

CHRONOLOGY OF EVENTS (MAY 95 – JULY 95)

| | |
|-----------|--|
| 16 MAY | <p>A new clearing company, known as Hong Kong Interbank Clearing Limited, jointly owned by HKMA and Hong Kong Association of Banks (HKAB) was set up to provide interbank clearing functions in Hong Kong by 1996. Currently, these functions are performed by the Management Bank of the Clearing House of HKAB.</p> |
| 19 MAY | <p>The inaugural issue of HK\$500 million Mass Transit Railway Corporation (MTRC) Notes was launched and well received with oversubscription rate of 2.86 times. The notes were the first tranche of HK\$10 billion MTRC Note Issuance Programme in which the HKMA acts as arranger, custodian, agent and operator. It was also the first non-government debt issuance programme covered by the existing market making arrangements for the Exchange Fund Bills and Notes.</p> |
| 29 MAY | <p>Mr Joseph Yam said in a speech that HKMA would monitor the development of smart cards given HKMA's concerns over the integrity of the payments system and their implications, if any, for monetary policy and seigniorage. As the issue of multi-purpose smart cards would constitute the business of deposit taking, Mr Yam said that the issuance of these cards should be limited to authorised institutions.</p> |
| 1 JUN | <p>HKMA issued a letter to the Hong Kong Capital Markets Association setting out HKMA's views on the "restrictive clauses" in certificates of deposit (CDs). As protection for issuers of CDs in the event of "force majeure" already exists under Hong Kong law, HKMA is of the view that these restrictive clauses are unnecessary and thus preferably omitted. However, should an AI feel it necessary to include such a clause, it should follow the recommended standardised wording set out in the letter.</p> |
| 14 JUN | <p>The bilingual edition of the Monthly Statistical Bulletin was launched to widen its readership. In addition to a comprehensive set of financial data, it also provides in both Chinese and English a glossary and explanation of economic terms and concepts used in financial and banking sectors.</p> |
| 26-27 JUN | <p>HKMA and World Bank jointly hosted an "Emerging Asian Bond Market Conference" in Hong Kong, during which the World Bank unveiled its reports on eight East Asian markets, including Hong Kong. The Hong Kong report said that the bond market in Hong Kong had grown rapidly since 1993 due in large part to the role played by the HKMA.</p> |
| 28 JUN | <p>The Banking (Amendment) Ordinance 1995 was enacted. The commencement date of the Ordinance is expected to be in early October after HKMA publishes a comprehensive Guide to Applicants. The Guide will provide guidance to applicants and AIs on the authorisation procedure and supervisory principles and policies.</p> |

| | |
|--------|--|
| 29 JUN | HKMA wrote to two industry associations setting out the guidelines to be observed by AIs who took customers' passports for custody when making loans to them. HKMA said that AIs should not refuse to release the passports back to the holders as a means of enforcing repayment. |
| 30 JUN | The amendments to the Third Schedule to the Banking Ordinance (i.e. the part on Capital Adequacy Ratio) was gazetted. It provides the legal framework for AIs to implement the bilateral netting arrangements. |
| 7 JUL | The report on the Informal Group on Secondary Mortgage Market was released. The report provides in detail the history and background of mortgage securitisation in Hong Kong and discusses various issues affecting its future development. |
| 7 JUL | The Finance Committee of the Legislative Council approved a commitment of \$485 million for planning and organising the World Bank/International Monetary Fund 1997 Annual Meetings in Hong Kong. The Meetings are expected to generate tourist income for Hong Kong in the region of \$400 million. |
| 19 JUL | The HKAB (Amendment) Ordinance 1995 was enacted. It enables the Bank of China to rotate as Chairman and Vice-Chairman of the Committee of HKAB along with HongkongBank and Standard Chartered Bank. |
| 19 JUL | The Companies (Amendment) Ordinance 1995 was enacted under which in the event of liquidation of a bank, the first HK\$100,000 of net deposits of eligible depositors should receive priority payment. |
| 21 JUL | A guideline was issued by HKMA setting out the parameters for AIs' making of "unsolicited calls" to sell leveraged foreign exchange trading contracts to certain categories of customers. Those AIs complying with the HKMA's guideline would be exempted from section 39 of the Leveraged Foreign Exchange Trading Ordinance which prohibits the making of unsolicited calls. |