

CHRONOLOGY OF EVENTS (NOVEMBER 95 – JANUARY 96)

1 NOV	Interest rate ceiling on time deposits fixed for 7 days or with a call or notice period of 7 days was removed.
2-3 NOV	The HKMA organised a two-day Seminar on Global Payment Systems. The seminar, the first of its kind in Asia, provided a valuable opportunity to exchange views on the development and operations of payment systems in Hong Kong and elsewhere in the region. Prominent central bankers and market practitioners around the world addressed the seminar.
3 NOV	The HKMA announced that the Central Moneymarkets Unit service, the central custodian and clearing system of debt securities operated by the HKMA, would introduce a new function of delivery vs payment for private sector debt instruments on 18 Dec 95 and start clearing of debt securities denominated in foreign currencies from 15 Jan 96.
8 NOV	Second issue of MTRC Notes was tendered. The Notes, which carried interest at a fixed rate of 7.30%, were 3.09 times oversubscribed.
9 NOV	The Bank Notes Issue (Amendment) Ordinance 1995 was enacted. The main purpose of the Amendment Ordinance was to modify the legal framework for the issue of legal tender currency notes so that it would be fully consistent with the provisions in the Joint Declaration and the Basic Law.
15 NOV	The Banking (Amendment) Ordinance 1995 came into effect. Concurrent with that, the HKMA published a Guide to Applicants which sets out the HKMA's interpretation of the authorisation criteria and the grounds for revocation contained in the Ordinance and the procedures for processing applications for authorisation.
16 NOV	The HKMA issued a letter to all Als, notifying changes made to the Guideline on Leveraged Foreign Exchange Trading issued by the HKMA on 26 July 95. The revision was that Als would only be allowed to make cold calls by phone to persons with deposits in excess of HK\$750,000 instead of HK\$500,000.
20 NOV	The HKMA convened an informal meeting of governors and senior officials from the central banks and monetary authorities of Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines and Thailand. The group reviewed developments in the financial markets and examined the opportunities for further cooperation among central banks. On this occasion, the HKMA signed agreements with the Reserve Bank of Australia, Bank Indonesia, Bank Negara Malaysia and Bank of Thailand on the repurchase agreement of US dollar government securities to provide liquidity on a bilateral basis.

24 NOV	The HKMA announced that foreign currency assets held by the Exchange Fund, excluding forward transactions which had not yet been settled, amounted to US\$51.8 billion at the end of Sep 95. Including forward transactions to be settled, the Exchange Fund's foreign currency assets amounted to US\$54.6 billion.
27 NOV	Tender for the first issue of 7-year Exchange Fund Notes was held. The Notes, which carried a coupon rate of 6.82%, were 6.64 times oversubscribed.
1 DEC	The HKMA announced that it had signed a bilateral repurchase agreement with Bangko Sentral ng Pilipinas in Hong Kong, the fifth such agreement the HKMA had entered into with a central bank in the region.
7 DEC	The HKMA announced that a Code of Banking Practice would be introduced to promote good banking practice and to establish a fair relationship between banks and their customers. A Working Group comprising representatives from the HKMA and the industry associations would be formed to undertake the drafting of the Code.
18 DEC	According to a survey conducted by the HKMA, Hong Kong is the seventh largest trading centre for financial derivatives in the world. The average daily turnover in notional amounts of foreign exchange and interest rate derivatives contracts in April 1995 was US\$74 billion.
22 DEC	The HKAB announced a reduction of 25 basis points in interest rates on retail deposits with maturities of less than 7 days. Savings rate was cut from 4.25% to 4%.
28 DEC	The HKMA sent a letter to those Als which are exempt dealers to inform them of the principles governing the HKMA's approach to supervision of their securities business.
4 JAN	HKMA announced that the scope of the Banking (Amendment) Bill 1996 would include new legal frameworks for the regulation of the issue of multi-purpose smart cards and the regulation of money and forex brokers.
9 JAN	HKMA briefed the Legislative Council Financial Affairs Panel on the work plan of HKMA in 1996.
19 JAN	The size of the HK dollar debt market stood at HK\$197 billion at the end of 1995, according to the first comprehensive survey on local debt market activities conducted by the HKMA with the co-operation of the Hong Kong Capital Markets Association.

22 JAN	The HKMA announced that agreement had been reached with De La Rue plc for the Government through the Exchange Fund to purchase De La Rue's banknote printing plant in Hong Kong. The consideration for the sale was HK\$255 million. The new operation will be known as "Hong Kong Note Printing Limited".
29 JAN	The HKMA issued a statement that the forthcoming disclosure of balance sheet inner reserves of banks should be viewed in the context of their overall capital strength. The purpose of such a statement was to assist the public in the interpretation of the year-end results of various banks.