

Certificate of Compliance
MA(BS)1F(a)
MA(BS)1F(b)

Summary of Changes

MA(BS)1F(a)

1. Section 87A

(Return - Part II item 6; Completion instructions – Section A paragraph 5 and Section B paragraph 9.3)

Like other sections under Part XV of the Banking Ordinance, AIs are required to certify whether they comply with the new section 87A.

2. Name of the largest non-exempt exposure under section 81

(Return - Part III item 1)

This is to facilitate easy identification of the largest non-exempt exposure of the reporting AI.

3. Value of total assets

(Return – Part IV items 1(b) and 2(d); Completion instructions – Section B paragraphs 11.1 and 11.2)

This is to clarify that provisions should be deducted from the value of total assets for the purpose of section 106.

4. Repo transactions where all the risks and rewards of ownership are substantially transferred to the buyer

(Completion instructions – Section A paragraph 7)

Guidance is now provided for the reporting of repos, the terms of which transfer substantially all the risks and rewards of the ownership of the securities to the buyers. This is to give recognition to such repo transactions, in line with the accounting treatment under SSAP24.

5. Exposures supported by letters of comfort

(Completion instructions - Section B paragraph 10.1 and Annex 1)

Clarification is given on the reporting treatment of exposures supported by letters of comfort in Part III - item 1 of the return.

6. Staff residential mortgage loans under the exemption of section 83(4A)
(Completion instructions - Section B paragraph 12.1)

Clarification is made that details of such loans need not be reported in order to reduce the reporting burden of an AI where it has a large number of staff residential mortgage loans that are exempted under section 83(4A).

7. “Euroclear” and “Cedel”
(Completion instructions – Section B paragraph 12.4)

This is to reflect the change of name to “Euroclear Bank” and “Clearstream Banking” respectively.

MA(BS)1F(b)

1. Insertion of “Yes” and “No” columns
(Return – Cover page item 2)

This is to facilitate overseas incorporated AIs in their reporting of compliance with the respective sections of the Banking Ordinance.

November 2002