香港物業融資總商會
HONG KONG GENERAL CHAMBER OF PROPERTY FINANCE

Code of Practice

[21 February 2017]

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PART I – INTRODUCTION

1. Status of the Code of Practice

1.1. This Code of Practice ("Code") is issued by Hong Kong General Chamber of Property Finance ("HKGCPF").

1.2. This is a non-statutory Code issued on a voluntary basis. It is to be observed by all registered institution members of the HKGCPF ("Institutions") in dealing with and providing lending services to their customers. The principles of the Code apply to the overall relationship between institutions and their customers in Hong Kong. Institutions' subsidiaries and affiliated companies controlled by them which are not institutions and are not licensed, regulated or supervised by any relevant government authority(ies) in Hong Kong should also observe the Code where applicable when providing lending services in Hong Kong.

1.3. The recommendations set out in this Code are supplementary to and do not supplant any relevant legislation, codes, guidelines or rules applicable to institutions authorized under the Money Lenders Ordinance (Cap.163) or any other statutes. Should there be any conflict between the Code and any relevant legislation, the relevant legislation shall prevail. Furthermore, should there be any conflict between the English version and Chinese version of this Code, the former shall prevail.

1.4. HKGCPF expects all institutions to comply with the Code and will monitor compliance as part of its regular supervision.

1.5. The Code is subject to review and revision from time to time. Institutions should take active steps to comply with the Code and any revised provisions as quickly as possible.

1.6. Any institution which fails to comply with any applicable laws, rules, regulations or this Code or breaches any licensing condition on its money lenders licence shall be subject to disciplinary action in accordance with the Code and its membership may be suspended or terminated by the HKGCPF. The HKGCPF shall report any breach of the applicable laws, rules or regulations to the relevant government authority(ies).

2. General Principles

2.1. Equitable and Fair Treatment of Customers

Institutions should treat all customers equitably, honestly and fairly at all stages of their relationship with the institutions. Treating consumers fairly should be an integral part of the good governance and corporate culture of all institutions and their authorized agents. Special attention should be dedicated to the needs of vulnerable groups.

2.2. Disclosure and Transparency

Institutions and their authorized agents should set out and explain clearly the key features, risks and terms of the loan agreements and the interest rate applicable, and make available the details of these to customers. Additional disclosures, including appropriate warnings, should be developed to provide information commensurate with the nature and risks of the loan to be granted. Appropriate information should be provided at all stages of the relationship with the customer. All promotional material provided to customers should be accurate, honest, understandable and not misleading. Standardised pre-contractual disclosure practices should be adopted where applicable and practicable to allow comparisons between lending services by the customers.

Where advice is provided, the advice should be as objective as possible and should in general be based on the customer's profile considering the complexity of the loan, the risks associated with it as well as the customer's financial objectives, knowledge, capabilities and experience.

Institutions should inform customers that it is important to provide institutions with relevant, accurate and available information.

2.3. Financial Education and Awareness

Recognising that customers have their responsibilities in enhancing financial literacy, institutions should join force with the government, regulatory bodies and other relevant stakeholders to promote financial education and awareness and help existing and future customers to develop the knowledge, skills and confidence appropriately to understand risks, including financial risks and opportunities, make informed choices, know where to go for assistance, and take effective action to improve their own financial well-being. The provision of broad based financial education and information to deepen consumer financial knowledge and capability should be promoted, especially to vulnerable groups. Clear information on consumer protection, rights and responsibilities should be easily accessible by customers.

2.4. Responsible Business Conduct of Institutions and Authorized Agents

Institutions and their authorized agents should have as an objective, to work in the best interest of their customers and be responsible for upholding financial consumer protection. Institutions should also be responsible and accountable for the actions of their authorized agents and third party service providers. Depending on the nature of the transaction and based on information primarily provided by customers, institutions should assess the financial capabilities and needs of their customers before offering them a loan. Staff (especially those who interact directly with customers) should be properly trained and qualified. Institutions and their authorized agents should endeavour to avoid conflicts of interest. When this cannot be avoided, they should ensure proper disclosure, have in place internal mechanisms to manage such conflicts, or decline to provide the loan. The remuneration structure for staff of institutions and, where appropriate, their authorized agents should be designed to encourage responsible business conduct, fair treatment of consumers and to avoid conflicts of interest.

2.5. Protection of Consumer Data and Privacy

Institutions should have in place appropriate control and protection mechanisms to protect customers' financial and personal information. These mechanisms should comply with all applicable legislation and in particular should define the purposes for which the data may be collected, processed, held, used and disclosed. The mechanisms should also acknowledge the rights of customers to be informed about data-sharing, to access data and to obtain the prompt correction and/or deletion of inaccurate, or unlawfully collected or processed data.

2.6. Complaints Handling and Redress

Institutions and, where appropriate, their authorized agents should provide customers with reasonable channels to submit claims, make complaints and seek redress that are accessible, fair, accountable, timely and efficient. Such channels should not impose unreasonable cost, delays or burdens on customers.

2.7. Competition

Institutions should allow customers to search, compare and, where appropriate, switch between loan arrangements and institutions easily and at reasonable and disclosed costs to the extent permitted by the applicable laws.

3. Objectives

3.1. The Code is intended –

(a) to promote good money lending practices by setting out the minimum standards which institutions should follow in their dealings with customers;

(b) to increase transparency in the provision of lending services;

(c) to promote a stronger culture of treating customers fairly which will ensure customers' interests are taken into account by institutions in their business dealings with customers; and

(d) through the above, to foster customer confidence in the money lending industry.

3.2. The above objectives are to be achieved –

(a) having regard to the need for institutions to conduct business in accordance with prudential standards in order to preserve the stability of the money lending system;

(b) while striking a reasonable balance between customer rights and efficiency of money lenders' operations.

4. Enquiries or Complaints

4.1. Enquiries about the Code should be addressed to HKGCPF. Its current address and telephone number are as follows -

Hong Kong General Chamber of Property Finance
4th Floor, Club Lusitano,
16 Ice House Street, Central, Hong Kong
Tel: (852) 2978 3289
Fax: (852) 3583 2162
Website: www.propertyfinance.org.hk

4.2. The Code can be viewed or downloaded from the website of HKGCPF. All institutions will make copies of the Code available to customers or tell them how to get copies.

4.3. Complaint against any institution of HKGCPF shall be made in writing to the chairman of the Executive Committee at the following address :-

Hong Kong General Chamber of Property Finance
4th Floor, Club Lusitano,
16 Ice House Street, Central, Hong Kong

PART II - RECOMMENDATIONS ON MONEY LENDERS' PRACTICE

Chapter 1 - Relationship between Institutions and Customers

5. Terms and Conditions

5.1. Institutions should make readily available to customers or prospective customers written terms and conditions of a loan arrangement. Institutions should be prepared to answer any queries of customers or prospective customers relating to terms and conditions. In cases where the query relates to a service provided by a third party service provider, institutions may, where necessary, refer the query to the relevant third party service provider after obtaining the customer's consent or direct the customer to contact the third party service provider. Institutions should thereafter provide assistance to the customer if the customer so requests.

5.2. The terms and conditions should provide all key terms of the loan arrangement as required by the Money Lenders Ordinance (Cap. 163).

5.3. Institutions should use plain language and avoid complex legal and technical terms wherever practicable. The terms and conditions should be presented in a reasonable layout and font size that is readily readable. Institutions should always comply with the applicable laws and rules (particularly the Money Lenders Ordinance (Cap. 163) when offering any loan to customers or prospective customers.

5.4. The terms and conditions should highlight the customer's liabilities and obligations under the loan arrangement.

5.5. In drawing up terms and conditions for any loan arrangement, institutions should have due regard to applicable laws in Hong Kong, including, in particular, the Personal Data (Privacy) Ordinance (Cap. 486), the Control of Exemption Clauses Ordinance (Cap. 71), the Unconscionable Contracts Ordinance (Cap. 458), the Supply of Services (Implied Terms) Ordinance (Cap. 457), the Money Lenders Ordinance (Cap. 163) and any other prevailing consumer protection legislation.

5.6. The terms and conditions should be consistent with this Code and the applicable laws. Institutions should keep terms and conditions under review to ensure they are consistent with this Code and the applicable laws.

5.7. Institutions should advise customers to read and understand the terms and conditions when applying for any loan arrangement.

5.8. A notice of any variation of the terms and conditions should show clearly the variation with an explanation in plain language, where appropriate and practicable, and the ways in which the customer may indicate refusal and the consequence.

5.9. Where the variation involves substantial changes to existing terms and conditions or the changes are very complicated, the institution should comply with the requirements

set out in the Money Lenders Ordinance (Cap. 163) and provide a written summary of the key features of the revised terms and conditions.

5.10. Institutions should issue a full version of the revised terms and conditions to customers if there are sufficient changes to warrant it, regardless of the nature of the changes.

6. Fees and Charges

6.1. Institutions should observe the legal requirements set out in the Money Lenders Ordinance (Cap. 163) in relation to fees and charges strictly.

6.2. Details of the repayment terms and interest rate should be set out in the loan agreement clearly and a copy of the loan agreement should be provided to customers after execution.

7. Debt Recovery Expenses

7.1. Any cost indemnity provision contained in the terms and conditions should only provide for the recovery of costs and expenses which are of reasonable amount and were reasonably incurred.

7.2. At the request of customers, institutions should provide a breakdown of the costs and expenses for which customers are required to indemnify the institution.

8. Collection, Use, Holding and Erasure of Customer Information

8.1. Institutions should treat their customers' (and former customers') financial affairs as private and confidential.

8.2. Institutions should at all times comply with the Personal Data (Privacy) Ordinance (Cap. 486) ("PDPO") in the collection, use, holding and erasure of customer information. They should also comply with any relevant codes of practice issued or approved by the Privacy Commissioner for Personal Data giving practical guidance on compliance with the PDPO.

8.3. On or before collecting customers' personal information, institutions should notify customers as specifically as possible of the classes of person to whom they may wish to make disclosure of customer information and the purpose of such disclosure. Classes of person about which customers should be specifically notified include among others -

(a) debt collection agencies;

(b) data processors to which the processing of personal information is to be, or may be, outsourced;

(c) credit reference agencies;

(d) subject to section 8.4. below, persons to whom customers' contact details may be disclosed for marketing purposes including, related companies within the same group and other persons (classified in specific terms, such as co-branding partners of the institution or third party loyalty programme providers which in each case should be shown in application forms/leaflets for the relevant services or products provided to customers); and

(e) such other persons to whom disclosure may be required by applicable laws or regulatory guidelines issued from time to time.

8.4. An institution that intends to use customer information for direct marketing purposes shall comply with the PDPO and any relevant codes of practice.

8.5. Where personal information is used by an institution for its own marketing purposes for the first time, the institution should inform the customer that the institution will, without charge to the customer, cease to so use the personal information if the customer so requests.

8.6. When a customer objects to the disclosure of the information referred to in section 8.3.(d) above or refuses to give the consent or an indication of no objection or withdraws any consent or indication of no objection required under the PDPO, the institution concerned should give effect to such objection, refusal or withdrawal.

8.7. Where personal information is transferred to a third party service provider, for example, as part of an outsourcing arrangement, institutions should satisfy themselves that such information will be treated as confidential and adequately safeguarded by that service provider and adopt contractual or other means to prevent any information transferred to that service provider from being the subject of unauthorized or accidental access, processing, use, erasure or loss or kept longer than is necessary for the purposes stipulated in the outsourcing agreement. Institutions should remain accountable to customers for any complaints arising out of the handling of customer information by service providers and should not attempt to disclaim responsibility for any breach of customer confidentiality by service providers.

9. Personal Referees

9.1. Institutions may require applicants for lending services to provide in the application forms for such services the names and particulars of persons who have agreed to act as referees for the applicant.

9.2. The role of referees is confined to providing, on a voluntary basis and upon request by the institution, information about the applicant in respect of the lending service specified in the application form. Referees have no legal or moral obligation to repay to the institution liabilities of a customer unless they have entered into a formal agreement to guarantee the liabilities of that customer.

9.3. Institutions should require applicants for lending services to confirm that they have obtained the prior consent of the referees for their names to be used. If the applicant fails to give such confirmation, institutions should not approach the referees. In such cases, institutions should decide on their own judgement whether to continue to process the application.

9.4. Institutions should not attempt to seek, directly or indirectly, repayment of debt from a customer's referees who are not acting as guarantors. Related to this, institutions should not pass information about referees (or third parties other than debtors or guarantors) to their debt collection agencies. If a referee is to be approached for information to help locate a debtor or guarantor, this should be done, without causing nuisance to the referee, by staff of the institution.

10. Equal Opportunity

10.1. Institutions should at all times comply with the relevant ordinances for the promotion of equal opportunity and any codes issued under these ordinances.

10.2. In addition to the statutory requirements, institutions should not discriminate against any customers simply on the ground of family status (for example, single parents), sexuality, age or race in the provision of lending services and in the quality and terms of services provided.

10.3. Institutions should provide suitable training to front-line staff to raise awareness of the principles and guidelines relating to equal opportunity and the provision of assistance to customers with a disability.

11. Marketing

11.1. Institutions should exercise care in the use of direct mail.

11.2. Institutions should ensure that all advertising and promotional materials are fair and reasonable, do not contain misleading information and comply with all relevant legislation, codes and rules. Where benefits are subject to conditions, such conditions should be clearly displayed in the advertising materials wherever practicable. Where there are limitations as to space, e.g. in poster advertisements and television commercials, the advertisement should include reference to the means by which further information may be obtained.

11.3. In any marketing process and advertising and promotional material for a lending service, institutions should indicate the interest rate in a clear and prominent manner and that full details of the relevant terms and conditions are available on request.

11.4. Institutions should exercise restraint in making unsolicited (that is, cold) calls to customers.

12. Handling Customer Complaints

12.1. Institutions should establish procedures for handling customer complaints in a fair and speedy manner. The complaint procedures should take into account the following criteria –

(a) transparency - the applicable procedures should be documented;

(b) accessibility - the procedures should be easily invoked by customers; and

(c) effectiveness - the procedures should provide for the speedy resolution of disputes in a fair and equitable manner.

12.2. Details of how to invoke complaint procedures should be made available to customers and other interested parties such as personal referees and guarantors so that they know what steps to take if they wish to make a complaint.

12.3. Institutions should ensure that all their staff who deal directly with customers are made aware of the complaint procedures and are able to help customers by giving correct information about these procedures.

12.4. Institutions should send an acknowledgment to the complainant within 7 days upon receiving a written complaint (where the complaint cannot be resolved within 7 days) and a written response to the complaint within a reasonable period, normally not exceeding 30 days. Correspondence with the complainant should be sent in Chinese or English in accordance with the language of the complaint.

Chapter 2 - Loans

13. Loans

13.1. Approval of loans is subject to institutions' credit assessment which should take into account the applicants' ability to repay. In doing so, institutions may have regard to such factors as –

(a) prior knowledge of the customer's financial affairs gained from past dealings;

(b) the customer's income and expenditure;

(c) the customer's assets and liabilities;

(d) information obtained from credit reference agencies; and

(e) other relevant information supplied by the applicant.

13.2. Institutions should endeavour to ensure that a prospective borrower understands the principal terms and conditions of any borrowing arrangement. The following information should be provided upon application for a loan or, where relevant, in a subsequent offer, and on request-

(a) the rate of interest for the loan, and whether it may be varied over the period of the loan;

(b) a brief explanation of the basis on which interest will be determined and when it will be payable, and the number of days in the year (in both ordinary and leap years) that will be used for the calculation;

(c) any fees and charges as permitted by the applicable laws which will apply, and a brief explanation of the basis on which such fees and charges will be determined and when they will be payable;

(d) the specified period during which the loan offer may be accepted by the prospective borrower;

(e) details of terms of repayment, including the loan tenor and, where relevant the instalments payable by the customer;

(f) any overriding right to demand immediate repayment;

(g) any other significant features as permitted by the applicable laws such as security requirements and default interest.

13.3. In addition to the information set out in section 13.2. above, the following information on instalment loans (i.e. loans repayable by equal instalments) should be provided to customers upon application for a loan or in a subsequent offer, and on request –

(a) where applicable, the loan balance used as the basis for calculating the fees and charges under sections 13.2.(c) and 13.2.(g) above and the timing when the loan balance is determined; and

(b) the apportionment of interest and principal for each loan repayment throughout the loan tenor and the method of apportionment.

13.4. If institutions intend to charge a default rate of interest and make other charges as permitted by the applicable laws in accordance with the relevant terms and conditions, institutions should advise customers in advance of their right to impose such default interest and charges and inform customers promptly after exercising such right.

13.5. Institutions should advise customers to inform them as soon as possible of any difficulty in repaying the loan.

14. Property Mortgage Lending

14.1. This section applies to any mortgage loan secured on a property regardless of the purpose of the loan or the location of the property. In the case of an individual providing (or proposing to provide) a property as third party security, section 16. below will apply.

14.2. Institutions should provide customers and prospective customers with information similar to that in section 13.2. above upon application for a mortgage loan secured on a property or, where relevant, in a subsequent offer and on request. In addition, institutions should warn customers that the mortgage loan is secured on the property in question and that default may result in the institution taking possession of, and selling, the property.

14.3. For all property mortgage lending involving more than one borrower, the amount secured under the mortgage should not exceed the amount of money, obligations and liabilities owing or incurred at any time by the co-borrowers jointly. This does not restrict a co-borrower acting as surety from separately guaranteeing or securing the other's obligations in a transparent manner which complies with the provisions of section 16. below.

14.4. Institutions should provide customers with revised particulars of instalments payable by the customer after every adjustment of the interest rate.

14.5. To the extent permitted under the applicable laws, institutions should inform customers and prospective customers that they have to pay for the legal expense of both the solicitors who represent themselves and the solicitors who represent the institutions to prepare mortgages on properties.

14.6. Institutions should also inform customers or prospective customers that they have the right to employ separate solicitors for themselves, and the cost implications of doing so.

14.7. On receipt of a request from customers for discharge of a mortgage, institutions should as soon as reasonably practicable release title deeds and any relevant documents (other than the mortgage itself) to the solicitor representing the customer against the solicitor's undertaking to return the documents on demand as appropriate. Unless institutions encounter any practical difficulties, this process should normally be completed within 21 days. If institutions are unable to meet this industry standard, they should promptly inform the customer.

14.8. Institutions should endeavour to guard against fraud by persons misrepresenting themselves as the owner(s) of the property.

15. Other Secured Lending

In the case of a security document other than a property mortgage involving more than one borrower, the amount secured under the security document should not exceed the amount of money, obligations and liabilities owing or incurred at any time by the co-borrowers jointly. This does not restrict a co-borrower acting as surety from separately guaranteeing or securing the other's obligations in a transparent manner which complies with the provisions of section **16.** below.

16. Guarantees and Third Party Securities

16.1. Subject to the consent of the borrower as required in section 16.9. below, institutions should provide an individual proposing to give a guarantee or third party security (the surety) with a copy or summary of the contract evidencing the obligations to be guaranteed or secured.

16.2. Institutions should in writing (in printed form) advise the surety -

(a) that by giving the guarantee or third party security, the surety might become liable instead of or as well as the borrower;

(b) whether the guarantee or third party security is unlimited as to amount (that is to say that the institution may agree to extend further facilities to the borrower without the consent of the surety) and, if so, the implications of such liability (for example, that the surety will be liable for all the actual and contingent liabilities of the borrower, whether now or in future including for further facilities extended to the borrower) and if this is not the case, what the limit of the liability will be;

(c) whether the liabilities under the guarantee or the third party security are payable on demand;

(d) under what circumstances the surety would be called upon to honour his or her obligations;

(e) under what circumstances, and the timing within which, it would be possible for the surety to extinguish his or her liability to an institution; and

(f) that the surety should seek independent legal advice before entering into the guarantee or providing third party security.

16.3. A clear and prominent notice regarding the provisions in section 16.2. above should be included in or attached to the guarantees and other third party security documentation.

16.4. Institutions should provide a surety with an option to choose whether the guarantee or third party security should be limited or unlimited in amount (as described in section 16.2.(b) above).

16.5. For the purpose of section 16.4. above, a limited guarantee or third party security may include one which is either –

(a) limited in amount in respect of principal; or

(b) unlimited in amount but is limited to secure one or more specific facilities,

and may, with the consent of the surety (and only with the consent of the surety), secure additional amounts, further facilities or changed facilities (in the case of (a)) or further or changed facilities (in the case of (b)) beyond those originally secured.

16.6. Where a guarantee or third party security is unlimited in amount (as described in section 16.5.(b) above), institutions should give notice to the surety as soon as reasonably practicable when further facilities are extended to the borrower or when the nature of the facilities extended to the borrower is changed.

16.7. Institutions should provide the surety with a copy of any formal demand for overdue payment that is sent to the borrower who has failed to settle the overdue amount following a customary reminder.

16.8. Subject to the consent of the borrower as required in section 16.9. below, institutions should provide, upon request by the surety, a copy of the latest statement of account provided to the borrower, if any.

16.9. Before accepting a guarantee or a third party security, institutions should obtain the prescribed consent of the borrower to provide the surety with the documents mentioned in sections 16.1., 16.7. and 16.8. above. If the borrower does not give consent, the institution should inform the surety of this in advance so that he or she can decide whether to provide the guarantee or the security.

Chapter 3 - Recovery of Loans

17. Application

This chapter applies to debt collection activities of institutions, whether undertaken directly by institutions or through third party debt collection agencies.

18. Debt Collection Activities

18.1. It is essential that debt collectors, no matter whether they are the staff of the institutions who are assigned the duty of debt collection or the staff of third party debt collection agencies appointed by the institutions to collect debts on their behalf, should act within the law, refrain from action prejudicial to the business, integrity, reputation or goodwill of the institutions for whom they are acting and observe a strict duty of confidentiality in respect of customer information.

18.2. Debt collectors must not resort to intimidation or violence, either oral or physical, against any person in their debt recovery actions. In addition, they should not employ harassment or improper debt collection tactics such as the following -

(a) Harassment tactics

(i) putting up posters or writing on the walls of the debtor's residence or other actions designed to humiliate the debtor publicly;

(ii) pestering the debtor with persistent phone calls;

(iii) making telephone calls at unreasonable hours; and

(iv) pestering the debtor's referees, family members and friends for information about the debtor's whereabouts.

(b) Other improper tactics

(i) using false names to communicate with the debtor;

(ii) making anonymous calls and sending unidentifiable notes to the debtor;

(iii) making abusive or threatening remarks to the debtor; and

(iv) making false or misleading representation with an intent to induce the debtor to make a payment.

18.3. Institutions and their debt collection agencies should not try to recover debts, directly or indirectly, from third parties including referees, family members or friends of the debtors if these persons have not entered into a formal contractual

agreement with the institutions to guarantee the liabilities of the debtors. Institutions should issue written instructions to their debt collection agencies, or include a clause in the contract with their debt collection agencies, to this effect.

18.4. Institutions should enter into a formal, contractual relationship with their third party debt collection agencies. Institutions should specify, either in the contract or by means of written instructions, that the debt collectors employed by the debt collection agencies should, among other things, observe the requirements stated in sections 18.1., 18.2. and 18.3. above.

18.5. The contract between institutions and their debt collection agencies should make it clear that the relationship between the institution and the debt collection agency is one of principal and agent. Institutions should specify in their contract with debt collection agencies that the debt collection agencies should not subcontract the collection of debts to any other third parties.

18.6. Institutions intending to use third party debt collection agencies should specify in the terms and conditions of loan agreements that they may employ third party agencies to collect overdue amounts owed by the customers. Institutions which reserve the right to require customers to indemnify them, in whole or in part, for the costs and expenses they incur in the debt recovery process should include a warning clause to that effect in the terms and conditions.

18.7. Institutions should not pass information about referees or third parties other than debtors or guarantors to their debt collection agencies. If the referee is to be approached for information to help locate the debtor or guarantor, this should be done, without causing nuisance to such third parties, by staff of the institution.

18.8. Institutions should give the customer advance written notice (sent to the last known address of the customer) of their intention to commission a debt collection agency to collect an overdue amount owed to the institution.

18.9. Institutions should not engage more than one debt collection agency to pursue the same debt in one jurisdiction at the same time.

18.10. Institutions should promptly update the amount of repayment(s) made by customers and establish effective communication with their debt collection agencies to update so that the debt collection agencies will stop immediately all recovery actions once the debts are settled in full by the customers.

18.11. Institutions should stop their debt collection activities on a debtor once they become aware that a bankruptcy order has been made in relation to the debtor.

PART III – DISCIPLINARY ACTIONS AGAINST INSTITUTIONS

19. Disciplinary Provisions

19.1. A complaint that an institution has, including but not limited to, :-

(a) acted in breach of any applicable laws, rules, regulations or this Code;

(b) acted in breach of any licensing condition on its money lenders licence; or

(c) otherwise severely affected the reputation of HKGCPF,

shall be made in writing to the chairman of the Executive Committee at the address listed in Part I, section 4.3.

19.2. The Executive Committee may act on its own information in referring a complaint to the chairman of the Executive Committee.

20. Ad-hoc Disciplinary Committee

20.1. The chairman of the Executive Committee shall table at the next meeting of the Executive Committee any complaints received. If more than half of the Executive Committee present and voting at the meeting of the Executive Committee decided that a complaint raised an arguable case that an institution has, including but not limited to, :-

(a) acted in breach of any applicable laws, rules, regulations or this Code;

(b) acted in breach of any licensing condition on its money lenders licence; or

(c) otherwise severely affected the reputation of HKGCPF,

such complaint will be heard before an Ad-hoc Disciplinary Committee.

20.2. The chairman of the Executive Committee shall on an ad-hoc basis :-

(a) elect from amongst the Executive Committee an Ad-hoc Disciplinary Committee comprising of at least 3 members; and

(b) designate one of the members of the Ad-hoc Disciplinary Committee to be the chairman thereof.

20.3. The chairman of the Ad-hoc Disciplinary Committee shall send a notice of hearing to notify the institution in writing at least 14 days in advance in respect of which a complaint is made of the nature of the complaint and of the date, time and place fixed for a hearing of the complaint. The institution may within 7 days after receipt of the notice of hearing make a request to the chairman of the Ad-

hoc Disciplinary Committee for an adjournment of the hearing of the complaint. The chairman of the Ad-hoc Disciplinary Committee may, upon a request by the institution, exercise his discretion to adjourn the hearing of the complaint once.

20.4. The institution in respect of which a complaint is made shall be entitled to appear at the hearing and present its case. If an institution in respect of which a complaint is made fails to attend the hearing of the complaint, the Ad-hoc Disciplinary Committee may find in its absence that it is satisfied that a complaint under section 19.1. is proved.

20.5. The Ad-hoc Disciplinary Committee may find that it is satisfied that a complaint under section 19.1. is proved, provided that such finding was made by an affirmative vote of not less than two-thirds of the appointed members of the Ad-hoc Disciplinary Committee. The Ad-hoc Disciplinary Committee shall notify the Executive Committee of its finding.

20.6. Institutions are responsible to provide customers with channels to make complaints, including providing details in relation to how complaints under section 19.1. above can be made.

21. Powers of Ad-hoc Disciplinary Committee with regard to obtaining evidence

For the purposes of the hearing of a complaint, the Ad-hoc Disciplinary Committee shall have the power to request any employee, agent, representative of any institution or any other person as the Ad-hoc Disciplinary Committee deems appropriate to attend the hearing to give evidence or produce any document or other thing in his possession and to examine him as a witness.

22. Powers of Executive Committee

22.1. If the Ad-hoc Disciplinary Committee finds that it is satisfied that a complaint under section 19.1. is proved, the Executive Committee may decide to suspend or expulse an institution from membership of HKGCPF. Provided that any decision to suspend or expulse an institution from membership of HKGCPF shall be made by an affirmative vote of not less than half of the Executive Committee present and voting at a meeting of the Executive Committee.

22.2. The decision to suspend or expulse any institution from membership of HKGCPF made by the Executive Committee under section 22.1. is final and no appeal shall lie against the decision.

22.3. The chairman of the Executive Committee shall notify the institution in writing the decision of the HKGCPF.

Annex I - Useful Definitions

These definitions explain the meaning of words and terms used in the Code. They are not precise legal or technical definitions.

Authorized Agents -

Agents authorized by an institution to deal with customers to provide services on its behalf in relation to the provision of lending services, when acting in their capacity as agents for an institution.

Credit Reference Agencies -

Any data user who carries on a business of compiling and disseminating personal information, of a factual nature, about the credit history of individuals, whether or not that business is the role or principal activity of that data user.

Customer –

A private individual who -

(a) obtain loan(s) from institution(s); or

(b) acts as guarantor or provider of third party security (whether or not the guarantor or provider of third party security is a customer of the institution) for a borrower who is an individual or otherwise.

Day -

Day means calendar day if not otherwise specified.

Executive Committee –

Executive Committee shall mean the Executive Committee of the HKGCPF.

Guarantee –

An undertaking given by a person called the guarantor promising to pay the debts of another person if that other person fails to do so.

Institutions -

Authorized money lenders under the Money Lenders Ordinance (Cap. 163) with effective licence(s) issued by the relevant government authority(ies) and who are registered members of the HKGCPF.

In writing or in written form -

Information can be provided in electronic or in printed form except where specifically indicated that it must be in printed form. Institutions may deliver information to customers electronically provided that the institutions have so notified the customers in advance explicitly and the customers do not object to it.

Prescribed Consent –

Express consent of a customer given voluntarily.

Promotional Material -

Any literature or information which is designed to help sell a lending service to a customer.

Related Companies -

This refers to an institution's subsidiary, holding company or a subsidiary of the holding company.

Security -

A word used to describe the mortgaging or charging of assets, such as (but not limited to) properties, life policies and shares to institutions as support for loans granted to customers. If the loans are not repaid the institution's position is "secured" which means that it can sell the assets to meet the amount outstanding on the loan.

Third Party Security -

Security provided by a person who is not the borrower.