

THE GUIDELINE ON INFORMATION REQUIRED FOR DETERMINING AND PAYING COMPENSATION (IS GUIDELINE)

Questions and Answers

The Hong Kong Deposit Protection Board (the Board) issued the IS Guideline¹ specifying the information which Scheme members should submit to the Board when the Deposit Protection Scheme is triggered. This set of questions and answers covers the areas frequently asked by Scheme members and can provide guidance to Scheme members on how they can achieve compliance with the IS Guideline.

Part (A) – Information relating to individual deposits

Name of Depositor (ref: Part (A)(n)(i))

Q1. The name of the depositor that appears on the account opening form is not identical to the name that is shown on the identification document. For example, a company which has many branches may include a specific branch name when filling in the name field of the account opening form for ease of the bank's reference. In such a case, what is the name that should be reported to the Board?

A1. Scheme members should report the name of the depositor as shown on the identification document. Any alternation to the name may affect the Board's ability to correctly identify and pay compensation to the depositor concerned.

Identification Document Number (ref: Part (A)(n)(iii)-(vii))

Q2. Some unincorporated entities such as NGOs or government departments do not have a business registration (BR) number. Moreover, Scheme members may not maintain the BR number for depositors that are banks. Should Scheme members leave the identification document number blank for such depositors?

A2. If Scheme members do not maintain the BR number of depositors that are unincorporated entities or banks, it would not be necessary to provide the identification document number for such depositors. More specifically, the identity document type indicator in Part (A)(n)(iii) for such depositors should be reported as 'N' (not available).

¹ The IS Guideline is available at the Board's website (https://www.dps.org.hk/en/guidelines_c.html).

- Q3. A depositor may use different types of identification document and/or correspondence information to open multiple accounts. Should Scheme members provide all the different identification document numbers and correspondence information reported by the depositor to the Board?**
- A3.** If Scheme members maintain a single consolidated view of all the accounts held by the depositor, e.g. a depositor profile in the customer relationship management system, the most current identification document number and correspondence information of the depositor known to the Scheme members should be reported. Otherwise, Scheme members should report the depositor information according to that maintained as per each deposit account.
- Q4. Should Scheme member provide the Certificate number on the Business Registration Certificate in the BR/CI number field of depositors in Part (A)?**
- A4.** Scheme members should report the Business Registration (BR) number in the BR/CI number fields of depositors in Part (A). Scheme members should take note of the definition of BR number (i.e. the first eight digits of the BR Certificate number) in the External Circular No. 3 / 2023 issued by the Company Registry.
- Q5. The Company Registry has completed the implementation of Phase 2 of Unique Business Identifier (“UBI”) on 27 December 2023. Should Scheme member provide the UBI in BR/CI number field of depositors in Part (A)?**
- A5.** Scheme members should continue to report the BR or CI number shown on the identification document provided by the depositors in the BR/CI number fields in Part (A). The identity document type indicator should be provided in accordance with the type of identity document provided by depositors, for example “B” for business registration and “C” for certificate of incorporation.

Internet Banking Indicator (ref: Part (A)(n)(ix))

- Q6. Scheme members may offer a variety of online banking services to customers, such as credit card, account management, securities services and foreign currency exchange. If a depositor only uses a specific type of online banking services, for example securities services, he/she may not have access to view or operate his/her deposit accounts online. In such a case, should the Scheme members report ‘Y’ in the Internet banking indicator? What value should be reported in the Internet banking indicator if a depositor merely registered for mobile banking?**

- A6. The Internet banking indicator of a depositor should be reported as ‘Y’ only if the depositor is able to view and operate the deposit accounts (such as making enquiries or fund transfer) through the Internet and/or mobile banking.

Correspondence Address (ref: Part (A)(n)(xiv)(I))

- Q7. Some correspondence addresses provided by depositors contain remarks. Can Scheme member provide the correspondence address including the remarks in Part (A)?**

- A7. Scheme members should provide the correspondence address of depositors without unnecessary remarks (for example internal remarks, depositor name, address status, etc.). However, if the remarks are essential to successful delivery of mails to a depositor (for example “C/O” or “in care of”), the remarks should be included in the correspondence address of the depositor.

Telephone Number and Mobile Phone Number (ref: Part (A)(n)(xiv)(II) and Part (A)(n)(xiv)(III))

- Q8. Scheme members may not differentiate between mobile phone number and telephone number when maintaining the depositors’ contact information. There are also an increasing number of depositors that only have a mobile phone number and may provide the mobile phone number in the telephone number field of the account opening form. Can Scheme members report the mobile phone number as provided by the depositor in the telephone number field of Part (A)?**

- A8. Scheme members can report the telephone number and/or mobile phone number of depositors according to the information that is provided to them. For example, if a depositor provides a mobile phone number in the telephone number field of the account opening form, Scheme members may report the same number in the telephone number field of Part (A). For the avoidance of doubt, the same phone number should not be reported in both the telephone number and mobile phone number fields of a deposit record.

Notwithstanding that, the Board encourages Scheme members to make reasonable efforts in properly classifying the phone numbers using available information. For example, if the phone number provided by a depositor has been registered to receive SMS messages from the Scheme members or for Faster Payment System (FPS), it would be preferable to report this number in the mobile phone number field of Part (A).

- Q9. If Scheme members maintain more than one mobile phone number of a depositor, which mobile phone number should be reported to the Board? Should Scheme members provide all the mobile phone numbers of a depositor kept on record in the mobile phone number field by concatenating the numbers?**
- A9. If Scheme members maintain more than one mobile phone number of a depositor, the one registered to receive SMS messages or for FPS would preferably be reported in the mobile phone number field of Part (A). Should Scheme members choose to report an additional mobile phone number to the Board and the depositor does not have a land line number, the additional number can be reported in the telephone number field of Part (A). Nevertheless, there should only be one phone number reported in the telephone number field and the mobile phone number field respectively.
- Q10. Should the depositor's telephone number and mobile phone number include the country calling code?**
- A10. A complete overseas telephone number or mobile phone number² should consist of the country calling code (which has 1 to 3 digits) followed by the area code (if any) and the phone number. The country calling code should be prepended to all overseas phone numbers in Part (A) without any separator or space in between. For example, a China mobile phone number '18123456789' should be reported as '8618123456789'. Scheme members are also recommended, as a matter of good practice, to prepend the country calling code '852' to Hong Kong phone numbers.
- Q11. If a depositor does not specify the country calling code of the telephone number or mobile phone number at the time of account opening or during subsequent updates of the phone number, what country calling code should be reported in Part (A)?**
- A11. Scheme members should make reasonable efforts in classifying overseas and local phone numbers using their currently adopted methods. If a phone number is classified as an overseas phone number or if it cannot be classified, Scheme members should report the phone number as provided by the depositor which may or may not include the country calling code. Meanwhile, if a phone number is classified as a local phone number³, Scheme members are recommended to prepend the country calling code of '852' to the phone number as a matter of good practice.
- Q12. The telephone system used by Scheme members may require dialling internal prefix codes (for example, '0', '9' or '00') when making outbound calls to depositors. Hence, the prefix codes are maintained as part of the depositors'**

² The format of telephone number and mobile phone number is alpha numeric, including all alphabets and numeric digits but excluding any brackets or hyphens or other non-alpha-numeric characters.

³ For example, if Scheme members have successfully contacted the depositor by dialling the phone number locally, or the length and format of the phone number appears to be a legitimate local phone number.

phone numbers in the banking system. Can Scheme members include the prefix codes when reporting the phone numbers in Part (A)?

- A12. The internal prefix codes used by Scheme members should not be included when reporting the telephone number and mobile phone number of the depositors.

Depositor Information of Joint Account (ref: Part (A)(n))

- Q13. **Scheme members usually maintain only one correspondence address of a joint deposit account, which is either the designated correspondence address or the primary account holder's address. However, Scheme members may also maintain the correspondence address(es) of the non-primary account holder(s) on their records which are provided by the depositor(s) when opening other deposit accounts solely held by them. Should the correspondence address(es) of the non-primary account holder(s) maintained in their solely held deposit accounts be reported in the joint deposit account record?**

- A13. No, Scheme members only need to report the correspondence address that is provided by the depositor(s) of the joint account.

- Q14. **The contact information of non-primary account holder(s) of a joint deposit account is set as optional information in the IS Guideline. Can Scheme members choose not to report it even though such information is maintained?**

- A14. According to paragraph 10 of the IS Guideline, if the contact information of non-primary account holder(s) is currently maintained by Scheme members in electronic form, such information should be provided in Part (A).

Currency of denomination (ref: Part (A)(b))

- Q15. **The IS Guideline requires the use of SWIFT currency code in the reporting of the currency of denomination of deposit. What currency code should Scheme member provide for a deposit denominated in offshore Chinese Yuan in Hong Kong (CNH) which is not available in the SWIFT currency code list?**

- A15. Scheme members should report "CNH" as a special value in Part (A)(b) for the deposit(s) denominated in offshore Chinese Yuan in Hong Kong and provide the explanation of "CNH" code in Part (B)(e).

Zero, Negative Balance or Dormant Accounts

- Q16. **Should Scheme members report all deposit accounts maintained in their Hong Kong office including those with zero or negative balances?**

A16. Scheme members should only report deposit accounts with a positive balance maintained in their Hong Kong office. Deposit accounts with zero or negative balances (i.e. the value of principal balances plus accrued interest is zero or negative) should be excluded from Part (A).

Q17. Should Scheme members report the unclaimed deposit accounts which have remained dormant for a very long time in Part (A)?

A17. The unclaimed deposit accounts with a positive balance should be reported, including any depositor information maintained by Scheme members.

Format of CSV file

Q18. Scheme members with no more than 1,000 deposit accounts may submit Part (A) data in CSV file format. Should the column headers be provided in the first line of the CSV data file? Are the header and trailer records required in the CSV data file?

A18. The column headers should not be provided in the CSV data file(s). The first line and the last line of the CSV data file should be the header and trailer records as specified in Annex 1 of the Explanatory Note to the IS Guideline.

Part (B) – Information relating to each type of deposits

Q19. Under what circumstances should special field values be used? Should special field values be used to indicate that Scheme members do not possess the information required?

A19. In general, if a Scheme member does not possess the information required in a field, or it knows that the information on hand is outdated, or the information is not applicable to a depositor or deposit, the field should be left blank in Part (A) data file(s). The use of special field values should be reserved for exceptional occasions, for example, when no indicator value specified in the IS Guideline fits a unique scenario, or if the information is too long to fit in a data field of Part (A).

Part (I) – Information relating to officers of Scheme member and its related companies

Q20. Since the Part (I) information is used to identify the deposits in Part (A) which are held by the excluded persons, are there any specific requirements related to the reporting of information of related companies and special officers who hold deposits in the Scheme member in Part (I)?

- A20. Related company and special officer may hold multiple identification documents. To facilitate accurate and efficient identification of the deposits in Part (A) which are held by the excluded persons, Scheme members should provide the same name and identification document number of related companies and special officers in Part (I) as they are provided in Part (A).

Retained Information for determination of enhanced protection limit

- Q21. **Are the Scheme members involved in a merger / acquisition required to submit relevant deposit records to the Board on the effective date of merger / acquisition? If not, how long should the Scheme members maintain the deposit records?**
- A21. The resulting Scheme member (as defined in section 27A(2) of the DPSO) in a qualifying arrangement (whether it is a merger, an acquisition or any other similar transaction) is required to maintain the information of transferred deposit of all relevant Scheme members involved in the arrangement as immediately before the material date of the arrangement (the “Retained Information”), in accordance with the IS Guideline. The Scheme members involved are not required to submit the Retained Information to the Board on the material date of the qualifying arrangement. However, the resulting Scheme member has to retain the Retained Information for 5 years after the material date so as to facilitate the Board to calculate the compensation amount in case of need.
- Q22. **When Scheme Member A acquires the deposit taking business from Scheme Member B, is the resulting Scheme Member A required to retain the information of the transferred deposits from Scheme Member B only?**
- A22. Pursuant to paragraph 14 of the IS Guideline, the resulting Scheme member should retain i) the information of the transferred deposits of the relevant Scheme member(s) involved in a qualifying arrangement and ii) the information of deposits already maintained by the resulting Scheme member as immediately before the material date of the qualifying arrangement. Hence, Scheme Member A should retain the information of transferred deposits of Scheme Member B as well as the information of deposits maintained by Scheme Member A as immediately before the material date of the arrangement.