

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.
2. In accordance with Schedule 4 to the DPS Ordinance, the amount of contribution payable by a Scheme member shall be calculated based on one of the methods set out below depending on the circumstances of a particular year:
 - (i) For any year up to and including the year in which the target fund size has been reached for the first time after the commencement of a specified amendment¹, 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 year² by the build-up levy percentage specified in the following table opposite the MA supervisory rating of the Scheme member. The minimum amount of contribution is HK\$50,000.

<u>MA supervisory rating</u>	<u>Percentage</u>
1	0.0175%
2	0.0280%
3	0.0385%
4 or 5	0.0490%

- (ii) If the amount by which the target fund size for a particular year exceeds the balance of the DPS Fund as at 20 October of the immediately preceding year is smaller than the aggregate amount of build-up levies that would have been payable by all Scheme members for that particular year, the amount of contribution payable by a Scheme member is such portion of the amount of build-up levy, based on the calculation method set out in (i) above, that would have been payable by the Scheme member for that particular year that such amount of excess bears to such aggregate amount.
 - (iii) For any year after the year in which the target fund size has been reached for the first time after the commencement of a specified amendment, 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 year² by the expected loss levy percentage specified in the following table opposite the MA supervisory rating of the Scheme member. The minimum amount of contribution is HK\$50,000.

¹ Following the enactment of the DPS (Amendment) Ordinance 2024, a specified amendment means an amendment to the target fund size as a percentage of the amount of relevant deposits or an increase in the protection limit. Given the increase in the protection limit to HK\$800,000 with effect from 1 October 2024, build-up levy is payable by a Scheme member starting from 2025 until the target fund size is reached again.

² For new Scheme members, the amount of relevant deposits on the date that a Scheme member becomes a member of the Scheme (i.e. the date on which its banking licence is granted) should be used.

<u>MA supervisory rating</u>	<u>Percentage</u>
1	0.0075%
2	0.01%
3	0.015%
4 or 5	0.02%

Confidentiality

3. 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

4. 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 day³ during the 21-day payment period⁴;
 - Payment should be made to the HKMA **RTGS account (SWIFT BIC Code HKMAHKHHXXX)** with a **payment code of “IFT32”**. 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 may be rejected. The Scheme member concerned will need to effect another payment to fulfill its payment obligation under the DPS Ordinance.
5. 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.
6. A receipt will not be issued after payment.

³ “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.

⁴ If the last day of the payment period is not a working day, the period includes the first working day that follows.

Late Payment Fee

7. Pursuant to section 15(4) of the DPS Ordinance, 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

8. For any enquiries about payment of contributions, please contact the Board at 2111 6731.

Hong Kong Deposit Protection Board
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