
Views of the Governance of the Hong Kong Monetary Authority

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Central Bank Independence

- Definition and Rationale
- Central Bank and the Markets
- Central Bank Independence and Creditability
- Central Bank Independence and Accountability

HKMA

- Monetary Stability
- Banking Stability
- Financial Infrastructure

HKMA – Advisory Committees

- EF Advisory Committee
 - Subcommittee on Currency Board
- Banking Advisory Committee
- DTC Advisory Committee

Alternative Governance Structure

- EF Advisory Committee
- de facto management board
- Replace by the Board of Director

Alternative Governance Structure

- Board of Directors
 - CE and Deputy CE of the HKMA
 - FS as ex-official
 - Independent members

Alternative Governance Structure

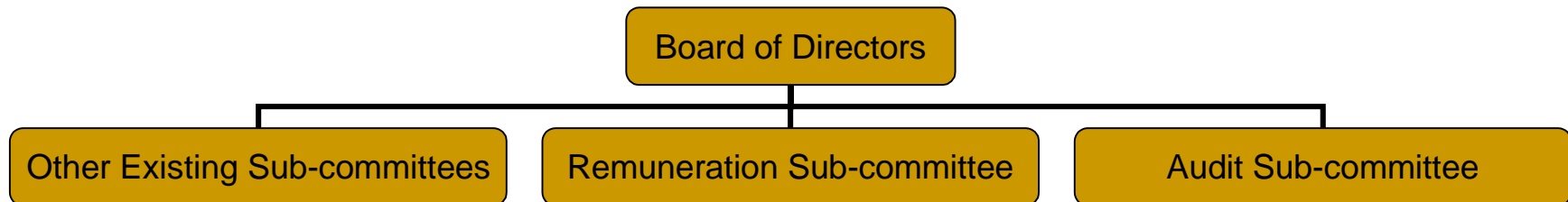
- Board of Directors

- Functions

- Review HKMA's performance in relation to its objectives and strategies
 - Monitor the extent to which the objectives set in relation to HKMA's financial management have been met
 - Review the internal financial control of HKMA
 - Determine the remuneration package of senior executives of HKMA

Alternative Governance Structure

- Board of Directors
 - Two Sub-committees should be formed only by independent members on sensitive matters



Alternative Governance Structure

- **Audit Subcommittee**
 - Internal financial controls
 - Financial management
 - Risk management

- **Remuneration Subcommittee**
 - Review HKMA's performance
 - Determine remuneration and pension of senior management

Alternative Governance Structure

■ Cautions

- ❑ Independent members should be ‘real’ independent – creditability of the Board
- ❑ Independent members should be nominated by the Board and appointed by the CE
- ❑ Fixed term
- ❑ Transparent

Future Development

- 'Empire' building?
- Super-regulator?
 - Similar to the UK
- Future monetary policy?

The End

Thank You!