



HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

30 Mar 2004

Amendment to Section 81 of the Banking Ordinance

Our Ref: B9/25/4C
B1/15C

30 March 2004

The Chief Executive
All locally incorporated authorized institutions

Dear Sir / Madam,

Amendment to Section 81 of the Banking Ordinance

I write to inform you that Section 81(6) of the Banking Ordinance has been amended by adding a new subsection (m) which exempts the financial exposure of a locally incorporated AI to The Hong Kong Mortgage Corporation Limited (HKMC) under the Guaranteed Mortgage-Backed Pass-Through Securitisation Programme (MBS Programme) for the purpose of calculating the financial exposure of an AI under Section 81(1) of the Banking Ordinance.

The relevant amendment to Section 81(6) of the Banking Ordinance was gazetted and will come into operation on 1 April 2004. A copy of the Legal Notice of the amendment is attached at [Annex 1](#) for reference.

Notwithstanding the exemption of exposures to the HKMC under the MBS Programme (and the Mortgage Insurance Programme as under Section 81(6)(kc)) from the calculation of large exposures under Section 81 of the Banking Ordinance, AIs should take into account these exempted exposures to the HKMC when setting their policy on, and limit for, their overall lending to the HKMC.

AIs should also be aware that the exemption is granted in view of, among other factors, the HKMC being a public sector entity majority owned by the HKSAR Government. Therefore, the HKMA may recommend repeal of this exemption in the event that the HKMC is no longer majority owned by the HKSAR Government.

A respective amendment has also been made to paragraph 2.5.1 of [CR-G-8](#) "Large Exposures and Risk Concentrations" in the Supervisory Policy Manual. A copy of the amended paragraph is attached at [Annex 2](#) for reference.

Should you have any questions on the above, please contact Ms Rose Luk on 2878 1638 or Ms Aloysia Wong on 2878 8743.

Yours faithfully,

William A. Ryback
Deputy Chief Executive

Encl. [Annex 1 - page 1](#) (JPG file, 398KB)
 [Annex 1 - page 2](#) (JPG file, 111KB)
 [Annex 2](#) (MS Word, 706KB)

c.c. The Chairman, The Hong Kong Association of Banks
 The Chairman, The DTC Association
 FSTB (Attn: Mr Edmond Lau)

Last revision date : 01 August 2011