

Meeting of Legislative Council Bills Committee on 4 July 2016***"Bank of Communications (Hong Kong) Limited (Merger) Bill"*****Speech of Hon. NG Leung-sing, SBS, JP**

Chairman,

The Bill aims to effect the merger of the retail banking business and private banking business of Bank of Communications, Hong Kong Branch into Bank of Communications (Hong Kong) Limited, a new wholly-owned subsidiary of Bank of Communications incorporated in Hong Kong which has been granted a bank licence by the Hong Kong Monetary Authority. The provisions of the Bill are similar to those of the bank merger ordinances previously passed by the Legislative Council.

The Bill has been submitted to the relevant Government departments and statutory authorities for consideration and their comments have been considered. The Bill was discussed at the meeting of the Legislative Council Panel on Financial Affairs in July last year. It is submitted to the Legislative Council as a private member's bill, and the President of Legislative Council has opined that the Bill relates to Government policies. I have accordingly sought, and have obtained in December last year, written consent of the Chief Executive for the Bill to be introduced into the Legislative Council. The Bill was read the first time on 23 June this year at the Council meeting.

The Bill is intended to provide for the transfer of the retail banking business and private banking business of Bank of Communications, Hong Kong Branch, as they were carried out on the appointed day, to Bank of Communications (Hong Kong) which is an independent licensed bank subject to the regulatory supervision of the Hong Kong Monetary Authority. Bank of Communications (Hong Kong) has its own independent board of directors and its business operations and capital requirements are subject to the regulatory requirements of the Banking Ordinance in Hong Kong. The protection offered to customers transferred to Bank of Communications (Hong Kong) will be the same as that enjoyed by customers of other locally incorporated banks.

Chairman, I believe that the Bill is not controversial. It aligns with the development trend of the banking industry in Hong Kong and meets the policy objectives on the supervision of the Hong Kong banking industry. By effecting the merger via the passing of the Bill, which is a highly transparent means, the retail and private banking customers of Bank of Communications, Hong Kong Branch, other banks and suppliers will know clearly that the relevant assets and liabilities have been properly transferred to Bank of Communications (Hong Kong). The Bank and I hope that, with the support from all of you, the House Committee procedures can be completed this Friday and the Second Reading debate on the Bill can be resumed on 13 July (Wednesday), such that the entire legislative process can be completed before the end of the current term of the Legislative Council.

The Bank and I would be happy to answer any questions that you may have regarding the Bill.