HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

23 Mar 2000

Mass Transit Railway Ordinance - Consequential Amendments to the Banking Ordinance

Our Ref : G12/125C
B1/15C

23 March 2000

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Mass Transit Railway Ordinance - Consequential Amendments to the Banking Ordinance

You are probably aware of the privatisation plan of the Mass Transit Railway Corporation ("MTRC"). Under the plan, the assets, liabilities, rights and obligations of the MTRC will be transferred to the new legal entity, MTR Corporation Limited ("MTRCL") through the enactment of the Mass Transit Railway Ordinance ("MTR Ordinance"). By virtue of the MTR Ordinance, MTRCL will be regarded as the same person in law as MTRC.

The MTR Ordinance together with the consequential amendments were gazetted on 3 March 2000 and will become effective on a day to be appointed by the Secretary for Transport. In this regard, we would like to draw your attention to two of the consequential amendments which relate to the Banking Ordinance as stipulated in Schedule 6 of the MTR Ordinance:-

1. MTRCL will replace MTRC as a public sector entity in Hong Kong, as defined under the Third Schedule to the Banking Ordinance. Such amendment will enable authorized institutions to continue to regard MTRCL as a public sector entity for the purposes of calculating the capital adequacy ratio and the liquidity ratio under the Banking Ordinance.
2. The Banking Ordinance (Designation of Public Statutory Corporation) Notice will be repealed. MTRCL will remain a non-listed company until such time when it is listed on the Stock Exchange. The repeal of this notice implies that locally incorporated institutions which have outstanding facilities to MTRCL may be caught by section 83(4)(g) of the Banking Ordinance between the day on which the MTR Ordinance is effective and the listing day of the MTRCL ("the interim period"). Institutions which are likely to be caught by section 83(4)(g) during the interim period should consider whether it is necessary to apply for the Monetary Authority's approval to exempt such facilities granted to MTRCL under section 83(4A) of the Banking Ordinance before the MTR Ordinance becomes effective.

We will inform you of the effective day of the MTR Ordinance and the relevant consequential amendments to the Banking Ordinance once it is designated. Should you have any queries, please contact Mr. Andrew Wu on 2878-1381.

Yours sincerely,

Raymond Li
Executive Director (Banking Policy)

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