

CHRONOLOGY OF EVENTS (NOV '97 – JAN '98)

7 November 1997	The Hong Kong Mortgage Corporation (HKMC) announced the purchase of its first block of mortgages from four approved seller/servicers: Asia Commercial Bank, Chase Manhattan Bank, First Pacific Bank and Shanghai Commercial Bank. The total size of the transaction was HKD \$650 million. The HKMC has set the Net Required Yield at 9.55% (effective from Wednesday, November 5, 1997). The minimum and maximum gross mortgage rates of the qualifying mortgages were between 10.05% and 11.55% respectively.
7 November 1997	The mission of the International Monetary Fund (IMF) gave a very positive assessment of Hong Kong's economic fundamentals and a firm and clear endorsement of the territory's economic policy framework. The IMF Mission noted that the underlying fundamentals of the Hong Kong economy are sound. This is underscored by its strong fiscal position, huge foreign exchange reserves and healthy balance of payments. The IMF Mission noted that the existing policy framework, including the linked exchange rate system, prudent fiscal policy, careful supervision of the financial sector and non-interventionist approach in factor markets, has proved to be effective and resilient in withstanding external pressures on the Hong Kong market.
27 November 1997	The Hong Kong Monetary Authority (HKMA) announced that the official foreign currency assets of Hong Kong, including those held in the Land Fund, were US\$91.4 billion at the end of October 1997, placing Hong Kong at the 3rd position in world ranking. The foreign currency assets held in the Exchange Fund, excluding forward transactions yet to be settled, were US\$74.0 billion and those in the Land Fund were US\$17.4 billion.
3 December 1997	The HKMA announced that agreement was reached with the Shenzhen Branch of the People's Bank of China (PBoC) on a new Joint Clearing Facility to speed up the processing of Hong Kong Dollar cheques issued by banks in Hong Kong and presented in Shenzhen. The Joint Clearing Facility, implemented by the Hong Kong Interbank Clearing Limited (HKICL) and the Shenzhen Financial Electronics Settlement Centre (SFESC), significantly reduce the time required for clearing Hong Kong Dollar cheques presented in Shenzhen from 14 days to 2 days.
4 December 1997	The HKMA announced that the ratings of Fitch IBCA Inc. (Fitch IBCA) were recognized by the HKMA in assessing the eligibility of Hong Kong dollar denominated debt issues as repo securities for discounting under the Liquidity Adjustment Facility (LAF) with immediate effect. The recognition of ratings of IBCA was revoked for LAF purpose. The minimum requirements in respect of the debt ratings assigned by Fitch IBCA for LAF purpose for the time being are A- for bank issues and A for non-bank issues.
15 December 1997	The HKMC announced that Mr. Peter Pang Sing-tong has been appointed by its Board of Directors as the Chief Executive Officer (CEO) of the HKMC.

18 December 1997	The HKMA issued a letter to the chief executives of all authorized institutions (AIs) to remind them that only marketable debt securities are eligible for inclusion as liquefiable assets for the purposes of the calculation of the statutory liquidity ratio. AIs were also suggested to give consideration in the loan classification of credit exposure to borrowers in countries experiencing severe financial difficulties.
19 December 1997	Technical experts from central banks, monetary authorities and finance ministries of Australia; Canada; China; Hong Kong, China; France; Germany; Indonesia; Japan; Korea; Malaysia; New Zealand; the Philippines; Singapore; Thailand; the UK, the US and Vietnam met in Hong Kong to discuss the technical issues on the development of a liquid and deep East Asian debt market to assist regional financial intermediation. Representatives from Asian Development Bank; Bank for International Settlements; International Monetary Fund; World Bank and technical experts from market participants also attended the meeting. The meeting agreed that the technical discussions provided useful background material and issues for further in-depth consideration.
19 December 1997	The HKMA issued a circular to inform all AIs that the Privacy Commissioner had given his endorsement in writing of the requirement under paragraph 5.5 of the Prevention of Money Laundering Guideline issued under section 7(3) of the Banking Ordinance (the Guideline) for AIs to collect copies of identity cards. This means that AIs can continue to collect copies of identity cards for customer identification purpose as required under paragraph 5.5 of the Guideline without being in breach of the Code issued by the Privacy Commissioner.
22 December 1997	The HKMA announced that the official foreign currency assets of Hong Kong, including those held in the Land Fund, were US\$96.5 billion at the end of November 1997, placing Hong Kong at the 3rd position in world ranking. The foreign currency assets held in the Exchange Fund, excluding forward transactions yet to be settled, were US\$79.1 billion and those in the Land Fund were US\$17.4 billion.
6 January 1998	The HKMC announced the signing of a HK\$20 billion Note Issuance Programme arranged by the HKMA, under which the HKMC can issue notes with a denomination of HK\$50,000 and maturities of up to 10 years. This is the third note issuance programme for which the HKMA acts as the arranger, agent and operator for the issuer.
7 January 1998	The HKMA issued a letter to the chief executives of all AIs informing them of a further survey on the Year 2000 Problem. As part of the HKMA's continuing initiative on the Year 2000 Problem, the survey aimed at collecting information from AIs on their progress with respect to the Year 2000 Problem.

22 January 1998	The HKMA announced that the official foreign currency assets of Hong Kong, including those held in the Land Fund, were US\$92.8 billion at the end of December 1997, placing Hong Kong at the 3rd position in world ranking. The foreign currency assets held in the Exchange Fund, excluding forward transactions yet to be settled, were US\$75.3 billion and those in the Land Fund were US\$17.5 billion.
23 January 1998	The HKMC announced that it had entered into an agreement with the HKMA through which the Exchange Fund would provide a HK\$10 bn revolving credit facility to the HKMC. The credit facility enables the HKMC to obtain short term funds to bridge the gap between the purchase of mortgage loans and the issuance of debt securities, which may arise from time to time due to volatile conditions in the capital market.
23 January 1998	The HKMA announced that the ratings of Thomson BankWatch (TBW) were recognized with immediate effect by the HKMA for the purpose of the profits tax concession scheme under section 14A(4)(b) of the Inland Revenue Ordinance. The minimum credit rating requirement applicable to TBW's ratings are BBB+. TBW was the 5th credit rating agencies recognized by the HKMA for the purpose of the profits tax concession scheme since May 1996.
27 January 1998	The HKMA issued a consultative paper to the chief executives of all AIs and set out the proposals to standardize the policy on recognition of interest by AIs in Hong Kong. It was proposed that this policy would be adopted by all AIs for the purposes of reporting to the HKMA and by locally incorporated institutions for the purposes of their published financial statements. The new requirements will come into effect on 30 June 1998 and the AIs are urged to provide their comments on the paper by 3 March 1998.