



Centre for Financial Regulation and Economic Development
金融規管與經濟發展研究中心



CFRED's 44th Corporate and Finance Law Seminar:

RESOLUTION REGIMES FOR FINANCIAL INSTITUTIONS - GENERAL PRINCIPLES AND HONG KONG'S FIRO

by

Asst. Prof. Christian Hofmann

Faculty of Law, National University of Singapore

Chaired by: **Prof. David C. Donald**, *Faculty of Law, CUHK*

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The CUHK Graduate Law Centre, 2/F Bank of America Tower, 12 Harcourt Road, Central

Legislators around the globe are in the process of passing modern resolution regimes for financial institutions designed after the Key Attributes of the Financial Stability Board (FSB). In Hong Kong, the Financial Institutions (Resolution) Ordinance (FIRO) entered into force in 2017 and provides the rules for resolution authorities of how to deal with failing financial institutions.

While applicable to a whole range of financial institutions, resolution regimes are predominantly concerned with failing banks. The resolution tools seek to guarantee the survival of banks' systemically important parts, either within or independent of the struggling bank. In either instance, recapitalization is a key measure, and the most important tools to this end are bail-ins of liabilities and financial aid provided by resolution funds. A comparative look at the relevant regulation implemented elsewhere, especially in the EU and Singapore, facilitates an assessment of Hong Kong's rules.

Measures aimed at failure prevention and resolution tools go hand in hand, and their interplay is an important aspect to be discussed, especially the requirement of loss absorbing capacity and list of bail-inable and exempted liabilities. Similarly, sector-specific rescue funding, state aid and central bank lending of last resort should be seen in context and the promise of combined efforts for the rescue of failing banks analysed.

Finally, a specific aspect deserves attention. The EU is in the process of designing a specific resolution regime for Central Counterparties. In contrast, Hong Kong and Singapore have chosen to draw the scope of application of their resolution regimes wide enough to include CCPs, calling for a discussion whether CCPs can easily be covered by general resolution rules, require a specific resolution regime or are even unsuitable targets for resolution mechanisms altogether.

**All are welcome!
Admission is free of charge!**

To join us, please register your interest [here](#) by 19 November 2018.

ABOUT THE SPEAKER:



Christian Hofmann sat for the first state exam in law (the LLB equivalent) at the University of Freiburg. This was followed by a two-year clerkship for a German court and subsequently the second state exam in law (the bar exam equivalent). He continued his legal education at the University of Halle-Wittenberg for his doctorate degree in law (Dr. iur.) based on his monograph on the law of cashless payment instruments. He received his professorial qualification (Habilitation, Dr. iur. habil.) from Humboldt-University Berlin for his comparative monograph on the protection of minority shareholders and holds 3 LL.M. degrees, one in Global Business Law from New York University (NYU), one in Corporate and Financial Services Law from National University of Singapore (NUS) and one in International Business Law from the University of Halle-Wittenberg.

Christian has held several faculty and research positions. Prior to joining NUS law, he was a senior legal counsel for the German Central Bank (“Bundesbank”) and a law professor at the Private University in the Principality of Liechtenstein. He was a visiting professor at the University of Cologne and Goethe-University Frankfurt, a visiting scholar and fellow of the Humboldt Foundation at UC Berkeley and a Global Research Fellow at NYU School of Law. Christian specializes in the law and regulation of financial institutions and markets, sovereign debt restructuring and comparative corporate law.