

Issued on: 16 May 2018

**Latest proposals on specific issues  
relating to the  
introduction of a statutory corporate rescue procedure  
and insolvent trading provisions**

This in response to the letter dated 12 April 2018 from the Financial Services and the Treasury Bureau on some latest proposals on specific issues relating to the introduction of a statutory corporate rescue procedure and insolvent trading provisions. The letter invited us to give views to several issues. Here, we limit our response to those issues pertaining to the statutory defence for insolvent trading provisions.

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**The defence for insolvent trading provisions**

Part J of the note attached to the April 2018 letter is on the statutory defence for insolvent trading provisions. We previously commented on the proposed statutory defence in our 3 August 2016 statement in response to the 10 June 2016 letter from the FSTB. On substance, we do not see material differences between the April 2018 and the June 2016 proposal. We stand by the views and comments in our 3 August 2016 statement.

**The scope of the statutory defence**

The April 2018 letter and its attached note was not so clear whether the Administration will indeed expand the scope of the statutory defence to also cover an “arrangement or compromise” under the Companies Ordinance or an informal workout. The Administration may want to clarify.

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