



香港存款保障委員會
HONG KONG DEPOSIT
PROTECTION BOARD

16 August 2006

The Chief Executive
All Scheme members

Dear Sir/Madam,

Payment of Contribution

I am writing to inform you of the logistical arrangement for payment of contributions by Scheme members under section 15 of the Deposit Protection Scheme (DPS) Ordinance.

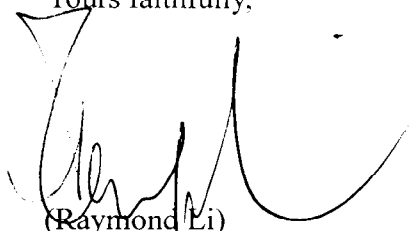
Immediately after the launch of the DPS, the Hong Kong Deposit Protection Board (the Board) will issue a notice (i.e. a demand note) under section 15(2) of the DPS Ordinance to each Scheme member. The demand note will specify the amount of contribution payable by the Scheme member for the period from 25 September 2006 to 31 December 2006.

The DPS (Payment of Contributions, Late Payment Fees and Rebates) Rules (referred to as "Contribution Rules") issued by the Board in May 2006 have laid down the manner and the period in which Scheme members should pay contributions. Under this set of rules, payment must be made within 21 calendar days after the date of the demand note issued by the Board and through the Scheme member's Hong Kong dollar interbank settlement account maintained with the Monetary Authority (the MA). If a Scheme member does not maintain a settlement account, the Scheme member should arrange with another authorized institution to make payment on its behalf and obtain the MA's prior consent for it to disclose the amount of contribution to that authorized institution for payment purpose.

Your attention is also drawn to section 46(4) of the DPS Ordinance which forbids any person to disclose the supervisory rating of a Scheme member as well as the amount of contribution payable by a Scheme member. Since the demand note will set out the amount of contribution payable by a Scheme member, the Board will issue the demand note to the Chief Executive of each Scheme member under confidential cover. Scheme members are reminded to exercise extra care in handling the demand note and the related payment.

A copy of the Contribution Rules and the Guidance Note for Payment of Contributions is enclosed for your reference. If there are any questions on the above arrangement, please do not hesitate to contact Ms Tess Leung at 2878 8280 or Mr Raymond Tsai at 2878 1060.

Yours faithfully,



(Raymond Li)
Chief Executive Officer

cc Hong Kong Association of Banks (Attn: Mr Alan Sze)
Hong Kong Monetary Authority (Attn: Mr Arthur Yuen)

Hong Kong Deposit Protection Board

Guidance Note for Payment of Contributions

Determination of Contribution Payable

1. The obligation of a Scheme member to make contribution to the Deposit Protection Scheme (DPS) Fund is specified in section 15 of the DPS Ordinance. In accordance with Schedule 4 to the DPS Ordinance, the amount of contribution payable by a Scheme member is the sum calculated by multiplying the amount of relevant deposits maintained with the Scheme member as at 20 October of the immediately preceding year by the percentage specified in the following table opposite the MA supervisory rating of the Scheme member. The amount of contribution payable in 2006 is pro-rated by the number of days during which the DPS is in operation (i.e. from 25 September to 31 December 2006).

<u>MA supervisory rating</u>	<u>Percentage</u>
1	0.05%
2	0.08%
3	0.11%
4 or 5	0.14%

Confidentiality

2. Section 46(4) of the DPS Ordinance forbids any person to disclose the supervisory rating of a Scheme member as well as the amount of contribution payable by a Scheme member to any party other than the Hong Kong Deposit Protection Board (the Board) and the Hong Kong Monetary Authority (HKMA).

Payment Details

3. The DPS (Payment of Contributions, Late Payment Fees and Rebates) Rules (referred to as “Contribution Rules”) issued by the Board on 19 May 2006 prescribe the manner in which a Scheme member should pay its contributions and late payment fees and the period within which the contributions are to be paid. Any payment of contributions by Scheme members must be made in the manner and within the period prescribed by this set of rules. In particular,
 - Payment must be made within 21 calendar days after the date of the demand note issued by the Board and through the Hong Kong dollar interbank settlement accounts opened and maintained by Scheme members under section 3A(1) of the Exchange Fund Ordinance;
 - Payment should be received by the HKMA **between 9 a.m. and 12:30 p.m.** on a working day¹ during the 21-day payment period;

¹ “Working day” is defined in the Contribution Rules to mean any day other than a public holiday, a Saturday, or a day on which a gale warning or a rainstorm warning is in force at any time between 9 a.m. and 12:30 p.m.

- Payment should be made to the HKMA **RTGS account code “888”** with a **payment code of “32”**. The demand note number should also be quoted in the payment instructions.
 - Any payment made not in accordance with the manner and period specified in the Contribution Rules will be rejected. The Scheme member concerned will need to effect another payment to fulfill its payment obligation under the DPS Ordinance.
4. If a Scheme member does not maintain a Hong Kong dollar interbank settlement account under section 3A(1) of the Exchange Fund Ordinance, the Scheme member should arrange with another authorized institution to make payment on its behalf. The Scheme member should obtain the HKMA’s prior consent for it to disclose the amount of contribution to that authorized institution for such purpose.
 5. A receipt will not be issued after payment.

Late Payment Fee

6. Pursuant to section 15(4), if a Scheme member fails to pay any contribution within the period or in the manner prescribed in the Contribution Rules, the Board may impose on the Scheme member a late payment fee of HK\$5,000, or 10% of the outstanding amount of contribution not paid, whichever is greater.

Enquiries

7. For any enquiries about payment of contributions, please call 2878 1060.