

## A REGULATORY DESIGN FOR FINANCIAL STABILITY IN HONG KONG

In Hong Kong, the banking system is the primary source of financial stability risk. Post-2008 regulatory reforms have focused on financial stability policies and tools while neglecting the design of supervisory models. This book provides a comparative analysis of how supervisory models affect the management of financial stability regulations in Hong Kong's banking system. Regulatory issues discussed span prudential regulations, systemically important banks, unconventional liquidity tools, deposit insurance, lender of last resort, resolution regimes, central clearing counterparties and derivatives, Renminbi infrastructure, stock and bond connect schemes, distributed ledger technology, digital yuan, US dollar sanctions, cryptocurrencies, RegTech, and FinTech. *A Regulatory Design for Financial Stability in Hong Kong* elucidates the flaws and synergies in Hong Kong's banking regulatory framework and proposes conventional and innovative regulatory reforms. This book will be of great interest to banking, financial, and legal practitioners; central bankers; regulators; policy makers; finance ministries; scholars; researchers; and policy institutes.

Evan Gibson is a research assistant professor at the University of Hong Kong. He specializes in financial regulation, financial technology, economic law, and comparative law. Dr. Gibson's work has appeared in world-leading publications, including *The Cambridge Handbook of Twin Peaks Financial Regulation* (2021) and *Research Handbook on Asian Financial Law* (2020).

A REGULATORY DESIGN FOR  
FINANCIAL STABILITY IN  
HONG KONG

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## ABBREVIATIONS

AI	artificial intelligence
AIA	AIA Group Limited
AIG	American International Group
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investment Commission
ASX	Australian Stock Exchange
Australian CFR	Australian Council of Financial Regulators
BCBS	Basel Committee on Banking Supervision
BCCHK	Bank of Credit and Commercial Hong Kong
BCCI	Bank of Credit and Commercial International
BCHK	Bank of China (Hong Kong)
BEA	Bank of East Asia
BIS	Bank for International Settlements
BoE	Bank of England
CBIRC	China Banking and Insurance Regulatory Commission
CCASS	Central Clearing and Automated Settlement System
CCP	central clearing counterparty
CDI	Commercial Data Interchange
CDS	credit default swap
CET1	Common Equity Tier 1
CFR	Council of Financial Regulators
CFR MoU	Memorandum of Understanding on Financial Distress Management between the Members of the Council of Financial Regulators
CFTC	Commodities Futures Trading Commission
CHATS	Clearing House Automated Transfer System
CHES	Clearing House Electronic Subregister System
CHIPS	Clearing House Interbank Payments System
CIPS	Cross-Border Interbank Payment System
CMG	crisis management group
CNAPS	China National Advance Payment System
COVID-19	coronavirus disease 2019

## LIST OF ABBREVIATIONS

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CSA	currency swap agreement
CSRC	China Securities Regulatory Commission
CWUMPO	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)
DC/EP	Digital Currency/Electronic Payment
DLT	distributed ledger technology
DNB	Netherlands Central Bank
DPSF	Deposit Protection Scheme Fund
D-SIB	domestic-systemically important bank
DTC	deposit-taking company
EPSCO	Electronic Payment Services Company (HK) Limited
ESG	environmental, social, and governance
FDIC	Federal Deposit Insurance Corporation
Fedwire	Fedwire Funds Service
FGIS	Financial Gateway Information Services Company
FinTech	financial technology
FIRO	Financial Institutions (Resolution) Ordinance (Cap. 628)
FMI	financial market infrastructure
FPC	Financial Policy Committee
FRCJMC	Financial Regulatory Coordination Joint Ministerial Committee
FSA	Financial Services Authority
FSB	Financial Stability Board
FSC	Financial Stability Committee
FSCA	Financial Sector Conduct Authority
FSDC	Financial Stability and Development Committee
FSOC	Financial Stability Oversight Council
FSTB	Financial Services and Treasury Bureau
FX	foreign exchange
G20	Group of Twenty
G30	Group of Thirty
GBA	Greater Bay Area
GDP	gross domestic product
GFC	global financial crisis
G-SIB	global-systemically important bank
HIBOR	Hong Kong Interbank Offered Rate
HK	Hong Kong
HKAB	Hong Kong Association of Banks
HKEx	Hong Kong Exchanges and Clearing Limited
HKMA	Hong Kong Monetary Authority
HKTR	Hong Kong Trade Repository
HLA	higher loss absorbency
HSBC	Hong Kong and Shanghai Banking Corporation



IADI	International Association of Deposit Insurers
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPO	initial public offering
JETCO	Joint Electronic Teller Services Limited
Key Attributes	Key Attributes of Effective Resolution Regimes for Financial Institutions
LAF	liquidity adjustment facility
LCR	liquidity coverage ratio
LEERS	Linked Exchange Rate System
LIBOR	London Interbank Offered Rate
LTV	loan-to-value
MAS	Monetary Authority of Singapore
MBS	mortgage-backed security
MLO	Money Lenders Ordinance (Cap. 163)
MMoLR	market maker of last resort
MoU	memorandum of understanding
MPC	Monetary Policy Committee
MPFA	Mandatory Provident Fund Schemes Authority
NSFR	net stable funding ratio
OCI	Office of Commissioner of Insurance
OTC	over-the-counter
OTC Clear	OTC Clearing Hong Kong Limited
PBC	People's Bank of China
PRA	Prudential Regulation Authority
PSSVFO	Payment Systems and Stored Value Facilities Ordinance (Cap. 584)
QR	quick response
RBA	Reserve Bank of Australia
RegTech	regulatory technology
repo	repurchase agreement
RMB	Renminbi
RPS	retail payment system
SARB	South African Reserve Bank
SEC	Securities and Exchange Commission
SEHK	Stock Exchange of Hong Kong Limited
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance (Cap. 571)
SIB	systemically important bank
SIFI	systemically important financial institution
SLS	Special Liquidity Scheme

## LIST OF ABBREVIATIONS

xi

SME	small and medium enterprise
SPV	special-purpose vehicle
SSE	Shanghai Stock Exchange
SVF	stored-value facility
SWIFT	Society for Worldwide Interbank Financial Telecommunication
SZSE	Shenzhen Stock Exchange
TARP	Troubled Asset Relief Program
TechFin	technology company which offers digital financial services
TLAC	total loss-absorbing capacity
ToR	terms of reference