



HONG KONG MONETARY AUTHORITY

香港金融管理局

Banking Conduct Department

Our Ref: B9/149C

14 December 2016

The Chief Executive

All Locally-Incorporated Authorized Institutions

Dear Sir/Madam,

Consultation Paper on Empowerment of Independent Non-Executive Directors in the Banking Industry in Hong Kong - Conclusions

I refer to the HKMA's letter dated 4 March 2016 relating to the above consultation.

In March 2016 the HKMA issued a consultation paper (CP) seeking views from the industry and other stakeholders on proposals concerning the role of independent non-executive directors (INED) in the Hong Kong banking industry, the practices of locally-incorporated authorized institutions (AI) with regard to INEDs and measures to ensure that there are sufficient suitably qualified people willing to serve as INEDs on the boards of AIs. The consultation was undertaken with a view to the Monetary Authority (MA) issuing updated guidance to the industry. This guidance will be issued shortly.

Enclosed with this letter is table summarising the comments received and the MA's responses where appropriate.

Comments were received from the following organisations:

The Hong Kong Association of Banks (HKAB)

The Hong Kong Deposit-Taking Company Association (DTCA)

The Hong Kong Institute of Directors (HKIoD)

The Hong Kong Institute of Certified Public Accountants (HKICPA)
The Hong Kong Institute of Chartered Secretaries (HKICS)
The Asian Corporate Governance Association (ACGA)

Comments were also received from 19 individual INEDs serving on the boards of locally incorporated AIs.

All comments received were constructive and it was clear that groups and individuals had devoted considerable time and thought to questions of corporate governance and the role of INEDs in the local banking sector. The HKMA wishes to express its thanks to all those who took the trouble to submit comments.

The comments were generally supportive of the MA's initiative in commissioning the review leading to the CP and of the broad approach adopted. Most respondents also supported, either wholly or broadly, most of the individual recommendations. The main comments and our responses to them are set out in the attached table. In the interests of space, the table focuses on those recommendations, in respect of which there were dissenting or divergent views, as well as some points mentioned by respondents that were not included in the CP.

I would be grateful if you could forward this letter and the enclosure to the INEDs serving on the board of your institution for their information.

Yours faithfully,

Trevor Keen
Division Head
Financial Market Infrastructure Oversight and Licensing

Encl.