HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

26 Jan 2000

Recommendations on Interim Financial Disclosure by Authorized Institutions incorporated in Hong Kong

Our Ref. G10/1/2C

26 January 2000

The Chief Executive
All locally incorporated authorized institutions

Dear Sir/Madam,

Recommendations on Interim Financial Disclosure by Authorized Institutions incorporated in Hong Kong

As a further step to increase the transparency of the banking sector as a whole, the HKMA issued earlier this month a consultative paper on "Recommendations on Interim Financial Disclosure by Authorized Institutions Incorporated in Hong Kong" ("Interim Financial Disclosure Recommendations"). Having consulted the two industry Associations, the Working Party on Financial Disclosure and the Joint Technical Working Group on Financial Disclosure, the HKMA has finalised the Interim Financial Disclosure Recommendations which are attached to this letter.

The Interim Financial Disclosure Recommendations this year do not introduce any new items. All the changes are taken from the guideline "Financial Disclosure by Locally Incorporated Authorized Institutions" ("the Guideline"). They include: -

a. Institutions should disclose the gains less losses from disposal of investment securities or non-trading securities, and provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities.
b. The term "Exceptional items" has been deleted from the line items in the profit and loss information. This has been replaced by an explanatory note to the Statement on the nature and amount of items of income and expenses, within profit or loss from ordinary activities which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the institution for the period.
c. The disclosure recommendations on the year 2000 problem are deleted.
d. Institutions should disclose the capital adequacy ratio and the components of the capital base.

The Interim Financial Disclosure Recommendations are applicable to all local institutions which are subject to the Guideline, other than those non-listed institutions which are whollyowned subsidiaries of Hong Kong incorporated authorized institutions, in respect of their Interim Disclosure Statements for financial periods ending on or after 31 December 1999.

The Interim Financial Disclosure can also be accessed through the Hong Kong Monetary Authority's private website for authorized institutions (www.hkfin.net). If you have any questions, please feel free to contact Mr Kim Chong at 2878 1848 or Mr Gary Leung at 2878 1879.

Yours faithfully,

Raymond Li
Executive Director
(Banking Policy)

Encl.

c.c. Chairman, HKAB
Chairman, DTC Association
Stock Exchange of Hong Kong (Attn: Ms. Estella Ng)
Securities and Futures Commission (Attn: Mr. Charles Grieve)
President, Hong Kong Society of Accountants
Auditors of Authorized Institutions
Secretary for Financial Services (Attn: Mr. Edward Mak)

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