Hong Kong Monetary Authority

Annual Self Assessment On
Compliance with Code of Banking Practice

Name of Reporting Institution:

For period: **1 June 2002 to 31 May 2003**

This report is approved by:

Signature : ______________________________
(Sign on hardcopy only)

Name : ______________________________

Department : ______________________________

Post Title : ______________________________

Telephone : ______________________________

Fax : ______________________________

Email : ______________________________

Signed by :
(Sign on hardcopy only)

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Signature of Chief Executive

____
Name of Chief Executive

COMPLETION INSTRUCTIONS

Please read these notes carefully before completing the self-assessment.

Reporting period

1. The annual reporting period is from 1 June 2002 to 30 May 2003. The self-assessment report should be submitted by 1 September 2003.

General

2. This self-assessment should be carried out either by the internal audit department, the compliance department or other equivalent unit of the institution. It should be approved and signed by the head of the relevant department as well as the Chief Executive of the institution.

Part I
Specific questions

3. In assessing compliance with individual provisions of the Code, institutions should take into account the recommendations issued by the Code of Banking Practice Committee[1] during the reporting period.

4. If for any question in relation to each section, a negative response is appropriate for one or more requirements under that section, an overall negative response should be entered in the relevant box. Details of the non-compliance which gave rise to that response and any corrective action taken or underway should be provided separately in the next worksheet titled “Part 1 – Details”

Details of non-compliance

5. If a negative response was entered in the previous worksheet, please provide in the corresponding boxes details of the non-compliance. Your response <u>must</u> include information on:
   - the subsection(s) which involve non-compliance;
   - details of non-compliance which gave rise to the negative response;
   - any action taken or underway to rectify the non-compliance; and
   - the target date when remedial actions will be completed.

   If more than one instance of non-compliance is reported under the relevant section, you should provide the above information corresponding to each instance of non-compliance.

Part II
General Questions

6. Please answer each question as appropriate. Each answer should be supplemented by a description or explanation as required in the question. For question 5, if no system changes are required to comply with new provisions of the Code, please enter NA and leave the next cell blank.

Declaration

7. If the Code does not apply to your institution, complete the “Declaration” section and return it to the HKMA. In this case, it is not necessary for the institution to complete any other part of the report.

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[1] Established by the two industry associations to provide guidance on the interpretation of the Code, and to undertake review of the Code from time to time. The Committee’s interpretations and recommendations are issued as circulars by the two industry associations.

SUBMISSION INSTRUCTIONS

1. Please submit both the hard and soft copy of this report to the HKMA as follows:

Hardcopy

2. Mail the signed report to:
Banking Development Department
Hong Kong Monetary Authority
30/F, 3 Garden Road, Central
Hong Kong
(Ref.: Code of Banking Practice)

Softcopy

3. Sent to the HKMA via the STET system
    - Save the file to your PC and complete the report.
    - Connect to the STET network (same procedure as sending returns to the HKMA).
    - Attach the file to an email and send to the address: code@hkma.finnet-hk.net (do not encrypt file)
    - Disconnect from the STET network. Submission completed.

PART I - SPECIFIC QUESTIONS

	(i) Does your institution have DOCUMENTS and/or INFORMATION which comply with the following sections of the Code:		**(ii)** Does your institution have effective PROCEDURES (carried out in practice and documented in operational manuals) in place to ensure compliance with the following sections of the Code:	
Chapter 1 – Relationship Between Banks And Customers				
5. Terms and Conditions	5(i)		5(ii)	
6. Fees and Charges	6(i)		6(ii)	
7. Debt Recovery Expenses	7(i)		7(ii)	
8. Collection, Use and Holding of Customer Information	8(i)		8(ii)	
9. Personal Referees	9(i)		9(ii)	
10. Equal Opportunity	10(i)		10(ii)	
11. Bank Marketing	11(i)		11(ii)	
12. Annualised Percentage Rates (APRs)	12(i)		12(ii)	
13. Handling Customer Complaints	13(i)		13(ii)	
Chapter 2 – Accounts and Loans				
14. Opening of Accounts	14(i)		14(ii)	
15. Closing of Accounts	15(i)		15(ii)	
16. Operation of Accounts	16(i)		16(ii)	
17. Rights of Set-off	17(i)		17(ii)	
18. Deposit Accounts	18(i)		18(ii)	
19. Loans and Overdrafts	19(i)		19(ii)	
20. Residential Mortgage Lending	20(i)		20(ii)	
21. Guarantees and Third Party Securities	21(i)		21(ii)	
Chapter 3 – Card Services				
23. Issue of Cards	23(i)		23(ii)	
24. Terms and Conditions, Fees and Charges and Interest	24(i)		24(ii)	
25. Rights of Set-off	25(i)		25(ii)	
26. Security of Cards/PINs	26(i)		26(ii)	
27. Transaction Records	27(i)		27(ii)	
28. Unauthorized Transactions	28(i)		28(ii)	
29. Lost Cards/PINs	29(i)		29(ii)	
30. Liability for Loss	30(i)		30(ii)	
31. Treatment of Credit Balances	31(i)		31(ii)	
32. Direct Mailing	32(i)		32(ii)	
Chapter 4 – Payment Services				
33. Cheques	33(i)		33(ii)	
34. Cross-border Payments	34(i)		34(ii)	
35. Other Payment Services	35(i)		35(ii)	
Chapter 5 – Recovery of Loans and Advances				
36. Debt Collection by Third Party Agencies	36(i)		36(ii)	
37. Management of Relationship with Debt Collection	37(i)		37(ii)	
Chapter 6 – Electronic Banking Services				
38. Disclosure for e-banking Services	38(i)		38(ii)	
39. Security in relation to e-banking	39(i)		39(ii)	
40. Liability for Loss	40(i)		40(ii)	
41. Reporting of Actual or Suspected Security Incidents	41(i)		41(ii)	
Chapter 7 – Stored Value Cards (or Devices)				
43. Issue of Stored Value Cards or Devices (SVCs)	43(i)		43(ii)	
44. Terms and Conditions and Fees and Charges	44(i)		44(ii)	
45. Operation of SVCs	45(i)		45(ii)	

PART I - DETAILS OF NON-COMPLIANCE

			If a negative response was entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.								
			Sub-section(s)	**Details of non-compliance**	**Rectification Plan**	**Target completion date (MM/YY)**		**Sub-section(s)**	**Details of non-compliance**	**Rectification Plan**	**Target completion date (MM/YY)**
	Chapter 1 – Relationship Between Banks And Customers										
5.	Terms and Conditions	5(i)					5(ii)				
6.	Fees and Charges	6(i)					6(ii)				
7.	Debt Recovery Expenses	7(i)					7(ii)				
8.	Collection, Use and Holding of Customer Information	8(i)					8(ii)				
9.	Personal Referees	9(i)					9(ii)				
10.	Equal Opportunity	10(i)					10(ii)				
11.	Bank Marketing	11(i)					11(ii)				
12.	Annualised Percentage Rates (APRs)	12(i)					12(ii)				
13.	Handling Customer Complaints	13(i)					13(ii)				
	Chapter 2 – Accounts and Loans										

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			Sub-section(s)	Details of non-compliance	Rectification Plan	Target completion date (MM/YY)		Sub-section(s)	Details of non-compliance	Rectification Plan	Target completion date (MM/YY)
14.	Opening of Accounts	14(i)					14(ii)				
15.	Closing of Accounts	15(i)					15(ii)				
16.	Operation of Accounts	16(i)					16(ii)				
17.	Rights of Set-off	17(i)					17(ii)				
18.	Deposit Accounts	18(i)					18(ii)				
19.	Loans and Overdrafts	19(i)					19(ii)				
20.	Residential Mortgage Lending	20(i)					20(ii)				
21.	Guarantees and Third Party Securities	21(i)					21(ii)				
	Chapter 3 – Card Services										
23.	Issue of Cards	23(i)					23(ii)				
24.	Terms and Conditions, Fees and Charges and Interest Rates	24(i)					24(ii)				
25.	Rights of Set-off	25(i)					25(ii)				

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26.	Security of Cards/PINs	26(i)					26(ii)				
27.	Transaction Records	27(i)					27(ii)				
28.	Unauthorized Transactions	28(i)					28(ii)				
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30.	Liability for Loss	30(i)					30(ii)				
31.	Treatment of Credit Balances	31(i)					31(ii)				
32.	Direct Mailing	32(i)					32(ii)				
	Chapter 4 – Payment Services										
33.	Cheques	33(i)					33(ii)				
34.	Cross-border Payments	34(i)					34(ii)				
35.	Other Payment Services	35(i)					35(ii)				
	Chapter 5 – Recovery of Loans and Advances										

			Sub-section(s)	Details of non-compliance	Rectification Plan	Target completion date (MM/YY)		Sub-section(s)	Details of non-compliance	Rectification Plan	Target completion date (MM/YY)
			If a negative response was entered in the previous worksheet, please provide in the corresponding boxes below the details of the non-compliance.								
36.	Debt Collection by Third Party Agencies	36(i)					36(ii)				
37.	Management of Relationship with Debt Collection Agencies	37(i)					37(ii)				
	Chapter 6 – Electronic Banking Services										
38.	Disclosure for e-banking Services	38(i)					38(ii)				
39.	Security in relation to e-banking	39(i)					39(ii)				
40.	Liability for Loss	40(i)					40(ii)				
41.	Reporting of Actual or Suspected Security Incidents	41(i)					41(ii)				
	Chapter 7 – Stored Value Cards (or Devices)										
43.	Issue of Stored Value Cards or Devices (SVCs)	43(i)					43(ii)				
44.	Terms and Conditions and Fees and Charges	44(i)					44(ii)				
45.	Operation of SVCs	45(i)					45(ii)				

PART II – GENERAL QUESTIONS

1 a) **Is a system of internal assessment in place within your institution which monitors compliance with the Code and enables you to identify areas of non-compliance?**

Y/N

b) **If yes, please provide a brief description of this system. If no, please provide your reasons and indicate how compliance is monitored.**

Description/
Explanation:

2 a) **Are there channels within the internal assessment system to inform senior management of your institution about areas of non-compliance?**

Y/N

b) **How does senior management exercise oversight to ensure compliance with the Code?**

Description:

3 a) **Are you satisfied that all new products and services launched by your institution during the period under review comply with the Code?**

Y/N

b) **Please describe the system in place to ensure that all new products and services launched will be in compliance with the Code?**

Description:

4 a) **Are you satisfied that appropriate training has been provided to relevant staff to enable them to understand the requirements of the Code?**

Y/N

b) **Please provide a brief report on staff training, citing examples of the methods and materials used to train staff about the Code and its requirements.**

Description:

5 a) **A 12-month period is provided for institutions to comply with new provisions of the Code which involve system changes. Has your institution made the necessary changes and achieved full compliance with the relevant provisions of the Code so far? If not, please explain why and when the institution will be able to do so.**

Y/N/NA

Explanation:

DECLARATION

We hereby declare that the Code of Banking Practice does not apply to our institution/operation in Hong Kong for the period 1 June 2003 to 31 May 2003. The reason being (please state below:)

Signed by
(sign on hardcopy only)

Signature of Chief Executive

Name of Chief Executive