

Public consultation on proposed enhancements to Banking Ordinance

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) launched a public consultation today (December 5) on proposed enhancements to the Banking Ordinance (Cap. 155).

The Hong Kong banking system is robust, resilient and well regulated. However, given the rapid developments in the banking sector and the evolving domestic and international regulatory and supervisory landscape, it is important that the HKMA reviews and assesses the policy and legal framework for banking regulation and supervision in Hong Kong from time to time, so as to enable the Monetary Authority (MA) to effectively discharge his functions under the Banking Ordinance, especially in promoting the general stability and effective working of the banking system.

Against this backdrop, the HKMA has recently conducted a review of the Banking Ordinance to: (i) reflect developments in banking industry practices, and regulatory and supervisory approaches, both globally and domestically; (ii) address specific issues identified from Hong Kong's supervisory experience in the past; and (iii) continue the process of aligning the system of regulation in Hong Kong with that of other major financial centres.

The Banking Ordinance review focuses specifically on six priority areas where amendments and enhancements to the Banking Ordinance are considered timely and necessary. The aim is to enable the MA and the Hong Kong banking industry to better meet risks and challenges in times ahead.

The HKMA has earlier concluded public consultations on two enhancement proposals, in relation to: simplification of the three-tier banking system into two-tier, and information sharing among authorized institutions (AIs) on customers, accounts and transactions for the purpose of preventing and detecting financial crime. Relevant consultation conclusions were published on August 5, 2024 and September 30, 2024, respectively. In addition, the HKMA is reviewing the MA's enforcement powers, and an industry consultation is being conducted.

The public consultation paper issued today sets out the enhancement proposals in three other aspects, which are: establishing a statutory regime for the regulation and supervision of designated locally incorporated holding companies of locally incorporated AIs; allowing flexibility for the MA to engage skilled persons for assisting the MA in the performance of his functions under the Banking Ordinance; and introducing a number of technical amendments.

This consultation paper also includes proposed amendments to two other

ordinances which have particular relevance for the banking sector, namely the Financial Institutions (Resolution) Ordinance (Cap. 628) and the Hong Kong Association of Banks Ordinance (Cap. 364).

The public consultation commences today and will last until January 28, 2025. The [consultation paper](#) is available on the HKMA website. Interested parties are invited to submit their comments by email to bo_review_consult@hkma.gov.hk or by post on or before the deadline.