

L.N. 76 of 2017

# Financial Institutions (Resolution) (Protected Arrangements) Regulation

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# Financial Institutions (Resolution) (Protected Arrangements) Regulation

(Made by the Secretary for Financial Services and the Treasury under section 75(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628))

## Part 1

### Preliminary

#### 1. Commencement

This Regulation comes into operation on the day on which Part 5 of the Financial Institutions (Resolution) Ordinance (Cap. 628) comes into operation.

#### 2. Interpretation

(1) In this Regulation—

*financial activity* (金融活動) means any activity that relates to deposits, financial contracts, loans, securities or transferable securities;

*financial contract* (金融合約) means a contract listed in the Schedule or any combination of such contracts;

*protected clearing and settlement systems arrangement* (受保障結算及交收系統安排)—see section 3;

*protected structured finance arrangement* (受保障結構式金融安排)—see section 4;

*transferable securities* (可轉讓證券) means—

- (a) shares in companies, or equivalent securities, or depository receipts in respect of such shares or securities;
  - (b) bonds, or other forms of debt instruments, or depository receipts in respect of such bonds or instruments; or
  - (c) any other financial instruments—
    - (i) that give a right to acquire or sell any transferable securities mentioned in paragraph (a) or (b); or
    - (ii) that give rise to a cash settlement and under which some or all of the return or amount due (or both the return and the amount due) is determined by reference to any transferable securities mentioned in paragraph (a) or (b), currencies (whether Hong Kong currency or any other currency), interest rates or yields, commodities, indices or other measures dealt in or negotiable on the financial markets.
- (2) Words and expressions used in this Regulation and defined in section 74 of the Ordinance for the purposes of Subdivision 7 of Division 1 of Part 5 of the Ordinance have the same meaning as in that Subdivision.

**3. Interpretation: protected clearing and settlement systems arrangement**

- (1) In this Regulation—

***protected clearing and settlement systems arrangement*** (受保障結算及交收系統安排) means a specified arrangement governed by the rules and directions relating to participation in the clearing and settlement of transactions within a designated clearing and settlement system or a recognized clearing house;

***specified arrangement*** (指明安排) means—

- (a) in relation to a designated clearing and settlement system—
  - (i) a transfer order;
  - (ii) a disposition of property by or under a transfer order;
  - (iii) the default arrangements of the system;
  - (iv) the operating rules of the system as to the settlement of transfer orders not dealt with under the default arrangements of the system;or
  - (v) a contract for the purpose of realizing collateral security in connection with participation in the system otherwise than under the default arrangements of the system; and
- (b) in relation to a recognized clearing house—
  - (i) a market contract;
  - (ii) the rules of the clearing house relating to the settlement of a market contract;
  - (iii) any proceedings or other action taken under the rules mentioned in subparagraph (ii);
  - (iv) a market charge;
  - (v) the provision of market collateral;
  - (vi) the default rules of the clearing house; or

- (vii) any default proceedings.
- (2) In the definition of *specified arrangement* in subsection (1)—
- collateral security* (附屬抵押品) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);
- default arrangements* (違責處理安排) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);
- default proceedings* (違責處理程序) has the meaning given by section 18(1) of the Securities and Futures Ordinance (Cap. 571);
- default rules* (違責處理規則) has the meaning given by section 18(1) of the Securities and Futures Ordinance (Cap. 571);
- disposition of property* (財產產權處置) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);
- market charge* (市場押記) has the same meaning as in Division 3 of Part III of the Securities and Futures Ordinance (Cap. 571);
- market collateral* (市場抵押品) has the same meaning as in Division 3 of Part III of the Securities and Futures Ordinance (Cap. 571);
- market contract* (市場合約) means a market contract within the meaning of paragraph (a) or (b) of the definition of *market contract* in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);
- operating rules* (運作規則) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

**rules** (規章), in relation to a recognized clearing house, means rules as defined in relation to a recognized clearing house by paragraph (b) of the definition of **rules** in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

**settlement** (交收), in relation to a market contract, has the same meaning as in Division 3 of Part III of the Securities and Futures Ordinance (Cap. 571);

**transfer order** (轉撥指令) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584).

#### 4. **Interpretation: protected structured finance arrangement**

(1) In this Regulation—

**protected structured finance arrangement** (受保障結構式金融安排) means a securitization—

- (a) in which the legal and beneficial ownership of the underlying assets have been transferred outright from the balance sheet of the originator; or
- (b) in which the credit risk of a reference pool of underlying exposures is transferred, wholly or partly, through the use of credit protection afforded to the underlying exposures that remain on the balance sheet of the originator.

(2) For the purposes of paragraph (a) of the definition of **protected structured finance arrangement** in subsection (1), any role of the originator in the structure is to be treated as a liability that forms part of the protected structured finance arrangement.

- (3) For the purposes of paragraph (b) of the definition of *protected structured finance arrangement* in subsection (1), a security interest is not to be treated as a right that forms part of the protected structured finance arrangement unless it is attached to specific and sufficiently identified or identifiable assets.
- (4) For the purposes of paragraphs (a) and (b) of the definition of *protected structured finance arrangement* in subsection (1), agreements constituting a securitization structure covering mutual relationships between originators, issuers, trustees, servicers, cash managers or swap and credit protection counterparties are to be treated as forming part of the protected structured finance arrangement if those mutual relationships are directly linked to—
- (a) the underlying assets; and
  - (b) the payments to be made from the proceeds generated by those assets to the holders of the instruments issued by the issuer in the securitization.
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## Part 2

### Protections on Partial Property Transfer

- 5. Set-off arrangement, netting arrangement and title transfer arrangement**
- (1) A resolution authority, in making a regulated Part 5 instrument that transfers any of the rights and liabilities of an entity (*transferor*) under a set-off arrangement, netting arrangement or title transfer arrangement entered into between the transferor and a particular person (**P**), is to seek to transfer all, and not just some, of those rights and liabilities if—
- (a) the arrangement is documented or otherwise evidenced in writing;
  - (b) either the transferor or P is entitled to set off or net the rights or liabilities under the arrangement;
  - (c) the arrangement does not contain a provision permitting a non-defaulting counterparty to make no (or only limited) payments to the defaulting party even if the defaulting party is a net creditor; and
  - (d) the rights or liabilities arise out of the arrangement and are not excluded by subsection (2).
- (2) For the purposes of subsection (1)(d), all of the following rights and liabilities are excluded—
- (a) rights and liabilities relating to a deposit made with the transferor;
  - (b) rights and liabilities relating to assets in the form of receivables owed to the transferor by depositors, other than receivables owed in relation to a financial contract;

- (c) rights and liabilities relating to subordinated debt;
- (d) rights and liabilities relating to transferable securities unless explicitly identified as the subject matter of a transaction under a set-off arrangement, netting arrangement or title transfer arrangement that is documented or otherwise evidenced in writing;
- (e) rights and liabilities arising under a contract entered into by, or on behalf of, the transferor otherwise than in the course of undertaking financial activity;
- (f) rights and liabilities, arising in connection with the undertaking of financial activity, relating to a claim for damages, an award of damages or a claim under an indemnity.

## 6. Secured arrangement

- (1) A resolution authority, in making a regulated Part 5 instrument that transfers assets or rights of an entity (*transferor*) against which a liability is secured under a secured arrangement, is to seek—
  - (a) to not transfer those assets or rights unless the liability and the benefit of the security are also transferred under that instrument;
  - (b) to not transfer the benefit of the security unless the liability is also transferred under that instrument; or
  - (c) to not transfer the liability unless the benefit of the security is also transferred under that instrument.
- (2) Subsection (1) applies—
  - (a) whether the liability is secured against all, or substantially all, of the assets or rights of the transferor;

- (b) whether the liability is secured against specified assets or rights; or
  - (c) whether the assets or rights against which the liability is secured are not owned by the person who owes the liability.
- (3) Subsection (1) does not apply to an arrangement entered into in contravention of section 119A(2) of the Banking Ordinance (Cap. 155), or of any other restriction imposed by or under any enactment.

**7. Protected structured finance arrangement**

- (1) A resolution authority, in making a regulated Part 5 instrument that transfers assets, rights and liabilities of an entity (*transferor*) that constitute, or form part of, a protected structured finance arrangement, is to seek to transfer all, and not just some, of those assets, rights and liabilities.
- (2) Subsection (1) does not apply to assets, rights and liabilities relating to a deposit made with the transferor.

**8. Protected clearing and settlement systems arrangement**

- (1) A resolution authority, in making a regulated Part 5 instrument that transfers assets, rights and liabilities of an entity that are part of a protected clearing and settlement systems arrangement, is to seek to transfer all, and not just some, of those assets, rights and liabilities to the extent that not to do so would disrupt the operation of the arrangement.

- (2) Without limiting the ways in which the operation of a protected clearing and settlement systems arrangement may be disrupted, a disruption of any of the following would disrupt the operation of the arrangement for the purposes of subsection (1)—
  - (a) payment and delivery obligations in respect of transactions cleared and settled through a designated clearing and settlement system or a recognized clearing house;
  - (b) the rules as to settlement finality in respect of a designated clearing and settlement system or a recognized clearing house;
  - (c) the rules regarding processes to be observed on the default of a participant in relation to a designated clearing and settlement system or a recognized clearing house.

## **9. Non-Hong Kong property**

- (1) This section applies to a regulated Part 5 instrument that purports to transfer assets, rights or liabilities under a set-off arrangement, netting arrangement, title transfer arrangement, secured arrangement or protected structured finance arrangement.
- (2) The instrument is to be treated as having effectively transferred the assets, rights or liabilities, consistently with what the resolution authority was required to seek to do or to not do by section 5(1), 6(1) or 7(1) (as the case requires) in making the instrument, despite the possibility that any of them—
  - (a) are governed by a non-Hong Kong law; and

- (b) may not have been effectively transferred by the instrument under the law of the particular non-Hong Kong jurisdiction, despite section 13 of Schedule 4 to the Ordinance.

**10. Consequence (set-off arrangement, netting arrangement or title transfer arrangement)**

A transfer effected by a regulated Part 5 instrument mentioned in section 5(1) inconsistently with what the resolution authority was required to seek to do by that section in making the instrument does not affect the exercise of the right of P (referred to in that section) to set off or net rights or liabilities under the set-off arrangement, netting arrangement or title transfer arrangement.

**11. Consequence (secured arrangement or protected structured finance arrangement)**

- (1) Within the period of 60 days beginning on the day on which a regulated Part 5 instrument is made in respect of an entity, a person may give a written notice to the resolution authority that made the instrument if—
  - (a) immediately before the making of the instrument the person was a party to a contract with the entity or the holder or beneficiary of a security interest in relation to an asset of the entity arising by operation of law; and
  - (b) the person considers that—
    - (i) the instrument has effected a transfer inconsistently with what the resolution authority was required to seek to do or to not do by section 6(1) or 7(1) (as the case requires) in making the instrument; and

- (ii) the person's assets, rights or liabilities under the contract have, or the security interest has, been affected by the making of the instrument.
- (2) A notice must—
  - (a) identify the regulated Part 5 instrument;
  - (b) give details of the contract or security interest mentioned in subsection (1)(a); and
  - (c) identify the assets, rights, liabilities or security interest of the person that the person considers have been affected by the making of the instrument.
- (3) A person who gives a notice must also, on request, provide any additional information that the resolution authority may reasonably require.
- (4) As soon as reasonably practicable within the applicable period, the resolution authority must determine—
  - (a) whether the regulated Part 5 instrument has effected a transfer inconsistently with what the resolution authority was required to seek to do or to not do by section 6(1) or 7(1) (as the case requires) in making the instrument; and
  - (b) whether the assets, rights, liabilities or security interest identified in the notice have been affected by the making of the instrument.
- (5) If the resolution authority determines that the regulated Part 5 instrument has had the effect mentioned in subsection (4)(a) and (b) it must transfer assets, rights or liabilities to a transferee or the transferor under the instrument, as appropriate, by means of a supplemental property transfer instrument or a reverse property transfer instrument so as to achieve the object mentioned in subsection (6).

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- (6) The object is to bring about the outcome that would have been brought about had the resolution authority, in making the regulated Part 5 instrument, not acted inconsistently with what it was required to seek to do or to not do by section 6(1) or 7(1) (as the case requires).
  - (7) If the resolution authority determines that the regulated Part 5 instrument has not had the effect mentioned in subsection (4)(a) and (b), it must give reasons for that determination to the person who gave the notice.
  - (8) The applicable period is—
    - (a) the period of 60 days beginning on the day on which the notice is received (*initial period*); and
    - (b) any period by which the initial period is extended under subsection (9).
  - (9) The resolution authority may extend the initial period by a period of up to 60 days if it considers that the matters raised in the notice are of such complexity that it is impracticable to determine whether the regulated Part 5 instrument has had the effect mentioned in subsection (4)(a) and (b) without an extension of time.
  - (10) If the resolution authority extends the initial period under subsection (9), it must as soon as reasonably practicable inform the person who gave the notice of the extension and its duration.
  - (11) The assets, rights or liabilities that are transferred under subsection (5) may be the same as those whose transfer or non-transfer resulted in the regulated Part 5 instrument having the effect mentioned in subsection (4)(a) and (b) or, if that is not practicable, other assets, rights or liabilities that, in the opinion of the resolution authority, are equivalent to them.

**12. Consequence (protected clearing and settlement systems arrangement)**

A transfer effected by a regulated Part 5 instrument inconsistently with what the resolution authority was required to seek to do by section 8(1) in making the instrument is void to the extent that it disrupts the operation of a protected clearing and settlement systems arrangement as mentioned in that section.

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## Part 3

### Protections on Bail-in

#### 13. Interpretation

(1) In this Part—

***affected entity*** (受影響實體) means an entity in respect of which a regulated Part 5 instrument containing a bail-in provision is made;

***bail-in provision*** (內部財務重整條文) has the meaning given by section 58(3) of the Ordinance;

***protected liability*** (受保障負債) means a liability that is not an excluded liability as defined by section 58(9) of the Ordinance and that—

- (a) is owed by an affected entity to a particular person (***P***);
- (b) is a liability that either ***P*** or the affected entity is entitled to set off or net under a set-off arrangement, netting arrangement or title transfer arrangement entered into between ***P*** and the affected entity;
- (c) if related to a financial contract, has not been converted into a net debt, claim or obligation, whether in accordance with the terms of an arrangement mentioned in paragraph (b) or through the making of a bail-in provision or otherwise;
- (d) if related to a contract of any other kind, has neither been converted, nor treated as if it had been converted, into a net debt, claim or obligation, whether in accordance with the terms of an arrangement mentioned in paragraph (b) or through the making of a bail-in provision or otherwise; and

(e) is not excluded by subsection (2);

**required sum** (所需款項) means any sum that the resolution authority considers necessary to put a person affected by a bail-in provision made in respect of a protected liability in the position that the person would have been in—

(a) had the protected liability been converted, or treated as if it had been converted, into a net debt, claim or obligation in accordance with the terms of an arrangement mentioned in paragraph (b) of the definition of **protected liability** in this subsection or through the making of a bail-in provision or otherwise; and

(b) had the bail-in provision been made in respect of that net debt, claim or obligation.

(2) For the purposes of paragraph (e) of the definition of **protected liability** in subsection (1), all of the following liabilities are excluded—

(a) a liability owed in relation to a capital instrument issued by the affected entity;

(b) a liability owed in relation to subordinated debt issued by the affected entity;

(c) a liability owed in relation to an unsecured debt instrument that is a transferable security issued by the affected entity;

(d) an unsecured liability in relation to any instrument or contract that—

(i) at the date on which it was issued or made, had a maturity period of 12 months or more; and

(ii) is not a financial contract;

- (e) an unsecured liability owed to a group company of the affected entity that is not owed in relation to a financial contract;
  - (f) a liability in relation to a deposit that is not a liability listed in section 2(b) or (c) of Schedule 5 to the Ordinance;
  - (g) a liability in relation to a claim for damages, an award of damages or a claim under an indemnity.
- (3) For the purposes of the definition of *protected liability* in subsection (1)—
- (a) it does not matter—
    - (i) whether the arrangement that permits P or the affected entity to set off or net the liability also permits P or the affected entity to set off or net rights and liabilities with another person; or
    - (ii) whether the right of P or the affected entity to set off or net is exercisable only on the occurrence of a particular event; and
  - (b) a liability is to be treated as if it is converted into a net debt, claim or obligation if the amount due in relation to the liability is reduced by reference to any sums that the debtor would be able to set off against the liability in the event that the debtor decided to exercise set-off or netting rights.

**14. Set-off arrangement, netting arrangement and title transfer arrangement**

- (1) A resolution authority is to seek not to exercise a power to make a bail-in provision in respect of a protected liability.

- (2) However, subsection (1) does not prevent a bail-in provision mentioned in section 58(3)(c) of the Ordinance from being made in order to convert, or in connection with converting, the protected liability into—
- (a) the net debt, claim or obligation that would be due under the set-off arrangement, netting arrangement or title transfer arrangement at the time the bail-in provision is made; or
  - (b) an estimate of that net debt, claim or obligation.

**15. Consequence (bail-in provision)**

- (1) Within the period of 60 days beginning on the day on which a regulated Part 5 instrument is made in respect of an entity, a person (**P**) may give a written notice to the resolution authority that made the instrument if **P** considers that—
- (a) the instrument has made a bail-in provision in respect of a protected liability; and
  - (b) as a result, a liability owed to **P** by the entity has been affected.
- (2) A notice must—
- (a) identify the regulated Part 5 instrument;
  - (b) specify the manner in which it is alleged that a bail-in provision has been made in respect of a protected liability; and
  - (c) identify the liability owed to **P** that **P** considers has been affected.
- (3) **P** must also, on request, provide any additional information that the resolution authority may reasonably require.

- (4) As soon as reasonably practicable within the applicable period, the resolution authority must determine—
  - (a) whether the regulated Part 5 instrument has made a bail-in provision in respect of a protected liability; and
  - (b) whether, as a result, a liability identified in the notice has been affected.
- (5) If the resolution authority determines that the regulated Part 5 instrument has had the effect mentioned in subsection (4)(a) and (b), it must seek to take a step, or a combination of steps, specified in subsection (7).
- (6) If the resolution authority determines that the regulated Part 5 instrument has not had the effect mentioned in subsection (4)(a) and (b), it must give reasons for that determination to P.
- (7) The steps that may be taken are as follows—
  - (a) if the bail-in provision was not made in conjunction with the stabilization option mentioned in section 33(2)(b) of the Ordinance (transfer to a bridge institution)—
    - (i) effecting through the making of a Part 5 instrument, or otherwise procuring, the issuing by the affected entity to P of securities that the resolution authority estimates to have a value equal to the required sum;
    - (ii) transferring through the making of a Part 5 instrument, or otherwise procuring the transfer, to P of securities issued by the affected entity that the resolution authority estimates to have a value equal to the required sum; or

- (iii) requiring the affected entity to transfer the required sum to P; or
- (b) if the bail-in provision was made in conjunction with the stabilization option mentioned in section 33(2)(b) of the Ordinance (transfer to a bridge institution)—
  - (i) effecting through the making of a Part 5 instrument, or otherwise procuring, the issuing by the affected entity or the bridge institution to P of securities that the resolution authority estimates to have a value equal to the required sum;
  - (ii) transferring through the making of a Part 5 instrument, or otherwise procuring the transfer, to P of securities issued by the affected entity or the bridge institution that the resolution authority estimates to have a value equal to the required sum; or
  - (iii) requiring the affected entity or the bridge institution to transfer the required sum to P.
- (8) The applicable period is—
  - (a) the period of 120 days beginning on the day on which the notice is received (*initial period*); and
  - (b) any period by which the initial period is extended under subsection (9) or (10).
- (9) The resolution authority may extend the initial period by a period of up to 120 days (*first extended period*) if it considers that the matters raised in the notice are of such complexity that it is impracticable to determine whether the regulated Part 5 instrument has had the effect mentioned in subsection (4)(a) and (b) without an extension of time.

- (10) The resolution authority may extend the initial period (as extended by the first extended period) by a period of up to 120 days if it considers that the matters raised in the notice are of such complexity that it is impracticable to determine whether the regulated Part 5 instrument has had the effect mentioned in subsection (4)(a) and (b) without a further extension of time.
  - (11) If the resolution authority extends a period under subsection (9) or (10), it must as soon as reasonably practicable inform P of the extension and its duration.
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## Schedule

[s. 2]

### Financial Contracts

1. Securities contracts including—
  - (a) contracts for the purchase, sale or loan of a transferable security or a group or index of transferable securities; and
  - (b) repurchase or reverse purchase transactions on a transferable security or a group or index of transferable securities.
2. Commodities contracts of a financial nature including—
  - (a) contracts for the purchase, sale or loan of a commodity or a group or index of commodities for future delivery; and
  - (b) repurchase or reverse purchase transactions on a commodity or a group or index of commodities.
3. Derivative contracts, that is, financial instruments (other than bonds, loans, shares, notes or structured financial instruments) the value of which is determined by reference to the price or value of, or changes in the price or value of, at least one underlying asset, financial instrument, index, rate or thing of any kind designated in the instrument and includes forwards contracts, futures contracts, options contracts and swap agreements.
4. Contracts for the purchase, sale or delivery of Hong Kong currency or any other currency.



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Schedule

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5. Master agreements in so far as they relate to a financial contract listed in items 1, 2, 3 and 4.

K. C. CHAN  
Secretary for Financial Services  
and the Treasury

9 May 2017

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## **Explanatory Note**

This Regulation is made under section 75(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628) to prescribe requirements to be complied with by a resolution authority when making under Part 5 of that Ordinance a property transfer instrument that results in a partial property transfer being effected or a bail-in instrument that contains a bail-in provision. Its underlying purpose is to safeguard the economic effect of certain financial arrangements that are to be afforded an appropriate degree of protection. Arrangements to be protected are set-off arrangements, netting arrangements, secured arrangements, structured finance arrangements, title transfer arrangements and clearing and settlement systems arrangements. The economic effect of those arrangements would be undermined if assets, rights and liabilities that collectively constitute the arrangements were to become separated from one another. The Regulation specifies the protection to be afforded to each type of arrangement.

2. Part 1 provides for the commencement of the Regulation and defines various terms used in it.
3. Part 2 deals with the protection to be afforded to arrangements when an instrument made under Part 5 of the Ordinance results in a partial property transfer being effected.
4. Section 5 requires a resolution authority when transferring any of the rights and liabilities of an entity under certain set-off arrangements, netting arrangements or title transfer arrangements to seek to transfer all, and not just some, of the rights and liabilities. The section excludes specified rights and liabilities from that requirement.

5. Section 6 requires a resolution authority when transferring assets or rights of an entity against which a liability is secured under a secured arrangement to seek to ensure that the liability and the benefit of the security are also transferred.
6. Section 7 requires a resolution authority when transferring assets, rights and liabilities of an entity constituting or forming part of a protected structured finance arrangement to seek to transfer all, and not just some, of the assets, rights and liabilities.
7. Section 8 relates to protected clearing and settlement systems arrangements. It requires a resolution authority when transferring assets, rights and liabilities of an entity that are part of such an arrangement to seek to transfer all, and not just some, of them to the extent that not to do so would disrupt the operation of the arrangement.
8. Section 9 provides that the duties of the resolution authority under section 5, 6 or 7 are to be treated as having been performed despite the fact that the transfer of an asset, right or liability may not have been effective because of the operation of a non-Hong Kong law that governs the asset, right or liability.
9. Sections 10 to 12 deal with the consequences where a resolution authority effects a transfer inconsistently with what it was required to seek to do or not to do under Part 2. Section 10 provides that a person may continue to exercise a right to set off or net rights or liabilities under an affected set-off arrangement, netting arrangement or title transfer arrangement. Section 11 puts a process in place for a person whose assets, rights or liabilities are affected by how an instrument made by a resolution authority has impacted a secured arrangement or a protected structured finance arrangement to bring about the

outcome that would have been brought about had the resolution authority acted as it was expected to do in the first place. Section 12 renders void a transfer to the extent that it disrupts the operation of a protected clearing and settlement systems arrangement.

10. Part 3 deals with the protection to be afforded to set-off arrangements, netting arrangements or title transfer arrangements when an instrument made under Part 5 of the Ordinance contains a bail-in provision.
11. Section 13 defines terms used in Part 3.
12. Section 14 requires a resolution authority to seek to not make a bail-in provision in respect of a protected liability subject to a specified exception.
13. Section 15 enables a person who considers that a liability owed to the person has been affected by the making of a bail-in provision in respect of a protected liability to notify the resolution authority. The resolution authority may take specified steps, if appropriate, to address the consequence caused by the bail-in provision.
14. The Schedule sets out the contracts that are financial contracts.