

CHRONOLOGY OF EVENTS (AUG 97 – OCT 97)

11 AUG	<p>A financing package organised by the International Monetary Fund (IMF) to assist Thailand in making economic adjustments was agreed at a meeting organised by the IMF in Tokyo. The Financial Secretary Donald Tsang, as Controller of the Exchange Fund, had decided to contribute US\$1 billion in the form of a loan to the package which totalled about US\$17 billion.</p>
21 AUG	<p>The Bank for International Settlements (BIS) had agreed to provide a short-term bridging facility to the Bank of Thailand in support of Thailand's economic adjustments pending the drawdown of part of the IMF facility which was being arranged. As a member of the BIS, the Hong Kong Monetary Authority (HKMA) had agreed to join the central banks/monetary authorities of the G-10 countries and other Asian and European economies in guaranteeing the bridging facility.</p>
29 AUG	<p>The HKMA announced that the official foreign exchange reserves of Hong Kong, including those held in the Land Fund, were US\$81.7 billion at end-July 1997. The foreign reserves held in the Exchange Fund, excluding forward transactions yet to be settled, were US\$66.1 billion and those in the Land Fund were US\$15.6 billion.</p>
30 AUG	<p>The HKMA issued a policy guideline on the supervisory approach towards asset securitisation and mortgage-backed securities (MBS), which sets out among other things, the criteria for MBS to qualify for a 50% risk weight under the capital adequacy regime. (Please refer to page 125 for details.)</p>
15 SEP	<p>The HKMA announced that the ratings of Thomson BankWatch (TBW) were recognised by the HKMA in assessing the eligibility of Hong Kong dollar denominated debt issues as repo securities for discounting under Liquidity Adjustment Facility (LAF) with immediate effect. The minimum requirements in respect of the debt ratings assigned by TBW for LAF purpose for the time being are A+ for bank issues and AA- for non-bank issues.</p>
16 SEP	<p>Mr Joseph Yam, Chief Executive of the HKMA was named the Central Banker of the Year by the Euromoney magazine.</p>
19 SEP	<p>The HKMA announced that the official foreign exchange reserves of Hong Kong, including those held in the Land Fund, were US\$85.3 billion at end-August 1997, placing Hong Kong at the 4th position in world ranking, up from 5th position. The foreign reserves held in the Exchange Fund, excluding forward transactions yet to be settled, were US\$69.5 billion and those in the Land Fund were US\$15.8 billion.</p>
29 SEP	<p>In view of the initial public offering of China Telecom which was expected to be heavily oversubscribed, the HKMA issued a letter to the chief executives of all licensed banks to urge them to adhere closely to the HKMA's Guidelines on the Financing of the Subscription of New Share Issues when providing funds to finance share applications.</p>

13 OCT	The HKMA announced that the Financial Secretary had entered into agreement with the three Note-issuing Banks (NIBs), namely Bank of China, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank, to sell 2,550,000 shares, or 10% of the issued shares, of Hong Kong Note Printing Limited (HKNPL) to each of the three NIBs. The consideration for the sale was \$30,502,232 for each of the NIBs. It remains the Government's intention to retain a majority shareholding in and management control of HKNPL.
16 OCT	The Airport Authority announced the signing of a HK\$5 billion Note Issuance Programme arranged by the HKMA, under which the Airport Authority can issue notes with a denomination of HK\$50,000 and maturities of up to 10 years. This is the second note issuance programme for which the HKMA acts as the arranger, agent and operator for the issuer.
16 OCT	The HKMA announced that the Central Moneymarkets Unit (CMU) would launch a Securities Lending Programme for private sector debt securities on 1 December 1997. The Programme aims to enhance the liquidity and settlement efficiency of CMU private sector debt securities, and increase their attractiveness to investors by enhancing the yields for the lenders.
16 OCT	The HKMA announced that the bilateral linkages between the CMU and the securities depositories in Australia (the Reserve Bank Information and Transfer System for government securities and Austraclear for private sector debt securities) would commence operation on 1 December 1997. Besides helping market development, these bilateral linkages will also help reduce settlement risk by facilitating cross border delivery versus payment arrangements.
17 OCT	The HKMA issued a revised Guideline on Prevention of Money Laundering under section 7(3) of the Banking Ordinance, which replaced the previous guideline on this subject issued in July 1993. It has been endorsed by the Banking Advisory Committee and the Deposit-taking Companies Advisory Committee after extensive consultation with the industry associations and other interested parties. (Please refer to the feature article <i>Prevention of Money Laundering through the Banking System</i> on page 36 for details.)
23 OCT	The HKMA announced that the official foreign exchange reserves of Hong Kong, including those held in the Land Fund, were US\$88.1 billion at end-September 1997, placing Hong Kong at the 3rd position in world ranking. The foreign reserves held in the Exchange Fund, excluding forward transactions yet to be settled, were US\$71.4 billion and those in the Land Fund were US\$16.7 billion.

23 OCT	The HKMA issued a circular to remind banks that they should organise their Hong Kong dollar funding prudently and not be overly dependent upon the LAF for last resort liquidity support. In order to discourage licensed banks from repeated borrowings from LAF, penal LAF offer rates different from the advertised LAF offer rate will be determined on a case by case basis and at the absolute discretion of the HKMA for repeated borrowers.
23 OCT	Following consultations with the two industry associations and the Hong Kong Society of Accountants, the HKMA issued a revised Best Practice Guide on Financial Disclosure by Authorised Institutions (AIs) to further improve the financial disclosure by AIs in Hong Kong. (Please refer to the feature article <i>Financial Disclosure Package 1997</i> on page 30 for details.)
25 OCT	In order to give more room for the overnight interbank interest rate to move to reflect conditions in the interbank market, the HKMA adjusted the Bid and Offer Rates under the LAF to 4% and 7% respectively. The corresponding rates before the adjustment were 4.25% and 6.25%.
31 OCT	The HKMA announced that the Financial Secretary had appointed Mrs Marian Li Chan Sien-mun as the Executive Director to head the Land Fund Office of the HKMA.