

Press Release

Resolution regime for financial institutions commences operation

Friday, July 7, 2017

The resolution regime established under the Financial Institutions (Resolution) Ordinance (Cap. 628) (the Ordinance) commences operation today (July 7).

Welcoming the commencement of the Ordinance, the Secretary for Financial Services and the Treasury, Mr James Lau, said, "The Ordinance establishes a cross-financial sector resolution regime that is designed to meet the international standards set by the Financial Stability Board. It will strengthen the resilience of Hong Kong's financial system and enhance Hong Kong's premier position as an international financial centre."

Under the Ordinance, the Monetary Authority, the Insurance Authority and the Securities and Futures Commission will be the resolution authorities. They are vested with a range of necessary powers to effect orderly resolution of non-viable systemically important financial institutions in Hong Kong such that risks posed by the non-viability to the stability and effective working of the Hong Kong financial system, including the continuity of critical financial services, can be mitigated while losses are imposed on the institution's shareholders and creditors, thereby minimising risks posed to public funds.

The Ordinance was enacted by the Legislative Council on June 22, 2016. The Secretary for Financial Services and the Treasury has appointed July 7, 2017 as the commencement date of the Ordinance, with the exception of certain provisions which will commence operation pending the making of the relevant rules.

Following the commencement, the Government, along with the resolution authorities, will maintain close liaison with the industry and the relevant stakeholders in the formulation of regulations and rules to be made under the Ordinance as well as on the implementation of resolution planning requirements.

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