

SECRET

Under the Deposit Protection Scheme Ordinance

RETURN OF RELEVANT DEPOSITS

FOR POSITION OF THE HONG KONG OFFICE(S) OF A SCHEME MEMBER

As at _____ (dd/mm/yyyy)

Name of Scheme Member	Date of Submission (dd/mm/yyyy)

The Deposit Protection Scheme Ordinance

Information requested in this return is required under section 48(1) and (2) of the Deposit Protection Scheme Ordinance. The return should be submitted to the Hong Kong Deposit Protection Board (the Board) not later than 2 months after the reporting date, unless otherwise advised by the Board.

Note: This return is to be prepared in accordance with the completion instructions issued by the Board.

We certify that this return is, to the best of our knowledge and belief, correct.

.....
Chief Accountant

.....
Chief Executive

.....
Name

.....
Name

Name and telephone number of responsible person who may be contacted by the Board in case of any query.

.....
Name

.....
Telephone Number

Part I - Amount of Relevant Deposits

(HK\$'000)

	Amount of Relevant Deposits	Total Amount
(i)	Held in the depositor's own right	
(ii)	Held under trusts and bare trusts	
(iii)	Held in client accounts	
(iv)	Total	

Part II - Other Information

- (i) Estimate of the number of deposit accounts ('000) _____
- (i)(a) Of which the number of trust and bare trust accounts ('000) _____
- (i)(b) Of which the number of client accounts ('000) _____
- (ii) Estimate of the number of depositors ('000) _____

Completion Instructions

Return of Relevant Deposits

Introduction

1. This return collects information on the amount of relevant deposits of each Scheme member. Based on the information contained in the return, as well as other relevant information supplied by the Monetary Authority (MA) (the MA supervisory ratings of individual Scheme members), the Hong Kong Deposit Protection Board (the Board) will assess the amount of contribution payable by each Scheme member.

Section A: General Instructions

2. All Scheme members are required to complete this return showing the positions of their Hong Kong offices as at 20 October of the year preceding the year of assessment (e.g. the amount of contribution for 2006 is assessed with reference to the amount of relevant deposits as at 20 October 2005). For new Scheme members, the reporting date should be the date when it becomes a member of the Scheme.
3. The return should be submitted to the Board not later than 2 months after the reporting date, unless otherwise specified by the Board. If the submission deadline falls on a public holiday, it will be deferred to the next working day.
4. Terms used in these completion instructions have the same meanings as in the Deposit Protection Scheme Ordinance (the DPS Ordinance). Specifically, the terms “relevant deposits” and “amount of relevant deposits” are defined in Schedule 1 and Schedule 4 to the DPS Ordinance respectively. Scheme members should familiarise themselves with these Schedules before completing the return. Following the enactment of the Deposit Protection Scheme (Amendment) Ordinance 2010, deposits subject to any security referable to the provision of any banking or financial services have become relevant deposits, and therefore should be covered in the amount of relevant deposits reported in this return, starting from 20 October 2010.
5. Amounts should be shown to the nearest thousands, in HK\$ or HK\$ equivalent in the case of foreign currency items. The closing middle market T/T rates prevailing at the reporting date should be used for conversion purpose.

Section B: Specific Instructions

Part I – Amount of Relevant Deposits

Item (i) – Relevant deposits held in the depositor's own right

6. Report in this item the amount of relevant deposits held by depositors in their own right.
7. Report the amount arrived at by adding up, for all depositors, the amount by which the amount of all relevant deposits held by each depositor in the depositor's own right exceeds the amount of relevant liabilities owed by the depositor to the Scheme member, subject to a limit of \$500,000 per depositor. For the avoidance of doubt, whether or not a liability owed by a depositor to the Scheme member is secured, by a deposit or other assets, the liability can be applied to reduce the amount of relevant deposits of the depositor. There is no need to deduct the value of the security from a secured liability before applying it to reduce amount of relevant deposits.
8. In the case of a relevant deposit held in a joint account, a Scheme member may assume that the relevant deposit in the account is equally held by the account holders. The share of the relevant deposit attributable to an account holder should then be aggregated with the other relevant deposits of the account holder maintained with the Scheme member.
9. In the case of a relevant deposit held by a partnership, the individual members of the partnership should be treated as a single and continuing body of persons as distinct from the persons who may from time to time be the members of the partnership. The relevant deposits held by the partnership should be treated as separate from the relevant deposits held by the individual partners in their own rights.
10. According to the definition of "relevant deposit", a deposit held by an excluded person or, in the case of a joint deposit, that portion of the deposit attributable to the excluded person is not a relevant deposit. Nevertheless, an officer of a Scheme member or of its related company is not an excluded person for the purpose of "relevant deposit". Hence, a deposit held by or a portion of deposit attributable to such a person should not be excluded.
11. The amount of relevant liabilities owed by a depositor to a Scheme member is any amount the Scheme member may specify, being an amount within the range of 0% to 100% of the liabilities (other than future or contingent liabilities), owed by the depositor to the Scheme member. In other words, a Scheme member may opt to set the amount to zero or any amount up to the full amount of the liabilities owed by the depositor to the Scheme member. For the avoidance of doubt, Scheme members may assign different percentages to different depositors. It is not a requirement to apply same percentage to the same depositor every year.

12. If a relevant liability owed by a depositor to a Scheme member forms part of the liability owed by 2 or more persons to the Scheme member, the Scheme member may assume each person has an equal share in the liability. Only the share of the liability attributable to the depositor is deductible from the relevant deposits held by the depositor in his own right for the determination of the amount of relevant deposits of the depositor.
13. In the case of a relevant liability owed by a partnership to the Scheme member, the individual members of the partnership should be treated as a single and continuing body of persons as distinct from the persons who may from time to time be the members of the partnership. The relevant liability owed by the partnership should be treated as separate from the relevant liabilities owed by the individual partners.
14. Interest accrued on a relevant deposit or liability should not be included.
15. See the illustrations in the **Annex** on how the above reporting principles operate.

Item (ii) – Relevant deposits held under trusts and bare trusts

16. Report in this item the amount of relevant deposits held by trustees¹ under trusts and by bare trustees under bare trusts. Scheme members are not required to differentiate a trust from a bare trust for the purpose of reporting this return (hereinafter, all references to “trust” and “trustee” will also include bare trust and bare trustee, respectively).
17. Report the amount arrived at by adding up, for all trustees holding any relevant deposits under any trusts, the amount by which the amount of all relevant deposits held by each trustee under a trust exceeds the amount of relevant liabilities owed by the trustee to the Scheme member under that trust, subject to a limit of \$500,000 per trust.
18. A deposit held by a trustee for an excluded person needs not be excluded from the calculation of the amount of relevant deposits. This means that Scheme members are not required to look beyond the trustees to identify the underlying beneficiaries of the trusts so as to determine whether a beneficiary is an excluded person or not.
19. The relevant deposits held under a trust by a trustee should be treated as separate from the relevant deposits held by the trustee or the beneficiaries of the trust in their own rights, and deposits held under other trusts by the trustee. Similarly, the relevant liabilities owed by a trustee under a trust should be treated as separate from the relevant liabilities owed by the trustee or the beneficiaries to the Scheme member not under that trust.

¹ Please refer to section 2 of the DPS Ordinance for definitions of “trustee” and “bare trustee”.

20. The amount of relevant liabilities owed by a trustee to a Scheme member under a trust is any amount the Scheme member may specify, being an amount within the range of 0% to 100% of the liabilities (other than future or contingent liabilities), owed by the trustee to the Scheme member under that trust. In other words, a Scheme member may opt to set the amount to zero or any amount up to the full amount of liabilities owed by the trustee to the Scheme member under that trust. For the avoidance of doubt, Scheme members may assign different percentages to different trusts. It is not a requirement to apply same percentage to the same trust every year.
21. If a relevant liability is owed by a trustee under a trust to the Scheme member and the trustee consists of 2 or more persons, those persons should be treated as a single and continuing body of persons as distinct from the persons who may from time to time be the trustee. The relevant liability owed by the trustee under that trust should be treated as separate from the relevant liabilities owed by the individual persons comprising that trustee.
22. Interest accrued on a relevant deposit or liability should not be included.
23. See the illustrations in the **Annex** on how the above reporting principles operate.

Item (iii) – Relevant deposits held in client accounts

24. Report in this item the amount of relevant deposits held by depositors in client accounts² for clients.
25. Report the amount arrived at by adding up, for all depositors holding any relevant deposits under a client account, the amount by which the amount of all relevant deposits held by each depositor under a client account exceeds the amount of relevant liabilities owed by the depositor to the Scheme member under that client account, subject to a limit of \$500,000 per client account.
26. A deposit held by a depositor in a client account for a client who is an excluded person, needs not be excluded from the calculation of the amount of relevant deposits. This means that Scheme members are not required to look beyond the depositor to identify the underlying clients so as to determine whether a client is an excluded person or not.
27. The relevant deposits held by a depositor for clients under a client account should be treated as separate from the relevant deposits held by the depositor or the clients in their own rights, and deposits held under other client accounts held by the depositor. Similarly, the relevant liabilities owed by a depositor under a client account should be treated as separate from the relevant liabilities owed by the depositor or the clients to the Scheme member not under that account.

² Please refer to section 2 of the DPS Ordinance for definition of “client account”.

28. The amount of relevant liabilities owed by a depositor to a Scheme member under a client account is any amount the Scheme member may specify, being an amount within the range of 0% to 100% of the liabilities (other than future or contingent liabilities), owed by the depositor to the Scheme member under that client account. In other words, a Scheme member may opt to set the amount to zero or any amount up to the full amount of liabilities owed by the depositor to the Scheme member under that client account. For the avoidance of doubt, Scheme members may assign different percentages to different client accounts. It is not a requirement to apply the same percentage to the same client account every year.
29. Interest accrued on a relevant deposit or liability should not be included.
30. See the illustrations in the **Annex** on how the above reporting principles operate.

Part II – Other Information

Number of deposit accounts

31. Report in item (i) an estimate of the total number of deposit accounts maintained with the Scheme member.
32. An all-in-one account made up of various sub-accounts such as current, savings and time deposit should be regarded as one account. Similarly, a time deposit account with multiple deposits should be reported as one account only.
33. Report in sub-item (i)(a) an estimate of the number of trust and bare trust accounts and in sub-item (i)(b) an estimate of the number of client accounts.

Number of depositors

34. Report in item (ii) an estimate of the total number of depositors of the Scheme member.

Hong Kong Deposit Protection Board
July 2010

Illustrations of the Methodology for Reporting “Amount of Relevant Deposits”

Parts I to III of this Annex illustrate how relevant deposits and liabilities held by depositors in different capacities should be aggregated for the purposes of the determination of amount of relevant deposits.

Part IV of this Annex illustrates the “amount of relevant deposits” to be reported for depositors holding different amounts of relevant deposits and liabilities.

The reference numbers referred to in the “Ref. Para. No.” column in the illustrations indicate the corresponding paragraphs of the Completion Instructions.

I. Aggregation of Relevant Deposits Held by and Relevant Liabilities Owed in the Depositor’s Own Right

1. Single depositor

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)
Mr A	Current Account	50,000			Credit Card Liabilities	40,000	
	Savings Account	100,000			Personal Loan	<u>60,000</u>	
	Time Deposit	<u>250,000</u>				100,000	100,000
		400,000	400,000	< 7 >			

2. Sole proprietor

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)
Mr B	Time Deposit	300,000			Personal Loan	300,000	
Mr B’s Store (a sole proprietorship)	Current Account	250,000			Term Loan	<u>700,000</u>	
		550,000	550,000	< 7 >		1,000,000	1,000,000

3. Joint account

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)	Ref. Para. No.
Mr C	Savings Account	400,000			Credit Card Liabilities	100,000		
Mr C and Mr D, jointly	Time Deposit (Mr C's share: \$400,000 Mr D's share: \$400,000)	800,000			Term Loan (owed by Mr C, Mr D and Mr E. Mr E is not a depositor) (Mr C's share: \$100,000; Mr D's share: \$100,000 Mr E's share: \$100,000)	300,000		
	Mr C's relevant deposits: Mr D's relevant deposits:		800,000 400,000	< 8 > < 8 >	Mr C's relevant liabilities: Mr D's relevant liabilities:		200,000 100,000	< 12 > < 12 >

4. Partnership

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)	Ref. Para. No.
Mr F	Time deposit	400,000	400,000	< 9 >	Mortgage	1,000,000	1,000,000	< 13 >
F&G Partnership (Mr. F and Mr. G as partners)	Savings Account	800,000	800,000	< 9 >	Term Loan	600,000	600,000	< 13 >

5. Excluded person

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)
H Co. (an excluded person except an officer of the Scheme member or of its related companies)	Savings Account	200,000			Personal Loan	500,000	0
	Time Deposit	<u>600,000</u> 800,000	0	< 10 >			

II. Aggregation of Relevant Deposits and Relevant Liabilities Under Trusts and Bare Trusts

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)	Ref. Para. No.
IJK Trustee (deposit held in its own right)	Savings Account	400,000	400,000*	< 19 >	Overdraft	100,000	100,000*	< 19 >
Mr. I	Savings Account	300,000	300,000*	< 19 >	Personal Loan	200,000	200,000*	< 19 >
IJK Trustee, in trust for Mr. I	Savings Account	500,000			Bank Charge	100,000	100,000	< 19 >
	Time Deposit	<u>750,000</u> 1,250,000	1,250,000	< 19 >				
IJK Trustee, in trust for K Co (an excluded person)	Time Deposit	800,000	800,000	< 18 >	Bank Charge	50,000	50,000	

* These items deal with relevant deposits held by depositors in their own right and therefore should be reported under item (i) of Part I of the return.

III. Aggregation of Relevant Deposits and Relevant Liabilities in Client Accounts

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)	Ref. Para. No.
LMN Brokerage Firm (<i>deposit held in its own right</i>)	Savings Account	400,000	400,000*	< 27 >	Term Loan	300,000	300,000*	< 27 >
Mr. L	Savings Account	300,000	300,000*	< 27 >	Personal Loan	200,000	200,000*	< 27 >
LMN Brokerage Firm (<i>held for its clients, including Mr. L</i>)	Time Deposit	750,000	750,000	< 27 >	Bank Charge	100,000	100,000	< 27 >
LMN Brokerage Firm (<i>held for its clients, including N Co who is an excluded person</i>)	Time Deposit	800,000	800,000	< 26 >	Bank Charge	50,000	50,000	

* These items deal with relevant deposits held by depositors in their own right and therefore should be reported under item (i) of Part I of the return.

Depositor	Details of eligible deposits	Balance (\$)	Relevant Deposits (\$)	Ref. Para. No.	Details of customer liabilities	Balance (\$)	Relevant Liabilities (\$)	Ref. Para. No.
OPQ Brokerage Firm (an excluded person, deposit held in its own right)	Savings Account	500,000	0	<27 >	Term Loan	500,000	0	<27 >
OPQ Brokerage Firm (held for its clients, including Mr. O)	Time Deposit	800,000	800,000	<27 >	Bank Charge	50,000	50,000	<27 >

IV. "Amount of relevant deposits" to be reported for depositors holding different amounts of relevant deposits and liabilities

1. Depositors without relevant liabilities

Depositor	Details	Balance (\$)	Amount of Relevant Deposits (\$)	Remarks	Ref. Para. No.
Mr. V	All relevant deposits	400,000		There are no relevant liabilities. Hence the amount of relevant deposits to be reported for each of these depositors equals the amount of all relevant deposits held by them respectively, subject to a limit of \$500,000 per depositor.	<7, 17, 25 >
	All relevant liabilities	0	400,000		
Mr. W	All relevant deposits	600,000			
	All relevant liabilities	0	500,000		

2. Depositors with relevant liabilities

Depositor	Details	Balance (\$)	Amount of Relevant Deposits (\$)	Remarks	Ref. Para. No.
Mr. X	All relevant deposits	400,000		For a depositor owing any relevant liabilities to the Scheme member, the Scheme member may opt to deduct any amount (from 0% to 100%) of the relevant liabilities owed by the depositor from the depositor's relevant deposits when reporting the depositor's amount of relevant deposits. If the net amount of relevant deposits, i.e. the amount after deducting the amount of relevant liabilities decided by the Scheme member, is less than \$500,000, the Scheme member should report the net amount (if the net amount is negative, report it as zero). If the net amount equals or exceeds \$500,000, report \$500,000.	< 7, 17, 25 >
	All relevant liabilities	100,000	Any amount ranging from 300,000 to 400,000		< 11, 20, 28 >
Mr. Y	All relevant deposits	800,000			
	All relevant liabilities	200,000	500,000		
Mr. Z	All relevant deposits	100,000			
	All relevant liabilities	600,000	Any amount ranging from 0 to 100,000		