

## LEGISLATIVE COUNCIL BRIEF

### Banking Ordinance (Chapter 155)

## **PROPOSED ADJUSTMENTS TO THE FEES PAYABLE BY BANKS AND OTHER FINANCIAL INSTITUTIONS TO THE GOVERNMENT PRESCRIBED IN THE SECOND SCHEDULE**

### INTRODUCTION

Pursuant to section 135(2) of the Banking Ordinance (Cap. 155) (“the Ordinance”), the Legislative Council (“LegCo”) may, by resolution, amend the Second Schedule to the Ordinance. Following the completion of a review conducted in accordance with the announcement in the 2024-25 Budget, it is proposed that the Resolution at **Annex A** be passed to adjust the fees set out in the Second Schedule of the Ordinance.

A

### JUSTIFICATIONS

#### Licence Fees

2. Under the Ordinance<sup>1</sup>, authorized institutions<sup>2</sup> (“AIs”), local representative offices (“LROs”) and approved money brokers (“AMBs”) are required to pay to the Director of Accounting Services the licence fees, registration fees, and establishment fees of local and overseas branches or overseas representative offices, upon authorization or approval by the Monetary Authority, and the relevant renewal fees upon the anniversary in each year of the date on which an AI was authorized (including the fees of the relevant local and overseas branch and overseas representative office), or the LRO or AMB was approved (collectively “licence fees”).

3. As of end-2023, there were 179 AIs (including 151 LBs, 16 RLBs

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<sup>1</sup> Sections 19, 20, 45, 48, 51 and 118F are relevant.

<sup>2</sup> Defined as licensed banks (“LBs”), restricted licence banks (“RLBs”) and deposit-taking companies (“DTCs”).

and 12 DTCs), 31 LROs and 40 AMBs in Hong Kong. The AIs collectively had a total of 1 295 branches or representative offices. The licence fee level for each type of entities is specified in the Second Schedule to the Ordinance.

#### Proposed adjustment to licence fees

4. As announced in the 2024-25 Budget, the Government will review various fees and charges in a timely manner. Based on the results of a recently completed review, the Hong Kong Monetary Authority (“HKMA”) proposes to raise the fees specified in the Second Schedule to the Ordinance as set out at **Annex B**.

B

5. In making the proposal, the HKMA has taken into consideration relevant factors, including the “user pays” and cost-recovery principles, general price inflation, revenue implications, licence fees as a component of the operating cost to financial institutions in Hong Kong, and the institutions’ ability to cope with the increased fees. Reference has been made to the corresponding fee levels in other jurisdictions. The impact on Hong Kong’s competitiveness as an international financial centre has also been assessed and taken into account.

6. The estimated total licence fee after the proposed increases accounts for less than 0.1% of the total operating expenses of AIs and AMBs in 2023, which should be manageable to the affected financial institutions. The impact, if any, on Hong Kong’s financial competitiveness should be minimal.

#### **THE RESOLUTION**

7. The Resolution seeks to amend the Second Schedule to the Ordinance to increase the fees payable under sections 19(1) to (2); 20(5); 45(1) to (3); 48 (1) to (4); 51(1) to (2) and 118F(1) to (2) of the Ordinance.

## **LEGISLATIVE TIMETABLE**

8. The tentative legislative timetable is set out below –

Moving the Resolution in LegCo	12 June 2024
Publication in the Gazette and commencement	June 2024

## **IMPLICATIONS OF THE PROPOSAL**

9. The Resolution is in conformity with the Basic Law, including the provisions concerning human rights, and will not affect the current binding effect of the Ordinance and its subsidiary legislation. It has no civil service, productivity, environmental, family and gender implications, and no sustainability implications other than the part related to the economy as set out in the following paragraph.

### Economic and financial implications

10. The economic implications are minimal. As the proposed fee increases should be manageable to the affected financial institutions (see paragraph 6 above), it is expected that the transfer of costs to business and individual customers, if any, would be insignificant. With the licence fee levels of Hong Kong remaining lower than or comparable to other jurisdictions, Hong Kong's financial competitiveness as an international financial centre should not be affected.

11. It is estimated that the new licence fees would bring a total revenue of about \$146 million per annum on a full year basis in the coming years.

## **PUBLIC CONSULTATION**

12. The HKMA has engaged The Hong Kong Association of Banks, The Hong Kong Association of Restricted Licence Banks and Deposit-taking

Companies, and the Hong Kong Inter-Dealer Brokers Association. No objection to the proposal has been received.

13. An information paper on the proposal was submitted to the meeting on 18 March 2024 of the LegCo Panel on Financial Affairs. Members raised no objection.

## **PUBLICITY**

14. We will issue a press release upon the introduction of the Resolution. A spokesperson will be available to answer enquiries.

## **ENQUIRIES**

15. Enquiries relating to this brief can be directed to Mr Justin TO, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services), at 2810 2067, or Mr Kevin SHAM, Head (Banking Conduct), at 2878 1594.

**Financial Services and the Treasury Bureau**  
**Hong Kong Monetary Authority**  
**22 May 2024**

**Banking Ordinance**

**Resolution of the Legislative Council**

Resolution made and passed by the Legislative Council under section 135(2) of the Banking Ordinance (Cap. 155) on 2024.

**Resolved** that the Banking Ordinance (Cap. 155) be amended as set out in the Schedule.

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**Schedule**

**Amendments to Banking Ordinance**

1. **Second Schedule amended (fees)**
  - (1) Second Schedule, item 1, column 3—  
**Repeal**  
“474,340”  
**Substitute**  
“610,000”.
  - (2) Second Schedule, item 1A, column 3—  
**Repeal**  
“474,340”  
**Substitute**  
“610,000”.
  - (3) Second Schedule, item 2, column 3—  
**Repeal**  
“113,020”  
**Substitute**  
“145,000”.
  - (4) Second Schedule, item 3, column 3—  
**Repeal**  
“113,020”  
**Substitute**  
“145,000”.
  - (5) Second Schedule, item 4, column 3—

- Repeal**  
“384,270”  
**Substitute**  
“490,000”.  
(6) Second Schedule, item 5, column 3—  
**Repeal**  
“384,270”  
**Substitute**  
“490,000”.  
(7) Second Schedule, item 6, column 3—  
**Repeal**  
“10”  
**Substitute**  
“12”.  
(8) Second Schedule, item 7, column 3—  
**Repeal**  
“5”  
**Substitute**  
“6”.  
(9) Second Schedule, item 8, column 3—  
**Repeal**  
“22,400”  
**Substitute**  
“29,000”.  
(10) Second Schedule, item 9, column 3—  
**Repeal**

- “22,400”  
**Substitute**  
“29,000”.  
(11) Second Schedule, item 10, column 3—  
**Repeal**  
“19,110”  
**Substitute**  
“20,000”.  
(12) Second Schedule, item 11, column 3—  
**Repeal**  
“19,110”  
**Substitute**  
“20,000”.  
(13) Second Schedule, item 12, column 3—  
**Repeal**  
“22,400”  
**Substitute**  
“29,000”.  
(14) Second Schedule, item 13, column 3—  
**Repeal**  
“22,400”  
**Substitute**  
“29,000”.  
(15) Second Schedule, item 14, column 3—  
**Repeal**  
“44,800”

- Substitute**  
“58,000”.
- (16) Second Schedule, item 15, column 3—  
**Repeal**  
“44,800”  
**Substitute**  
“58,000”.
- (17) Second Schedule, item 16, column 3—  
**Repeal**  
“38,400”  
**Substitute**  
“40,000”.
- (18) Second Schedule, item 17, column 3—  
**Repeal**  
“38,400”  
**Substitute**  
“40,000”.
- (19) Second Schedule, item 18, column 3—  
**Repeal**  
“11,200”  
**Substitute**  
“14,500”.
- (20) Second Schedule, item 19, column 3—  
**Repeal**  
“11,200”  
**Substitute**

- “14,500”.
- (21) Second Schedule, item 20, column 3—  
**Repeal**  
“19,110”  
**Substitute**  
“20,000”.
- (22) Second Schedule, item 21, column 3—  
**Repeal**  
“19,110”  
**Substitute**  
“20,000”.
- (23) Second Schedule, item 22, column 3—  
**Repeal**  
“44,800”  
**Substitute**  
“58,000”.
- (24) Second Schedule, item 23, column 3—  
**Repeal**  
“44,800”  
**Substitute**  
“58,000”.

Clerk to the Legislative Council  
2024  
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**Explanatory Note**

This Resolution amends the Second Schedule to the Banking Ordinance (Cap. 155) to increase the fees payable under the following provisions of the Ordinance—

- (a) section 19(1) and (2);
- (b) section 20(5);
- (c) section 45(1), (2) and (3);
- (d) section 48(1), (2), (3) and (4);
- (e) section 51(1) and (2);
- (f) section 118F(1) and (2).



**Annex B****Proposed Adjustments to Fees Set out in  
the Second Schedule to the Banking Ordinance**

	<b>Fee items</b>	<b>Existing fee (\$)</b>	<b>Proposed fee (\$)</b>
1.	Banking licence fee	474,340	610,000
1A.	Renewal of banking licence fee	474,340	610,000
2.	Registration fee	113,020	145,000
3.	Renewal of registration fee	113,020	145,000
4.	Restricted banking licence fee	384,270	490,000
5.	Renewal of restricted banking licence fee	384,270	490,000
6.	Inspection fee	10	12
7.	Fee for a copy or extract, per page	5	6
8.	Fee for the establishment of a local branch of a bank, other than a restricted licence bank	22,400	29,000
9.	Annual fee for maintaining a local branch of a bank, other than a restricted licence bank	22,400	29,000
10.	Fee for the establishment of a local branch of a restricted licence bank or deposit-taking company	19,110	20,000
11.	Annual fee for maintaining a local branch of a restricted licence bank or deposit-taking company	19,110	20,000
12.	Fee for the establishment of a local representative office	22,400	29,000
13.	Annual fee for maintaining a local representative office	22,400	29,000
14.	Fee for the establishment of an overseas branch of a bank, other than a restricted licence bank	44,800	58,000
15.	Annual fee for maintaining an overseas branch of a bank, other than a restricted licence bank	44,800	58,000
16.	Fee for the establishment of an overseas branch of a restricted licence bank or deposit-taking company	38,400	40,000
17.	Annual fee for maintaining an overseas branch of a restricted licence bank or deposit-taking company	38,400	40,000
18.	Fee for the establishment of an overseas representative office of a bank, other than a restricted licence bank	11,200	14,500
19.	Annual fee for maintaining an overseas representative office of a bank, other than a restricted licence bank	11,200	14,500
20.	Fee for the establishment of an overseas representative office of a restricted licence bank or deposit-taking company	19,110	20,000
21.	Annual fee for maintaining an overseas representative office of a restricted licence bank or deposit-taking company	19,110	20,000
22.	Approved money broker fee	44,800	58,000
23.	Renewal of approved money broker fee	44,800	58,000