



Calendar of Events 1994

2 JAN	A commemorative HK\$10 gold coin, priced at HK\$ 2,888, was issued. The gold coins were oversubscribed, with 40,089 applications for 18,000 pieces of coins in Hong Kong.
24 JAN	Banks removed the handling charges on customers depositing large amount of bank notes after the ending of the pass-on arrangement between note-issuing banks and other banks.
31 JAN	The CMU operated by the Monetary Authority extended its services to private sector debt instruments.
1 FEB	A consultative paper on Hong Kong's interbank payment system was issued. The paper recommended that Hong Kong's payment system should move towards RTGS as soon as possible.
18 FEB	In a letter to HKAB, the Monetary Authority encouraged AIs to place a cap on their property exposure and for those AIs whose property lending accounted for a larger than average share of their loans for use in Hong Kong, say 40% or more, they should consider how that percentage could be stabilised and, if necessary, reduced.
5 MAR	The scope of securities eligible for Sale and Repurchase Agreement (Repo) under LAF was extended to include certain HK dollar marketable debt instruments. Such instruments need to be of acceptable credit quality and cleared through the CMU.
30 MAR	The Financial Secretary announced that as at the end of 1993, the Exchange Fund stood at HK\$ 348 billion, up 21% from a year ago. Accumulated earnings of the Fund stood at HK\$ 128 billion, up 20%.
2 MAY	The Bank of China issued banknotes in Hong Kong, becoming the third note-issuing bank in the territory along with HSBC and Standard Chartered Bank.
16 MAY	The new Bauhinia 10 cent coin was issued.
18 MAY	The LAF bid and offer rates were raised by 50 bp to 2.5% and 4.5% respectively for the first time in the year. On 20 May, HKAB announced an increase of 50 bp for saving deposits rates and 75 bp for deposits fixed for seven days or more.
31 MAY	The Committee on Payment System, chaired by the Chief Executive of the Monetary Authority and with members comprising leading bankers in Hong Kong, was formed to provide policy steer on the implementation of RTGS in Hong Kong. HKAB commissioned a project coordinator to undertake a feasibility study on the subject.
1 JUN	The Monetary Authority published its first annual report.

16 JUN	The Government gazetted the Coinage Bill, which would enable the Governor-in-Council to authorise the issue of coins in Hong Kong. The Bill also provides for matters relating to the demonetisation of the one cent currency note.
25 JUL	Fourth issue of HK\$ 500 million three-year Exchange Fund Notes, the first batch to mature after 1 July 1997, was launched. The issue was 4.5 times oversubscribed.
26 JUL	The Government adopted the Monetary Authority's recommendation in response to the Consumer Council's report on the IRR. The interest rate cap on time deposits would be lifted in phases.
1 AUG	The new liquidity ratio requirements for all AIs came into effect. The objective is to strengthen the supervision of liquidity of AIs and to ensure that sufficient liquifiable assets are maintained to meet urgent liquidity needs.
12 AUG	A new Return of Interest Rate Risk Exposures was introduced. All AIs are required to submit the new return on a quarterly basis starting from their positions as at 28 February 1995.
17 AUG	The LAF bid and offer rates were raised to 3% and 5% from 2.5% and 4.5% respectively for the second time in the year. In response, HKAB announced an increase in retail deposit rates of 50 bp on 19 August.
23 AUG	The World Bank and the IMF announced that they would hold their annual meetings in Hong Kong from 23 - 25 September 1997. The Monetary Authority is responsible for coordinating the planning work for the meetings.
23 AUG	The first ever survey on the characteristics and the performance of residential mortgage loans in Hong Kong was launched.
26 AUG	Following discussions with the Monetary Authority, HKAB announced a programme for the removal of time deposits from the IRR starting from October 1.
26 AUG	A Consultation Paper setting out the legal position on netting under Hong Kong law was issued to HKAB and DTCA. It outlines the conditions under which the Monetary Authority will be prepared to recognise netting arrangements and the method of calculating the credit exposure on bilaterally netted transactions for capital adequacy purposes.
31 AUG	Recommendations on additional disclosures to be included in the accounts of AIs for accounting periods ending on or after 31 December 1994 were announced by the Joint Technical Working Group, formed by the Monetary Authority, SEHK and SFC. The joint package included full disclosure of AIs' profits and more detailed balance sheet information.

2 SEP	A Policy Paper setting out the new loan classification framework was issued to Als. Institutions will be required to report their loans and advances according to five categories (i.e. Performing, Special Mention, Substandard, Doubtful and Loss.)
12 SEP	The Monthly Statistical Bulletin was launched.
26 SEP	The first issue of HK\$ 500 million five-year Exchange Fund Notes, which mature in 1999, was launched. The issue, which was 2.12 times oversubscribed, helped extend the benchmark yield curve for Hong Kong dollar debt to the five year area.
28 SEP	Best Practice Guide on additional disclosures to be included in the accounts of Als was issued to the banking industry.
30 SEP	The Government announced a relaxation of the "one building" condition, allowing foreign banks authorised in or after 1978 to establish one regional office and one back office in a building or buildings separate from its branch office in Hong Kong.
1 OCT	Interest-rate cap on retail deposits fixed for more than one month was lifted.
3 OCT	A new 1994-dated \$ 1 coin became legal tender and was issued on 1 November.
3 OCT	The Hong Kong Government and the World Bank/ IMF signed a memorandum in Madrid, setting out Hong Kong's responsibility in providing services and facilities for the World Bank/ IMF Annual Meetings to be held in Hong Kong in 1997. The UK and Chinese governments also signed on 10 October a Memorandum of Understanding with the World Bank/IMF regarding the arrangements for the Meetings.
10 OCT	The Monetary Authority and Euroclear Clearance System Co-operative announced that a link would be established between the CMU Service and Euroclear. The link, the first of its kind between an international and a domestic debt clearing system in East Asia, will facilitate trading by overseas investors in HK dollar debt instruments.
14 OCT	The relaxation of the "one building" condition applicable to foreign banks licensed in or after 1978 was extended to restricted licence banks.
24 OCT	The Monetary Authority, HKAB and the Narcotics Division of the Security Branch, held a joint press conference to promote a training package produced by HKAB to raise the level of awareness of banks' front line staff of the money laundering problem.
26-27 OCT	A seminar on the foreign exchange market was jointly held by the Monetary Authority and the People's Bank of China in Shenzhen. The seminar was attended by senior bankers from Hong Kong and China as well as officials of the State Administration for Exchange Control.

31 OCT – 2 NOV	The Monetary Authority hosted the 11th Pacific Basin Central Bank Conference in Hong Kong, with participants from 15 central banks and monetary authorities along the Pacific Rim, to discuss their own country's experience with and policy response to strong capital flows that have posed new challenges to monetary and exchange rate management.
1 NOV	A new Bauhinia \$ 10 coin was issued. The \$ 10 notes will be gradually replaced but will remain legal tender.
16 NOV	The LAF bid and offer rates were raised to 3.75% and 5.75% from 3% and 5% respectively, the third time the rates had been raised during 1994. The HKAB announced an increase in retail deposit rates by 75 bp on 18 November.
23 NOV	The Quarterly Bulletin was launched.
25 NOV	The Committee of HKAB submitted to the Monetary Authority a proposal that the Bank of China become a rotating Chairman Bank of HKAB, along with HSBC and Standard Chartered Bank. Under HKAB's proposal, the Bank of China would be included as a rotating Chairman with its first one-year term to commence in 1996.
5 DEC	The feasibility study on the introduction of RTGS for Hong Kong's interbank payment system was completed. It concluded that it would be feasible to implement the RTGS project in phases beginning in February 1996 for completion by end 1996.
16 DEC	The link between the CMU and Cedel became operational. As with the link-up with Euroclear established earlier in the month, the new hook-up would facilitate trading by overseas investors in HK dollar debt instruments.
19 DEC	The second issue of 5-year Exchange Fund Notes, which carried a coupon rate of 8.15%, was well received with an oversubscription rate of 6.2 times.
19 DEC	The Joint Technical Working Group, formed by the Monetary Authority, SEHK and SFC, reached an agreement on the first phase of recommendations in respect of items to be disclosed in the authorised institutions' 1995 accounts. Phase I of the disclosure package covers items such as movements in provisions for bad and doubtful debts, types and maturity profile of investment securities, capital adequacy ratio and liquidity ratio.
19 DEC	The Monetary Authority issued a letter to all AIs, clarifying its views on the implications of the Leveraged Foreign Exchange Trading Ordinance 1994 on AIs. The letter said that although AIs are not, in general, governed by that Ordinance, AIs should study the Ordinance carefully and assess whether or not their own practices should be brought into line with the new rules.

19 DEC	A risk management guideline on financial derivatives activities was issued to Als. The guideline endorsed fully the principles and procedures contained in the Basle paper issued in August on the same subject.
20-22 DEC	At the invitation of the People's Bank of China, a team of four Monetary Authority representatives led by Mr. Joseph Yam, the Chief Executive, visited Beijing. It was announced that a linkage between the HK dollar and RMB payment systems would be developed when the two systems went live on RTGS in 1996.
23 DEC	The Government gazetted the Exchange Fund (Amendment) Bill 1994. The Bill seeks to modernise certain provisions in the Exchange Fund Ordinance to enhance the robustness of the legal framework for monetary management and for the prudent management of the Exchange Fund.
30 DEC	The UK repealed the Hong Kong (Coinage) Orders. The Hong Kong Coinage Ordinance came into operation.