

## **Press Release**

### **Financial Institutions (Resolution) Ordinance gazetted**

Thursday, June 30, 2016

The Government published in the gazette today (June 30) the Financial Institutions (Resolution) Ordinance (the Ordinance), which establishes a resolution regime in Hong Kong to mitigate the risks posed by the non-viability of systemically important financial institutions to the stability and effective working of the financial system of Hong Kong.

Welcoming the enactment of the legislation, the Secretary for Financial Services and the Treasury, Professor K C Chan, said, "The resolution regime established under the Ordinance is designed to comply with the latest international standards set by the Financial Stability Board in its Key Attributes of Effective Resolution Regimes for Financial Institutions.

"The Ordinance will bolster the resilience of our local financial system and enhance Hong Kong's premier position as an international financial centre."

Under the Ordinance, the Monetary Authority, the Insurance Authority (IA) and the Securities and Futures Commission (SFC) are designated as resolution authorities. They are vested with a range of necessary powers to effect orderly resolution of a failed systemically important financial institution, which means maintaining continuity of access to the essential financial services it provides by imposing losses on creditors, whilst minimising the risks posed to public funds.

The Ordinance was passed by the Legislative Council on June 22, 2016. It will commence operation on a date to be appointed by the Secretary for Financial Services and the Treasury pending the Legislative Council's passing of certain of the regulations to be made as subsidiary legislation under the Ordinance.

The Government, along with the Hong Kong Monetary Authority, the IA and the SFC, will maintain close liaison with the industry and the relevant stakeholders in the formulation of regulations, rules and codes of practice. They will also carry out publicity through their respective websites and publications,

to explain the work being undertaken to make the regime operational and the implications of resolution for relevant stakeholders.

Ends