

Overview

Learning the lessons of the 2008 global financial crisis, G20 countries recognised that an alternative to existing insolvency proceedings was required to manage the failure of financial institutions in an orderly manner. This is because allowing a failed, systemically important financial institution to enter into existing insolvency proceedings would cause a sudden loss of access to the critical banking services it provides, resulting in a significant negative impact on the financial system, economy and the wider public interest, both domestically and internationally.

The Financial Institutions (Resolution) Ordinance (the Ordinance) gazetted on 30 June 2016 establishes a resolution regime in Hong Kong to mitigate the risks posed by the non-viability of systemically important financial institutions to the stability and effective working of the financial system of Hong Kong.

Under the Ordinance, the Monetary Authority, the Insurance Authority (IA) and the Securities and Futures Commission (SFC) are designated as resolution authorities. They are vested with a range of necessary powers to effect orderly resolution of a failed systemically important financial institution, which means maintaining continuity of access to the essential financial services it provides by imposing losses on creditors, whilst minimising the risks posed to public funds.

This work puts the Resolution Unit at the forefront of domestic and international work to address the too-big-to-fail (TBTF) problem and the causes of the 2008 global financial crisis.

The Resolution Unit's (RU's) responsibilities:

- developing the legislation, regulations and policy requirements on authorized institutions (AIs) to provide for a resolution regime in Hong Kong that enhances the resilience of the local financial system, protects financial stability locally and supports coordinated cross-border resolution with other international authorities in the event of AI failure
- contributing to the G20 and the Financial Stability Board's (FSB's) efforts to address the causes of the financial crisis and bring an end to the TBTF problem
- defining the preferred resolution strategy for AIs and ensuring that these firms make any necessary legal, financial and operational structural changes to facilitate their orderly failure under the Hong Kong resolution regime
- undertaking contingency planning for, and where necessary managing, the orderly resolution of failed AIs by using the appropriate resolution tool, including bail-in, a transfer to a private sector purchaser or a transfer to a bridge bank
- identifying and securing improvements to Hong Kong's resolution framework, including through international and domestic external engagement

The RU's structure and vacancies:

There are two teams in the RU and it is now recruiting for a number of roles in each team:

- The **Execution Team** has a greater operational focus as it works to improve the HKMA's readiness to resolve failing AIs in the future, by working with AIs today to structure, and restructure if necessary, their operations appropriately.

- The **Policy Team** has a greater focus on the development of domestic resolution legislation and related regulatory requirements on AIs so as to enhance AIs' resolvability, as well as on supporting the development of the international framework for resolution developed by the FSB and other international standard setting bodies.

The roles would be ideally suited for candidates with a strong track record in policy development, banking, financial sector restructurings, regulation or a related field, whilst candidates with a broad understanding of the structure and operations of financial institutions and the functioning of the Hong Kong or global financial system are also encouraged to apply.

Working in the RU involves close liaison with various stakeholders including the SFC, the IA, the Hong Kong SAR Government, external advisers, individual AIs as well as international bodies and counterparts such as the FSB and overseas authorities.