total capital ratio that an AI was required to maintain under the Banking (Capital) Rules (Cap. 155L). The base case was that the resolution component ratio was the same as this minimum total capital ratio, but it might be varied by RA under certain circumstances in particular in consideration of the preferred resolution strategy devised for an AI.</p>	
011153 – 011524	Chairman Administration Mr Kenneth LEUNG	<p><u>Rule 20 – Procedure for varying capital component ratio or resolution component ratio</u></p> <p><i>Division 2 – Minimum External LAC Ratios for Resolution Entities</i></p> <p><u>Rule 21 – Minimum external LAC risk-weighted ratio</u></p> <p><u>Rule 22 – Minimum external LAC leverage ratio</u></p> <p>In response to Mr LEUNG's enquiry, the Administration confirmed that the percentage figures prescribed in rules 21</p>	

Time Marker	Speaker	Subject(s)	Action Required
		and 22 of the Rules were in line with the minimum international standards.	
011525 – 012358	Administration Chairman Mr Kenneth LEUNG	<p><b><i>Division 3 — Minimum Internal LAC Ratios for Material Subsidiaries</i></b></p> <p><u>Rule 23 – Minimum internal LAC risk-weighted ratio</u></p> <p><u>Rule 24 – Minimum internal LAC leverage ratio</u></p> <p><u>Rule 25 – Modelled minimum external LAC risk-weighted ratio and modelled minimum external LAC leverage ratio</u></p> <p><u>Rule 26 – Internal LAC scalar</u></p> <p><u>Rule 27 – Procedure for increasing internal LAC scalar</u></p> <p><b><i>Division 4 — Requirements to Maintain Minimum LAC Ratios</i></b></p> <p><u>Rule 28 – Requirement for resolution entities to maintain minimum external LAC ratios</u></p> <p><u>Rule 29 – Requirement for material subsidiaries to maintain minimum internal LAC ratios</u></p> <p><u>Rule 30 – Solo LAC scalar</u></p> <p><u>Rule 31 – Extension of relevant period</u></p> <p><u>Rule 32 – Further LAC ratio requirement for certain G-SIBs designated before 2016</u></p> <p><b><i>Division 5 — Minimum LAC Debt Requirement</i></b></p> <p><u>Rule 33 – Minimum LAC debt requirement for resolution entities</u></p> <p><u>Rule 34 – Minimum LAC debt requirement for material subsidiaries</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Rule 35 – Reduction of minimum LAC debt requirement</u></p> <p><i>Division 6 – Suspension of LAC Requirements</i></p> <p><u>Rule 36 – Suspension of LAC requirements following certain occurrences</u></p> <p><b>Part 5</b></p> <p><b>Calculation of Loss-absorbing Capacity</b></p> <p><u>Rule 37 – Calculation of external loss-absorbing capacity of resolution entity</u></p> <p><u>Rule 38 – Deductions from external loss-absorbing capacity</u></p> <p><u>Rule 39 – Calculation of internal loss-absorbing capacity of material subsidiary</u></p> <p><u>Rule 40 – Deductions from internal loss-absorbing capacity</u></p> <p><u>Rule 41 – Resolution authority may require evidence</u></p> <p>In respect of rule 41 of the Rules, Mr LEUNG enquired whether RA would seek the views of external auditors.</p> <p>The Administration advised that LAC CoP would set out the implementation details of rule 41, and RA would seek independent legal opinions if necessary.</p>	
012359 – 014132	Chairman Administration Mr Kenneth LEUNG Mr James TO	<p><u>Rule 42 – Requirement not to include, or to discontinue inclusion of, items in external or internal loss-absorbing capacity</u></p> <p><u>Rule 43 – Procedure for imposing requirement not to include, or to discontinue inclusion of, items in external or internal loss-absorbing capacity</u></p>	



Time Marker	Speaker	Subject(s)	Action Required
		<p><u>Rule 44 – Revisions to methodology for calculating loss-absorbing capacity</u></p> <p><b>Part 6</b></p> <p><b>Disclosure</b></p> <p><u>Rule 45 – Interpretation (Part 6)</u></p> <p><u>Rule 46 – When disclosure requirements apply</u></p> <p><u>Rule 47 – Key metrics — loss-absorbing capacity — quarterly disclosures</u></p> <p><u>Rule 48 – Composition of loss-absorbing capacity — semi-annual disclosures</u></p> <p><u>Rule 49 – Resolution entity — creditor ranking at legal entity level — semi-annual disclosures</u></p> <p><u>Rule 50 – Material subsidiary — creditor ranking at legal entity level — semi-annual disclosures</u></p> <p><u>Rule 51 – Main features of regulatory capital instruments and of other non-capital LAC debt instruments — semi-annual disclosures</u></p> <p><u>Rule 52 – Medium of disclosure</u></p> <p><u>Rule 53 – Timing of disclosure</u></p> <p><u>Rule 54 – Location of disclosure statements</u></p> <p><u>Rule 55 – Further requirements for disclosure statements</u></p> <p><u>Rule 56 – Group disclosures and internet websites</u></p> <p><u>Rule 57 – Verification</u></p>	

<b>Time Marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action Required</b>
		<p>Mr LEUNG enquired about the resource implications of the disclosure requirements under Part 6 of the Rules on AIs.</p> <p>The Administration responded as follows:</p> <ul style="list-style-type: none"><li>(a) the disclosure requirements under the Rules were derived from international standards on LAC disclosure. AIs were not required to compile a new set of reports for LAC disclosure purpose. The reports required to be submitted under the Rules would be in a similar format to those under the Banking (Disclosure) Rules (Cap. 155M);</li><li>(b) AIs had already been disclosing information on their compliance with the capital requirements through the Internet; and</li><li>(c) AIs might choose to disclose compliance with LAC requirements in a standalone document or as part of their financial statements. The Rules allowed both and did not mandate one particular way of disclosure or the other.</li></ul> <p>Mr TO's views as follows:</p> <ul style="list-style-type: none"><li>(a) he disagreed with the Administration's position that if the scope of the Rules were to be restricted to G-SIBs and D-SIBs, the protection of Hong Kong depositors would be compromised;</li><li>(b) should the Administration consider it necessary to enhance the protection for depositors, relevant amendments should be made to the legislation on DPS; and</li><li>(c) he would consider opposing the Rules as the Rules were inconsistent with the policy objective of FIRO in establishing a resolution regime for financial institutions in Hong Kong which were systemically important.</li></ul>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>The Administration responded as follows:</p> <p>(a) an AI meeting the indicative asset threshold would not automatically be subject to LAC requirements. HKMA would engage with individual AIs on their resolution planning on a firm-specific basis; and</p> <p>(b) in formulating resolution planning with individual AIs, HKMA had to (i) ensure the continuation of the AI's critical financial functions (including its deposit-taking activities and access for depositors); (ii) minimize the risk to public funds; and (iii) maintain Hong Kong's financial stability.</p> <p>At the Chairman's request, the Administration was required to provide a written response addressing Mr TO's concern about the objectives of FIRO, including whether the protection of Hong Kong depositor should be taken into account in devising the Rules.</p>	<p>The Administration to take action as per paragraph 3 of the minutes</p>
<p>014133 – 015159</p>	<p>Chairman Administration Mr Kenneth LEUNG</p>	<p><u>Rule 58 – Proprietary or confidential information</u></p> <p><u>Rule 59 – Materiality</u></p> <p><b>Part 7</b></p> <p><b>Enforcement</b></p> <p><i>Division 1 – Notifiable Matters</i></p> <p><u>Rule 60 – Requirement to notify resolution authority of failure or likely failure to comply</u></p> <p><i>Division 2 – Remedial Action</i></p> <p><u>Rule 61 – Requirement to take remedial action</u></p> <p><u>Rule 62 – Procedure for requiring entity to take remedial action</u></p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p><b>Part 8</b></p> <p><b>Review by Resolvability Review Tribunal</b></p> <p><u>Rule 63 – Application for review of reviewable decision</u></p> <p><u>Rule 64 – Determination of application for review</u></p> <p><i>Schedule 1 Qualifying Criteria to be Met to be External LAC Debt Instrument</i></p> <p><i>Schedule 2 Qualifying Criteria to be Met to be Internal LAC Debt Instrument</i></p> <p><i>Schedule 3 Deduction of Holdings of Own Non-capital LAC Liabilities</i></p> <p><i>Schedule 4 Deduction of Holdings of Other Non-capital LAC Liabilities</i></p> <p>Mr LEUNG's enquiry about whether training would be provided to the banking, legal and accounting sectors so that there would be sufficient talents in the market to handle compliance issues relating to LAC requirements.</p> <p>The Administration responded as follows:</p> <p>(a) HKMA had a regular dialogue with banking practitioners, including independent non-executive directors ;</p> <p>(b) HKMA had been engaging with the industry on the implementation of the resolution regime and LAC requirements with a view to helping them to better understand the regime and the Rules; and</p> <p>(c) LAC CoP would help the industry to grasp the details of LAC requirements.</p>	

Time Marker	Speaker	Subject(s)	Action Required
		<p>At Mr LEUNG's request, the Administration was required to provide information on: (a) the appointment process for independent non-executive directors ("INEDs") of banks, and (b) the training and assistance provided to INEDs on various compliance issues relating to banks.</p> <p>Briefing by the Administration on its response to the letter dated 23 November 2018 from the Legal Service Division [LC Paper No. CB(1)238/18-19(01)]</p>	<p>The Administration to take action as per paragraph 4 of the minutes</p>
<b>Agenda item II — Any other business</b>			
015200 – 015318	<p>Chairman Administration Assistant            Legal Adviser 7</p>	<p>Legislative timetable and concluding remarks</p>	