HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

10 Nov 2006

Deposit Protection Scheme (Asset Maintenance) Rules

Our Ref: B9/62/2C

10 November 2006

The Chief Executive
Members of Hong Kong Deposit Protection Scheme

Dear Sir/Madam,

Deposit Protection Scheme (Asset Maintenance) Rules

I am writing to inform you that the Deposit Protection Scheme (Asset Maintenance) Rules ("the Rules") were published in the Gazette today and will be tabled before the Legislative Council ("LegCo") for negative vetting on 15 November 2006.

The Rules, which are subsidiary legislation, are made by the Monetary Authority under section 53 of the Deposit Protection Scheme Ordinance (Cap. 581). The object of the Rules is to empower the Monetary Authority ("MA") to require, under certain circumstances, a Scheme member to maintain assets in Hong Kong of a specified amount. The ultimate goal is to minimize any possible shortfall loss that may be suffered by the Hong Kong Deposit Protection Board in the event that assets available in the liquidation of a failed Scheme member are insufficient to cover the compensation paid to depositors. For more details about the Rules, please refer to the LegCo brief enclosed at the Annex.

In formulating the Rules, the MA has consulted the banking industry and other interested parties. The comments received in the course of the consultation have been taken on board as appropriate.

If you have any questions, please do not hesitate to contact Mr Raymond Tsai at 2878 1060 or Ms Tess Leung at 2878 8280.

Yours faithfully,

(Raymond Li)
Executive Director (Banking Development)

c.c. The Hong Kong Association of Banks (Attn: Mr Alan Sze)
Secretary for the Financial Services and the Treasury (Attn: Mr Clement Chan)

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