

Calendar of Events 2002

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15 January

The HKMA and China Government Securities Depository Trust & Clearing Co. Ltd. agree to establish a link between their securities settlement systems that will enable Mainland financial institutions authorized to deal in foreign exchange transactions to hold and settle debt securities in Hong Kong.

17 January

The HKMA announces the operating results of the Exchange Fund for 2001. The Exchange Fund recorded a positive investment income of \$7.0 billion in 2001. During the year, the Exchange Fund's total assets decreased by \$42.8 billion to HK\$980.6 billion.

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18 March



27 March

The HKMA releases a second consultation paper on the proposed introduction of a deposit protection scheme. Recommended features include the establishment of an independent Deposit Protection Board to operate the scheme, compulsory participation for full licensed banks, and coverage limit at \$100,000 per depositor per bank.

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10 May

The Executive Council endorses the HKMA's proposals to relax certain market entry criteria for the banking sector. The main proposals include reducing the asset size criterion for overseas-incorporated bank applicants, reducing from ten to three years the period of operation as a restricted licence bank or deposit-taking company to upgrade to licensed bank status, and increasing the minimum capital requirement for locally incorporated bank applicants.

15 May

The International Monetary Fund (IMF) gives a positive assessment of Hong Kong's economic prospects in its Staff Report on the Hong Kong Special Administrative Region, and commends the Government's policies to deal with the twin challenges of a sharp cyclical downturn and structural adjustments from growing economic integration with the Mainland.

21 May

The HKMA holds the Fifth Distinguished Lecture, attracting over 400 participants. Keynote Speaker Dr Stanley Fischer, Vice Chairman of Citigroup and former First Deputy Managing Director of IMF, speaks on "The Asian Crisis: Lessons for the



Future". Dr Stephen Grenville, Adjunct Professor of National Centre for Development Studies, Australian National University, Canberra and former Deputy Governor of the Reserve Bank of Australia, is the discussant.

28 May

The HKMA and Clearstream Banking Luxembourg announce their agreement to develop a direct link between the HKMA's Central Moneymarkets Unit (CMU) and the settlement system of Clearstream Banking Luxembourg. Scheduled to go live in January 2003, the new link will significantly improve settlement efficiency, enabling Asian investors to trade international securities in a secure and robustly designed environment.

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6 June

The HKMA announces a new two-way Joint Clearing Facility established with the Guangzhou Branch of the People's Bank of China will commence operation on 22 June 2002. Under the new clearing arrangement, the time required for clearing Hong Kong dollar cheques drawn on banks in Guangdong, including Shenzhen, and presented in Hong Kong will be reduced to two working days.

28 June

Plans are announced for the issue of a new \$10 note by the Government. The new note will be put into circulation in September. The existing \$10 coin and the green \$10 notes will remain legal tender.



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3 July

The HKMA announces that Standard Chartered Bank has been appointed as the settlement institution for the euro clearing system in Hong Kong. The purpose of the system is to facilitate the efficient settlement of euro transactions on a real-time basis within the Hong Kong time zone.

22 July

The HKMA issues a circular reminding banks of the requirement to put in place effective customer complaint procedures. It has also published a leaflet to advise consumers of the procedures they should follow if they have complaints about banking services.

29 July

The HKMA announces that the Central Moneymarkets Unit will introduce a new clearing, settlement and custodian service for US Treasuries. The service will commence in the fourth quarter of 2002 and enable investors in Hong Kong and other parts of Asia to settle US Treasuries during Hong Kong hours through the CMU. The HKMA has appointed Citibank as its custodian of US Treasuries on behalf of the CMU.

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18 October

The HKMA announces that BondsInHongKong Limited has been granted a licence to enter into an arrangement to provide a direct electronic clearing and settlement linkage using a system interface with the CMU.



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25 November

The direct link from the HKMA's Central Moneymarkets Unit to Euroclear, the Brussels-based international central securities depository, commences live operation, enabling Asian investors to hold and settle international debt securities through their CMU accounts.

28 November

The results of the first annual self-assessment of authorized institutions' compliance with the *Code of Banking Practice* are announced: 90% of institutions comply fully, or almost fully, with the Code.

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3 December

The HKMA and Exchange Fund Investment Limited (EFIL) announce that, with effect from January 2003, the management of the Exchange Fund's long-term Hong Kong equity portfolio will be transferred from EFIL to the HKMA. The HKMA will continue to manage the Hong Kong equity portfolio through the existing external fund managers originally appointed by EFIL.

13 December

A new Memorandum of Understanding (MOU) between the Securities and Futures Commission and the HKMA is signed in preparation for the new regulatory regime under the Securities and Futures Ordinance and the Banking (Amendment) Ordinance 2002. The MOU elaborates on the legal framework and sets out the two regulators' mutual understanding of the regulation and supervision of registered institutions and their relevant staff.