03 Nov 1999

Hong Kong Approach to Corporate Difficulties

3 November 1999

The Chief Executive
All Authorized Institutions

Dear Sir,

Hong Kong Approach to Corporate Difficulties

The Hong Kong Monetary Authority ("HKMA") and the Hong Kong Association of Banks ("HKAB") have jointly issued the "Hong Kong approach to corporate difficulties". The Hong Kong Approach sets out formal but non-statutory guidelines on how banks should deal with corporate borrowers who are in financial difficulties and the way in which corporate workouts should be handled by banks.

The Hong Kong Approach has the strong support of the HKMA and HKAB. Therefore, apart from members of HKAB, the HKMA also expects members of the DTC Association to follow the guidelines set out in the Hong Kong Approach. Copies of the Hong Kong Approach are being circulated by the two industry Associations to their members.

In order to enhance the market's understanding of the Hong Kong Approach, HKAB is organising a seminar to be held on 29 November. Institutions will receive an invitation from HKAB in due course. You are strongly recommended to send your staff involved in corporate workouts to attend the seminar.

Yours sincerely,

D T R Carse
Deputy Chief Executive

c.c. Secretary, HKAB and DTCA