Appendix A

APPLICATION OF THE GUIDELINES TO OVERSEAS INCORPORATED INSTITUTIONS

The guidelines are intended to apply to all overseas incorporated institutions whose Hong Kong offices currently have total assets of HK$10 billion or more <u>or</u> total customer deposits of HK$2 billion or more. Any institution which meets either one of the size criteria should adopt the recommendations contained in the guidelines.

The HKMA intends to use the figures which the institutions report in respect of item 25 (Total assets less provisions) and item 6.4 (Total deposits from customers) of the "Return of Assets and Liabilities of an Authorized Institution" (MA(BS)1) to determine whether an institution meets the above size criteria. To ensure that institutions know in advance whether or not they should adopt the recommendations and to avoid the effects of one-off fluctuations at the end of financial year, the average of the relevant figures reported in the twelve month period up to end-August will be adopted for this purpose.