

A large, faint clock face is visible in the background, showing numbers 24, 12, 9, 6, and 12. The hands of the clock are also visible.

Calendar of Events 1999

January

15

The HKMA releases the report *Hong Kong Banking into the New Millennium* for public consultation. The document contains detailed recommendations from the Hong Kong Banking Sector Consultancy Study compiled by independent consultants.



February

1

The HKMA announces that it will publish data on foreign currency assets and on the balance sheet of the Exchange Fund on a monthly basis in accordance with the International Monetary Fund's (IMF) Special Data Dissemination Standard (SDDS). Publication commences with the reference month of January 1999. The disclosure aims at providing the public with more relevant and timely indicators of monetary conditions in Hong Kong.

1

With the approval of the Exchange Fund Advisory Committee (EFAC), the HKMA announces the setting up of an explicit and transparent backing arrangement for coins in circulation to take effect on 1 April. It also announces a plan to allow the outstanding amount of Exchange Fund paper to rise in line with interest payments on Exchange Fund Bills and Notes as such payments are fully backed by foreign currency reserves. In addition, a regular report on currency board operations will be published as part of the record of the meeting of the EFAC Subcommittee on Currency Board Operations.

11

The IMF gives a firm and clear endorsement of Hong Kong's economic policy framework under the assessment made by the Executive Board of the IMF at the conclusion of the annual consultation discussions with China in respect of the Hong Kong SAR under Article IV of the IMF's Articles of Agreement. The IMF gives strong support to the linked exchange rate system.

15

The HKMA starts to publish data on the balance sheet of the Exchange Fund on a monthly basis within two weeks of the reference month, in accordance with the SDDS.

24

The Board of Directors of the Hong Kong Mortgage Corporation (HKMC) approves the detailed design of the mortgage insurance product to be offered to Approved Sellers to enable home buyers to secure mortgage loans with up to 85% loan-to-value ratio. The product has been developed in consultation with Approved Sellers on the Consultative Group on the Mortgage Insurance Programme and prospective mortgage reinsurers.



March

1

The HKMA commences publication, on a monthly basis, of the Abridged Exchange Fund Balance Sheet and Currency Board Account as part of its ongoing efforts to increase transparency. The first set of accounts refers to the position as at 31 January 1999.

3

The HKMA announces that EFAC has approved a new long-term asset allocation strategy for the Exchange Fund. The new investment benchmark includes a 20% allocation to equities, of which 5% is to be allocated to the Hong Kong equity market.

26

The HKMA announces the audited results of the Exchange Fund for the year 1998. The accumulated surplus of the Exchange Fund grew by 27.5% from \$190.1 billion at the end of December 1997 to \$242.3 billion at the end of December 1998.



31

The HKMC signs the Master Mortgage Insurance Policy with 26 Approved Sellers. The signing of the policy marks the commencement of the Mortgage Insurance Programme approved by the HKMC's Board of Directors on 24 February 1999.

31

The HKMA confirms that three measures to fine-tune the currency board arrangements in Hong Kong will take effect on 1 April 1999. The three measures are the movement of the exchange rate under the Convertibility Undertaking in respect of the Aggregate Balance from 7.75 to 7.80, by 1 pip (i.e. 0.0001) per calendar day; the provision of an explicit backing mechanism for the issuance of coins in circulation similar to that for banknotes; and the decision to allow interest payments on Exchange Fund paper to expand the monetary base.



April

8

The HKMA issues a letter to the chief executives of all authorised institutions (AIs) providing specific suggestions for developing and implementing effective customer awareness programmes on Year 2000 contingency planning.

22

The Kowloon-Canton Railway Corporation (KCRC) launches a \$10 billion Note Issuance Programme arranged by the HKMA, under which the KCRC can issue fixed rate or floating rate Hong Kong dollar notes with maturities of up to 10 years.



May

14

The HKMA issues a Guidance Note on Year 2000 Contingency Planning to all AIs which provides specific suggestions to AIs on Year 2000 testing with external parties and some system considerations for the Year 2000 contingency planning process of the AIs.

28

The HKMA, after consulting with the two banking industry associations, refines the loan classification framework and amends the Quarterly Analysis of Loans and Advances and Provisions.



June

1

The HKMC appoints three Approved Reinsurers to provide reinsurance for the Mortgage Insurance Programme. The HKMA also buys fixed rate mortgages with fixed terms of 1 year and 2 years in addition to 3-year tenor currently available under the Fixed Rate Mortgage Programme.

24

The HKMC signs the Master Mortgage Reinsurance Policy with the fourth Approved Reinsurers for the Mortgage Insurance Programme.

30

The HKMA informs all AIs that it has formulated a Policy Statement reaffirming the HKMA's status as the official lender of last resort. It also clarifies the extent to which AIs in Hong Kong can expect lender of last resort support from the HKMA.



July

5

The HKMA and the Hong Kong Association of Banks jointly publish a leaflet on Hong Kong's Banking System and the Year 2000. The leaflet provides information to the general public about the progress made by banks in Hong Kong in addressing the Year 2000 problem. It also provides answers to some frequently asked questions in relation to Year 2000 problem.



14

Following the three-month consultation exercise earlier in the year, the HKMA publishes its policy response to the recommendations of the Banking Sector Consultancy Study. The policy response proposes a package of measures to encourage market liberalisation in the banking sector, and enhance competitiveness as well as safety and soundness of the banking system.



7

The Legislative Council passes the Banking (Amendment) Ordinance 1999 to bring the existing banking supervisory framework in Hong Kong in line with the Basel Committee's Core Principles for Effective Banking Supervision.

19

The HKMA signs a Listing Agreement for Exchange Fund Notes (EFNs) with the Stock Exchange of Hong Kong (SEHK). The HKMA also signs an agreement with Hong Kong Securities Clearing Company Limited (HKSCC) to admit EFNs as eligible securities in the Central Clearing and Settlement System.

8

The HKMA organises its third HKMA Distinguished Lecture "Risks and Challenges of the International Financial Scene". The keynote speaker is Mr Jean-Claude Trichet, Governor of the Banque de France. Dr Donald Brash, Governor of the Reserve Bank of New Zealand, is the discussant. The aim of the lecture is to provide a forum for the local financial community to hear and exchange views with influential figures from the international financial community.

26



9

The Fourth Governors' meeting of EMEAP (the Executives' Meeting of the East Asia-Pacific Central Banks) is held in Hong Kong. The meeting is chaired by Mr Joseph Yam, the Chief Executive of the HKMA.

The HKMA issues a Guidance Note on Year 2000 Contingency Planning to all AIs, which provides specific suggestions to AIs on the establishment of an Event Management Centre by the AIs for the purpose of managing a smooth rollover on the Year 2000 critical dates.



August

16

Exchange Fund Notes commence listing on the Hong Kong Stock Exchange.

17

The HKMA announces the establishment of the Hong Kong Institute for Monetary Research. The objective of the institute is to conduct research in the fields of monetary policy, banking and finance that is of strategic importance to Hong Kong and the Asian region.

18

The HKMA issues a guidance note to all AIs to provide specific guidance on data back-up for the Year 2000 problem.



September

6

The HKMA announces the introduction of an enlarged Discount Window and a term repo facility in the fourth quarter of 1999 to address the potential problem of excessive tightness in the money market that might arise from Year 2000-related concerns.



7

The HKMA and the Korea Securities Depository (KSD) sign agreements to set up a reciprocal bilateral linkage between the HKMA's Central Moneymarkets Unit and the KSD that will provide clearing and settlement services for public and private debt securities in Hong Kong and South Korea.



8

The HKMA opens its Year 2000 Event Management Centre to monitor the operation of banks through 9 September, which is one of the critical dates in connection with the Year 2000 issue.

17

The HKMA announces the relaxation of the one-building condition attached to the licences of foreign banks. Under the new arrangement, foreign banks are allowed to maintain offices in a maximum of three separate buildings. The restriction on the number of regional and back offices that foreign banks can maintain is also lifted. This is one of the measures proposed in the policy response to the recommendations of the Banking Sector Consultancy Study announced in July.

21

The *Report on the Observance of Standards and Codes* released by the IMF commends Hong Kong for achieving a high degree of transparency in the four areas assessed, namely, data dissemination, fiscal policy, monetary and financial policies and banking supervision. This report is the outcome of a series of pilot studies conducted by the IMF to review an economy's transparency practices against prevailing international standards.

28

The HKMA opens its Representative Office in London. This is the second overseas representative office of the HKMA: the other office opened in New York in 1996.



October

15

The HKMA signs the Programme, Agency and Operations Agreement in respect of the \$20 billion HKMC Note Issuance Programme (NIP) with the HKMC and Bermuda Trust (Far East) Ltd. The NIP and its seven outstanding issues (with an aggregate issue amount of \$3.5 billion) will be listed and traded on the SEHK on 22 October 1999.

22

The HKMC launches its Guaranteed Mortgaged-Backed Securities Programme. The event is marked by a signing ceremony jointly held with Dao Heng Bank Limited for the inaugural issue under the Programme.



25

The initial public offering of Tracker Fund of Hong Kong (TraHK), comprising a Hong Kong retail offer and an international institutional offer, commences. The retail offer closes on 4 November and the institutional offer closes on 5 November 1999.



27

The eighth issue of Notes issued by the HKMC through the NIP arranged by the HKMA is tendered. This is the first issue of NIP Notes for which retail investors have been invited to bid using the non-competitive bidding method.



November

8

Exchange Fund Investment Limited announces that the initial issue size of TraHK will be \$33.3 billion with the unit price set at \$12.88. In addition, eligible retail investors will be entitled to receive one loyalty bonus unit for every 20 units held continuously for one year and another one loyalty bonus unit for every 15 units held continuously for two years.

12

TraHK units start trading on the Hong Kong Stock Exchange.



30

An IMF Staff Mission to Hong Kong affirms that the Hong Kong economy is showing clear signs of recovery. The assessment is made by the IMF Mission in their Concluding Statement following the completion of the Article IV Consultation mission with China in respect of Hong Kong SAR, which involves a review of Hong Kong's exchange rate, fiscal and economic policies.



December

17

The Hong Kong Institute for Monetary Research established by the HKMA in August 1999 holds its inaugural conference on "Currency Arrangements in Asia: Post-Crisis Issues".



29

The HKMA announces that an agreement-in-principle has been reached with the HKAB and Hong Kong Interbank Clearing Limited to enable access to be granted to restricted licence banks to the Real Time Gross Settlement system.

31

The HKMA opens its Year 2000 Event Management Centre from 2:00pm on 31 December 1999 until 6:00pm on 4 January 2000 to monitor the operations of banks over the millennium.

