

## CHRONOLOGY OF EVENTS (AUG 95 – OCT 95)

9 AUG	<p>The Financial Secretary announced that the total assets of the Exchange Fund stood at HK\$ 450 billion at the end of June 1995, up over 10% from the end of 1994. Hong Kong's foreign exchange reserves amounted to US\$53.6 billion at end-June, compared to US\$49.3 billion at end-1994. This was the first time that the Exchange Fund had announced its half year results.</p>
25 AUG	<p>It was announced that the one cent currency note would be demonetised and would cease to be legal tender after 30 September 1995. The demonetisation would only affect transactions in cash and would not change the basis of Hong Kong's currency. Accounts could still be recorded to the cent.</p>
14 SEP	<p>HKMA published a book entitled "Monetary and Exchange Rate Management with International Capital Mobility". The book is a compilation of papers presented by distinguished economists and central banking representatives to the Eleventh Pacific Basin Central Bank Conference organised by the HKMA.</p>
20 SEP	<p>According to a BIS survey, the net daily turnover in the Hong Kong foreign exchange market was US\$91 billion in April 1995, making Hong Kong the fifth largest centre for foreign exchange trading, up from the sixth position in 1992.</p>
26 SEP	<p>The Government announced the decision to remove the interest rate cap on time deposits fixed for 7 days. All deposits fixed for more than 7 days were already deregulated under the first two phases of deregulation. The Government also decided that there should be no further move below 7 days and that the current programme of deregulation should come to an end. This was to strike a balance between preserving banking stability and introducing more competition.</p>
26 SEP	<p>HKMA announced that it had recommended the disclosure of balance sheet inner reserves in the banks' 1995 accounts.</p>
6 OCT	<p>People's Construction Bank of China, a specialised bank in China, was granted a banking licence to conduct banking business in Hong Kong. This was the first time that Hong Kong had granted a banking licence to a Mainland Chinese bank since 1965, when the Office of the Commissioner of Banking was established.</p>
6 OCT	<p>HKMA wrote to banks to draw their attention to the provisions regarding money laundering in two recently enacted Ordinances. The Drug Trafficking (Recovery of Proceeds) (Amendment) Ordinance 1995 and the Organised and Serious Crimes (Amendment) Ordinance 1995, among other things, make it an offence to fail to disclose suspected cases of money laundering.</p>

6 OCT	The Bank Notes Issue (Amendment) Bill 1995 was published in the Gazette. The main purpose of the Bill is to modify the legal framework for the issue of legal tender currency notes so that it would be consistent with the provisions in the Sino-British Joint Declaration and the Basic Law.
23 OCT	HKMA issued a best practice guide on financial disclosure to Als setting out the recommendations in Phases I and II of the 1995 disclosure package and the recommendation to disclose balance sheet inner reserves in banks' 1995 accounts.
23 OCT	HKMA and the Securities and Futures Commission signed a Memorandum of Understanding which aims at strengthening cooperation between the two authorities. The Memorandum sets out the framework for coordination of supervision of financial institutions or groups in which both authorities have an interest.
27 OCT	Another two specialised banks in China, Agricultural Bank of China and the Industrial and Commercial Bank of China, were each granted a banking licence to conduct business in Hong Kong.
27 OCT	HKMA became a member of SEANZA (South East Asia, New Zealand, Australia), a regional central bank forum.
30 OCT	HKMA sent a letter to the Hong Kong Association of Banks providing further guidance on its policy on co-financing schemes in relation to residential mortgage lending where the "top-up" element was provided by another bank. HKMA said that it would discourage this kind of pre-arranged co-financing scheme, whether or not the top-up element takes the form of a personal loan.
31 OCT	HKMA announced the tender for the second issue of MTRC Notes to be held on 8 November. The HK\$500 million issue was the second tranche of the MTRC Notes Issuance Programme in which the HKMA acts as the arranger, custodian and agent.