

Press release

Market entry criteria revised for banking sector in Hong Kong Wednesday, May 16, 2012

The Banking Ordinance (Amendment of Seventh Schedule) Notice 2012, which seeks to update certain market entry criteria for the banking sector in Hong Kong, will be gazetted on Friday (May 18).

A spokesman for the Financial Services and the Treasury Bureau said, "These amendments seek to remove from the Banking Ordinance certain licensing criteria for banks, which have become unnecessarily restrictive and put Hong Kong at a disadvantage when compared with other international financial centres. These licensing criteria to be repealed may restrict well-managed and reputable domestic and overseas institutions from establishing a presence in Hong Kong."

The Notice seeks to remove the present licensing requirement under which an applicant for a bank licence must have total customer deposits of not less than \$3 billion and total assets of not less than \$4 billion.

The Notice also seeks to remove some present impediments which restrict foreign banks from entering the Hong Kong market through the establishment of a locally incorporated subsidiary.

A spokesman for the Hong Kong Monetary Authority said, "Some international financial institutions do not take deposits as part of their normal business. The proposed revisions will allow a broader range of qualified domestic and international institutions to participate in our financial markets, without compromising the stability of Hong Kong's banking system."

The proposed amendments arose from a review last year by the Hong Kong Monetary Authority, which concluded that some licensing conditions under

the Banking Ordinance applying to Hong Kong are not found in other major financial markets such as the United Kingdom, the United States, Germany, Switzerland, Australia and Singapore. These conditions are also not part of the international standards for banking supervision and regulation.

The Notice will be tabled before the Legislative Council next Wednesday (May 23). Subject to the negative vetting of the Notice by the Legislative Council, the amendments will take effect on July 12, 2012.

Ends