

CHRONOLOGY OF EVENTS (NOVEMBER 96 – JANUARY 97)

7 NOV	<p>The HKMA announced that the amount of foreign currency assets held by the Exchange Fund, including forward transactions which had not yet been settled, amounted to US\$62.1 billion as at the end of September 1996. This represents an increase by 8.6% or US\$4.9 billion over the position of US\$57.2 billion at the end of December 1995 and an increase of 3.5% or US\$2.1 billion in the third quarter.</p>
12 NOV	<p>The tender amount of 91-day Exchange Fund Bills increased from HK\$1,500 million to HK\$2,000 million while that of 182-day Bills increased from HK\$800 million to HK\$1,000 million. This was to meet the heavy demand for short-term Bills by banks in the wake of the implementation of the Real Time Gross Settlement (RTGS) system in early December.</p>
13 NOV	<p>The senior representatives of the Sino-British Joint Liaison Group signed an Agreed Minute on the question of the arrangements for the transfer of the Exchange Fund to the Hong Kong Special Administrative Region Government on 1 July 1997. The Minute also specifies that “all documents, contracts and agreements signed by the HKMA up to 30 June 1997 shall continue to be valid after 30 June 1997 and be protected by the laws of Hong Kong Special Administrative Region”.</p>
16 NOV	<p>The HKMA issued a letter to the chief executives of all licensed banks announcing the introduction of a Liquidity Adjustment Window (LAW) and a guideline on CHATS (Clearing House Automatic Transfer System) throughput to facilitate payment flows under the Real Time Gross Settlement environment on 9 December.</p>
19 NOV	<p>The HKMA announced that it would tender two special issues of 28-day Exchange Fund Bills, each with an issue amount of HK\$5 billion, on 26 November and 3 December respectively to facilitate the smooth implementation of the RTGS system in early December. On 5 December, the HKMA tendered an extra tap issue of HK\$10 billion 28-day Exchange Fund Bills in view of the heavy demand for short-term Bills.</p>
3 DEC	<p>The first of a series of HKMA Distinguished Lectures, aiming at providing a forum for the Hong Kong financial community to hear and exchange views with leading world experts, was held. Mr William McDonough, President and CEO of the Federal Reserve Bank of New York was the inaugural speaker while Mr Chen Yuan, Deputy Governor of the People’s Bank of China, was the discussant.</p>
9 DEC	<p>The RTGS system was launched smoothly after three years of preparation. Under this system, all licensed banks in Hong Kong are required to open settlement accounts with the HKMA and each payment is final and irrevocable. The RTGS system reduces considerably settlement risks in the interbank payment system.</p>

10 DEC	HKMA issued a best practice guide on 1996 financial disclosure package recommending the authorized institutions to disclose their cash flow statements, market risk exposure and segmental information on various classes of business in their 1996 accounts.
18 DEC	Following an annual review of Hong Kong's economy, a mission of the International Monetary Fund (IMF) gave a very positive assessment of Hong Kong's economic performance in 1996 and its prospects in 1997. The Hong Kong Government decided to make public the review of the IMF Article IV Consultation for the first time to enhance openness and transparency.
17 JAN	Further to the two chapters (on personal referees and the use of debt collection agencies) issued in August 1996, the entire draft of the Code of Banking Practice was issued for consultation. The introduction of the Code will help promote good banking practices and a fair and transparent relationship between authorized institutions and their customers. The Code covers, inter alia, the relationship between banks and customers, opening and operation of accounts and loans, card services, payment services and debt collection. The final Code is expected to be issued in the first half of 1997.
24 JAN	<p>Figures on Hong Kong's foreign reserves held in the Exchange Fund as at the end of December 1996 were announced. Total foreign reserves stood at US\$63.8 billion, representing an increase of 15% over the corresponding figure as at the end of 1995 of US\$55.4 billion.</p> <p>As part of the HKMA's on-going effort to increase transparency in its operations, the HKMA also announced that figures on foreign reserves held in the Exchange Fund would be released on a monthly basis starting from 1997.</p>
27 JAN	A bilateral repurchase (repo) agreement in US Treasuries was signed between the Bank of Korea and the HKMA. This is the HKMA's ninth repo agreement with central banks in the region.
27 JAN	The Executive Board of the International Monetary Fund (IMF) adopted a decision on the New Arrangements to Borrow (NAB). The HKMA will be one of the 25 participants in the NAB, with a share of the NAB credit line at around US\$476 million. Under the NAB, Hong Kong will be prepared to make loans to the IMF when additional resources are needed to cope with exceptional situations which may impair or pose a threat to the stability of the international monetary system.
28 JAN	The HKMA, in view of current market conditions, issued a letter to the chief executives of all authorized institutions to recommend that the maximum loan to value ratio for more expensive properties with a value of over \$12 million should be reduced to 60%.