

## REVIEW OF OPERATIONS AND ACHIEVEMENTS IN 2012–2013

### Economic situation

The Hong Kong economy saw a modest growth in 2012, despite the weak external demand amid an austere global economic environment and fragile recovery of the major advanced economies. Domestic demand, however, fared rather well, largely due to the steady growth in private consumption expenditure, stable employment market and appreciable growth in infrastructure works. For the year as a whole, the real GDP grew a mere 1.4%, down from the above-trend growth of 4.9% in 2011.

Local stock prices recorded sharp fluctuations during the year, rebounding early in the year before a sell-off in the mid-year on heightened euro debt concerns, followed by a rally in the second half with some stabilisation of the euro debt situation and the advanced economies' new round of quantitative easing in September. The local property market saw an almost uninterrupted upsurge before stabilising towards the end of the year after the Government rolled out demand-management measures including the Buyer's Stamp Duty and enhanced Special Stamp Duty in late October. Inflation was generally on an easing trend during 2012 due to moderated imported inflation and the feed-through of the earlier stabilisation of private housing rentals. In 2012, underlying inflation averaged 4.7%, down from 5.3% in 2011.

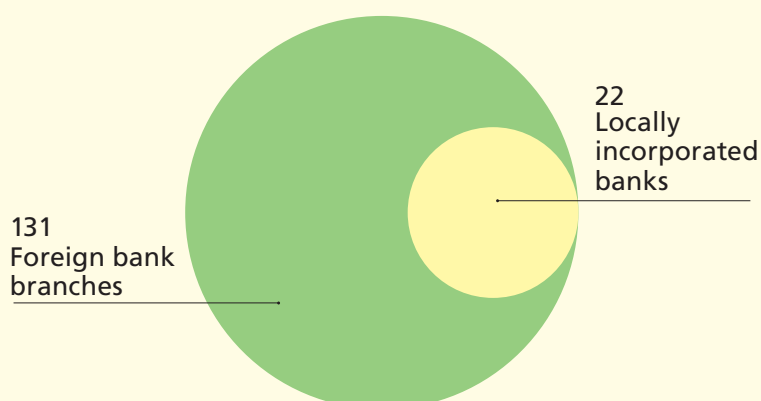
### Banking environment in Hong Kong

The Hong Kong banking system remained resilient, with the capital positions of the Hong Kong incorporated authorized institutions staying strong. Under the capital adequacy framework promulgated by the Basel Committee on Banking Supervision (BCBS) (commonly referred to as "Basel II" or "Basel 2.5" following the enhancements issued by the Committee in 2009), the capital adequacy ratio of authorized institutions stayed high at an average of 15.7% at the end of 2012. Liquidity conditions continued to be sound, with the average liquidity ratio standing at 42.6% at the end of 2012 and remaining well above the regulatory minimum of 25%. Asset quality of the local banking sector remained good. The ratio of classified loans to total loans decreased from 0.59% at end-2011 to a record low of 0.47% at end-2012.

### Profile of Scheme members

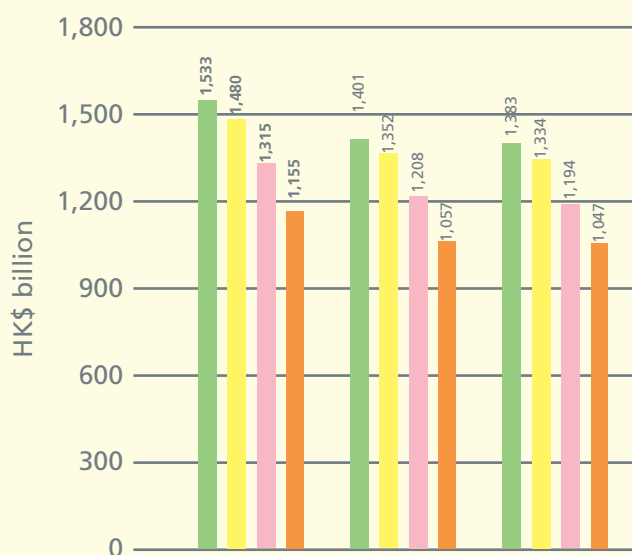
At the end of March 2013, there were 153 Scheme members, compared with 151 a year ago. During the year, three new members joined the scheme upon being authorized as licensed banks. One member was revoked because of a merger and acquisition. Of the 153 Scheme members, 22 are locally incorporated banks and 131 are foreign bank branches. This is largely in line with the number of retail banks and wholesale banks in Hong Kong respectively.

Number of Scheme members as at 31 March 2013



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Relevant deposits held with Scheme members



% of Total	2012	2011	2010
Top 5	75%	75%	76%
Top 10	86%	86%	86%
Top 20	97%	97%	96%
Total	100%	100%	100%

Based on the returns of relevant deposits submitted by Scheme members, the aggregate amount of relevant deposits increased by 9% to HK\$1,533 billion in 2012, compared with HK\$1,401 billion in 2011. According to statistics provided by Scheme members, about 90% of depositors were fully protected by the DPS.

The distribution of relevant deposits among Scheme members remained similar to that of last year, with the top 20 Scheme members (mainly retail banks) holding 97% of the industry's aggregate relevant deposits and the wholesale banks holding the remaining 3%. In terms of growth, both retail banks and wholesale banks recorded an increase of 9% in relevant deposits.

Relevant deposits held with retail banks and wholesale banks

(in HK\$ billion)	2012	2011	±%
Retail banks	1,485	1,357	9%
Wholesale banks	48	44	9%

## Contributing to better protection

## Benchmarking against Core Principles

Following the completion of the Financial Stability Board's (FSB) thematic peer review on deposit insurance systems, the Board capitalised on the experience gained from participation in the review and conducted a thorough self-assessment against the Core Principles for Effective Deposit Insurance Systems (Core Principles) jointly developed by the BCBS and International Association of Deposit Insurers (IADI). Our assessment benefited from the peer review in several ways, in particular the reference made to the lessons learned from the financial crisis and good practices adopted by other FSB member jurisdictions. This allowed the Board to identify areas for further strengthening the DPS and to better plan its reform using the Core Principles as a benchmark. A work plan was developed to study the various enhancement initiatives in detail and to evaluate the costs and benefits of different options for formulating the enhancement proposal. In addition, the assessment results enabled the Board to add value to the upcoming International Monetary Fund-World Bank Financial Sector Assessment Program with respect to financial safety net or crisis management assessment.

## Survey on popularity of structured deposits

A regular survey established to monitor the implications of the popularity of structured deposits was conducted in Q4 2012 to study whether it is necessary to bring structured deposits (which are excluded from the protection net at the moment) under the ambit of the DPS. The survey results confirmed the low popularity of structured deposits and helped the Board conclude that the non-protection status of structured deposits should remain unchanged.

## Ensuring payout readiness of the DPS

### International standards on payouts

The BCBS and the IADI jointly issued the Core Principles to set out standards and practices for enhancing the effectiveness of the deposit insurance. The IADI further released, in November 2012, the Enhanced Guidance on Reimbursement Systems and Processes (Guidance) to encourage the adoption of leading practices identified from its members around the world that could contribute to making efficient payout to depositors. A key function of a deposit insurance system is to give depositors the confidence that they would have prompt access to their insured deposits in the event of a bank failure. The standards and guidance promote the design of effective payout systems and processes, and the cooperation arrangements with financial regulators and foreign deposit insurers which are necessary for payout preparedness.

### Core Principles on payout

The deposit insurer should payout depositors promptly after the deposit insurance system is triggered so that confidence in the deposit insurance system and stability of the financial system can be maintained. The international trend is moving towards shorter target payout periods. In order to achieve speedy payout, the deposit insurer should have early access to the data necessary for payout preparation as soon as the supervisory authority is aware of a likelihood of a bank failure; the power to review in advance the reliability of depositor records kept by banks; and a range of payment methods to allow depositors' quick access to their insured funds.

A framework should be in place for timely information sharing and the coordination of actions between the deposit insurer and the supervisory authority arising from a particular bank failure. Relevant information should also be exchanged between deposit insurers in different countries on cross-border issues, and the arrangement of information exchange should be formalised. When more than one deposit insurers is to be responsible for providing deposit protection in a country, it is important to determine which deposit insurer or insurers will be responsible for the payout to the insured depositors.

### Guidance on payout systems and processes

The main supplementary guidance for the effective implementation of the Core Principles are:

- Deposit insurer should issue guidelines to ensure that banks can provide accurate deposit records within a specific timeframe, and have access to depositor records at all times and undertake preparatory reviews to ensure prompt and accurate payout of insured deposits.
- Deposit insurer should rely on technology based systems to process depositor information in a systematic and accurate manner.
- Depositors should be well informed of the payment methods and timing of payments. A range of payment methods should be considered to expedite the payout process so that depositors have access to their insured funds as quickly as possible following closure of the bank.
- Deposit insurer should have in place arrangements for the receiver or liquidator of the failed bank to assist the deposit insurer, if requested, in the execution of the deposit insurer's duties.
- Adequate resources, inclusive of internal and augmented by external resources in times of need, and trained personnel dedicated to the payout function should be made available to ensure readiness in undertaking payouts.
- Coordination protocols should be developed on payout related cross-border issues to define clearly the responsibilities and consistent communication messages and strategies.
- Effective practices should be in place to conduct regular contingency planning and simulation exercises to test the operational readiness of the deposit insurer in carrying out payouts.

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### Comprehensive review on payout framework

The Board is committed to ensuring payout readiness although the DPS has never been triggered since its launch in 2006. A comprehensive review was performed to assess the effectiveness of the established payout framework and the appropriateness of the level of resources maintained to compensate depositors under various scenarios of bank failures. The results of the review concluded that the current infrastructure and contingency plan would be adequate to support payout of banks of different sizes and to achieve the Board's target payout timeframe. This was further evidenced by the large-scale rehearsal conducted this year in which a complete network of service providers was engaged to undertake the payout process simulating the closure of a sizable retail bank. Nevertheless, the Board has made additional investment to further scale up the technology based payout system and other infrastructure to allow for ample resources to cope with different bank failure scenarios.

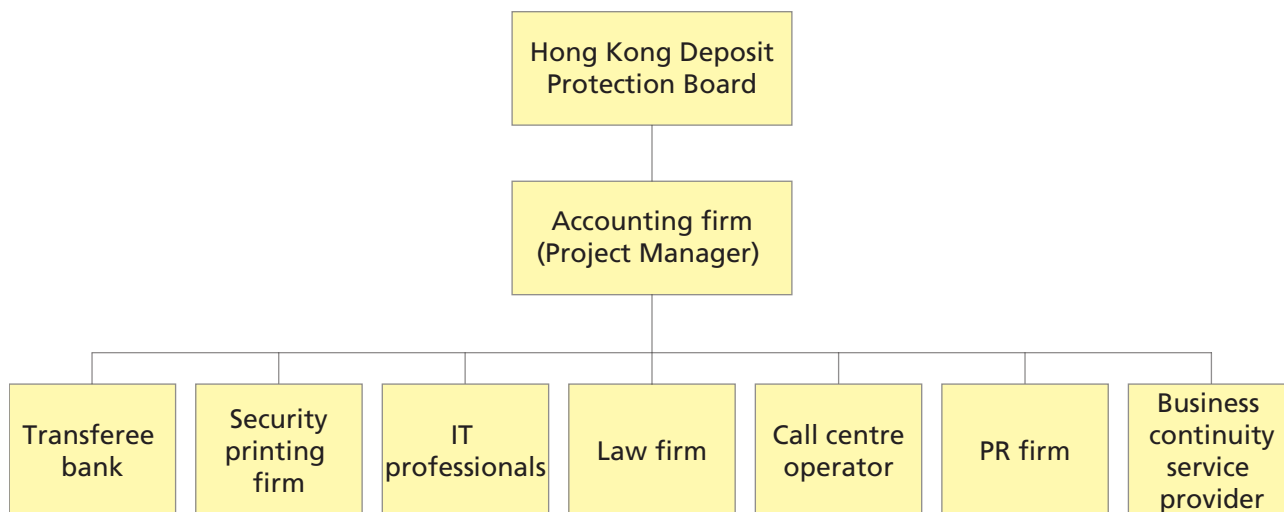
The comprehensive review followed closely the benchmark the Board adopted in its payout practices with the new international standards and guidance on effective payout, and took account of the reform measures introduced by various countries to reduce target payout periods. The speed of payout is undoubtedly critical for the effectiveness of deposit insurance system, and for maintaining public confidence in the banking system. Based on the review results, the Board formulated a reform plan outlining the road map for achieving the objective of faster payouts.

To foster cooperation on cross-border issues and define clearly the responsibilities of a payout to depositors in Hong Kong when a failed bank is covered by overseas deposit insurance schemes apart from the DPS, the Board has reached agreement with the respective overseas deposit insurers to formalise the information exchange and payout cooperation in the form of Memorandum of Understanding (MoU).

### Large-scale payout rehearsal

A large-scale payout rehearsal was conducted in 2012 covering the payout procedures from the triggering of DPS to the delivery of both interim and final payments. The effectiveness of communication between the Board and the general public was also examined by engaging public relations consultants to formulate the communication plan for a payout. The rehearsal involved a complete network of the service providers necessary to operate a payout — PR consultant, security printing firm, IT firm, call centre, business continuity service provider, law firm — and was managed by an accounting firm acting as the project manager. The project manager mobilised more than 50 accountants on short notice to manage and perform the sizable payout operation as part of the rehearsal, and organised other service providers to act on their duties in a cohesive manner.

### The payout team structure



The Members of the Board actively participated throughout the rehearsal to simulate the time critical decision-making process, and to provide oversight on payment and communication arrangements to appropriately address the crisis situations.

The rehearsal, which simulated a “close-to-actual” payout situation, demonstrated the Board’s serious efforts in gearing up its readiness state for payout. The rehearsal also identified valuable recommendations to further enhance the payout infrastructure, the public communication strategy and the contingency planning model.



The Project Manager and other payout agents operate side by side during the rehearsal



The Project Manager and the PR Consultant report the progress of the rehearsal to the Board

### Information readiness of Scheme members

It is crucial for efficient payout that the complete set of accurate depositor records can be obtained from the Scheme member on a timely manner when the DPS is triggered. The Board’s information system guideline prescribes the information Scheme members should maintain and submit in the event of a payout. To verify Scheme members’ compliance with the information system requirements, compliance reviews have been conducted regularly since 2008. The results indicated that the level of compliance of Scheme members under review was generally satisfactory apart from certain non-compliance in the areas of data format and completeness of required information. An assessment of the effectiveness of the compliance program was conducted and the Board will implement additional measures, such as self monitoring mechanism to ensure that Scheme members maintain adequate records and procedures to permit complete, timely and accurate information submission at all times.

The Board conducted a survey during the year to collect from Scheme members relevant statistics and system documents to monitor their general compliance status. The survey results revealed deficiencies in the group of Scheme members not required to maintain relevant payout information in a specified format. While the Scheme members concerned had been notified to undertake corrective measures, the Board shall amend the guideline requirements accordingly. Through the survey, the Board also identified opportunities to collect additional information from Scheme members which would facilitate a faster payout. Amendments to the information system guideline have been proposed and will be soon undergoing industry consultation.



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### Simulation tests

Simulation testing is another activity to oversee the Board's payout readiness apart from rehearsals. Some tests were conducted to verify the payout system by using full sets of customer records obtained from six Scheme members during the year. The simulations ensure the payout infrastructure is continuously in a ready state. In addition, the Board engaged an accounting firm in a simulation test during the year to execute the most complex payout procedures such as conducting large volume of data processing and reconciliation, to ensure the data is compatible under the Board's payout system and processes and to identify procedural enhancements. A payout procedure walkthrough was provided by the Board to the accounting firm to refresh its understanding of the key payout processes and the relevant procedures before the simulation test.

### Payout capacity

The payout system was further upgraded by enhancing the Board's business continuity plan including its ability to handle different bank failure scenarios. Its strength to support a sizable payout operation has been validated by a stress test encompassing both user operations and intensive batch processing. The Board also expanded the service capacity provided by payout agents at its call centre and business continuity service providers to ensure availability of resources beyond the current agreed level should there be a major banking crisis.

### Access to pre-established funding facilities

Once payment is triggered under the DPS, the Board is obliged to make compensation to the depositors of the failed Scheme members as soon as practicable. To this end, the Board has secured a standby credit facility with the Exchange Fund of an amount up to HK\$120 billion to meet the funding requirements of the DPS in a payout. The costs including losses that may be incurred in the payout process will be absorbed by the DPS Fund.

### Building up the DPS Fund

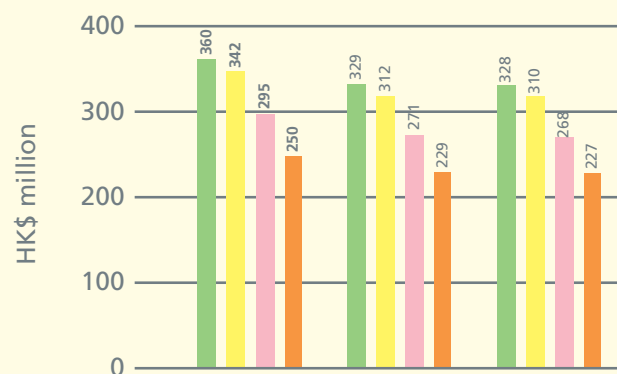
#### Composition of the DPS Fund

The DPS Fund mainly consists of two components, namely the annual contributions made by Scheme members to the Board, and the returns generated from the investments of the DPS Fund.

#### Reporting of relevant deposits

Scheme members are required to report the amount of relevant deposits held by them in the fourth quarter of each year and the reported figure, together with the supervisory rating provided by the Hong Kong Monetary Authority (HKMA), serve as the basis for determination of the amount of contribution payable by a Scheme member in the coming year.

Contribution paid by Scheme members  
by relevant deposits held



% of Total	2013	2012	2011
Top 5	70%	70%	69%
Top 10	82%	82%	82%
Top 20	95%	95%	95%
Total	100%	100%	100%

*Assessment and collection of contributions*

Contributions collected from Scheme members for the year amounted to HK\$360 million, an increase of 9% over the previous year. All contributions were paid by Scheme members in accordance with the DPS Contribution Rules in the first quarter of 2013. Similar to the distribution of relevant deposits, the amount of contributions collected from the top 20 Scheme members accounted for 95% of the total contributions. To ensure the relevant deposit data reported in the returns submitted by Scheme members are correctly compiled, the Board has requested Scheme members since 2007 to conduct regular audit reviews of their Returns of Relevant Deposits in accordance with the policy for reviewing returns. A total of 35 Scheme members were requested to submit an audit report to the Board on the correctness of their returns in 2013. The results of the review were generally satisfactory and no reporting error leading to a material impact on the amount of contributions collected by the Board was noted. After the completion of the review, over 99% of the relevant deposits reported based on the HK\$500,000 protection limit have been verified by an auditor. This assurance gives the Board confidence in the correctness of the total amount of contributions payable by the industry.

*Investment of the DPS Fund*

Given the volatility of financial markets and the primary investment objective of the Fund being capital preservation, the Board continued to exercise extra caution and adopted a conservative investment strategy in accordance with the investment restrictions set out in the DPS Ordinance (DPSO) and investment policies of the DPS Fund to guard against any possible losses that might arise from any sudden change in market sentiment. The investment operation was in strict accordance with the investment control policies, which set out clear guidelines on risk assessment and control measures, and the segregation of duties required for investment activities.

Taking advantage of the relative strength of the Hong Kong dollar against US dollar and fairly attractive yield offered by the short-term US Treasury Bills as compared to other available investment instruments, the Board purchased US\$80 million of US Treasury papers at the beginning of the year with the remaining balance of the DPS Fund mainly parked as call deposits with the Exchange Fund. In view of the stronger US dollar, the US Treasury papers were sold in March 2013 to lock in the profit for the financial year 2012–13. As a result, the DPS Fund's assets were predominantly held as deposits at end-March 2013 and almost all were denominated in Hong Kong dollars with only minimal balance in US dollars. For the year as a whole, the DPS Fund managed to make a positive investment return of 0.2%, despite the highly volatile and uncertain investment environment.

**Mix of cash and investments of the DPS Fund  
(as at 31 March)**

(in HK\$ million)	2013	2012
Cash and deposit balance	2,102.6	1,811.3
Investment securities	0.0	0.0
Total	2,102.6	1,811.3

**Currency mix of cash and investments of the  
DPS Fund (as at 31 March)**

(in HK\$ million)	2013	2012
HK dollar	2,101.3	1,810.9
US dollar	1.3	0.4
Total	2,102.6	1,811.3

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### Enhancing public awareness and understanding

#### Establish better understanding of target audiences

A high level of public awareness and understanding of the features of the DPS is crucial to gaining depositors' confidence in the DPS and thus the effectiveness of the DPS in contributing to general banking stability.

Based on the foundations built in previous years, the Board sustained a high level of public awareness and understanding of the availability of protection under the DPS. Nevertheless, it is always essential to establish better understanding of target audiences on the priority of their concerns and possible actions so as to formulate more effective communication strategies to address respective concerns.

#### Focus group study

The Board appointed an independent research agency to conduct a focus group study with the objectives of exploring the psychological reactions of its target audiences under different scenarios. Starting with their awareness and perception of the DPS, and then to identify information gaps and behavioral change (if any) when they learned more about the DPS. Possible reactions of different groups of depositors under a crisis situation were also identified during the study. The opportunity was also taken to test out new creative concepts and explore effective communication channels in promoting the DPS. The results were useful for the Board to develop more targeted publicity and community education initiatives.

Respondents found the following to be more important and relevant:

- maximum protection coverage of HK\$500,000 per depositor per Scheme member;
- the Scheme is established under DPSO, and eligible deposits are legally protected;
- an interim payment will be given to each depositor within 2 weeks;
- deposits in HK dollar, renminbi and other foreign currencies are all protected;
- depositors are not required to apply or register for DPS, and it is free of charge.

The study showed that the protection offered by the DPS was able to mitigate panic feeling of the respondents so they would not immediately rush to withdraw money under a bank crisis situation.



## Publicity campaigns to reach mass audiences

### “Bao, Bao, Bao” campaign

Taking into consideration key findings from the focus group study and with the benefit of valuable advice from the Advisory Panel on Communication and Public Education, the Board launched a new thematic Announcement in the Public Interest — “Bao, Bao, Bao” campaign in 2012. The new campaign created was meant to fully capitalise on the benefits of sight and sound provided by various media, especially television. The core theme was developed around a subject matter very close to people’s heart and common in daily life.

Instead of adopting a serious “educational” approach to promote the Scheme, the new campaign is based on a wordplay on the word “bun (包 or bao)” in Chinese which also is a homonym for “cover/inclusive”, ultimately creating a stronger impression of coverage of the Scheme.

As Hong Kong is a truly cosmopolitan city, people love all kinds of buns from different parts of the world. This would then lead naturally to the association with the protection coverage of deposits denominated in different currencies. Moreover, there is also a popular quote in Hong Kong saying “sit down, have a bun and a cup of tea” that signifies comfort and peace of mind which is what the Scheme stands for.

Adopting the same playful approach, a familiar old song “Char Siu Bao” (barbecued pork bun) was used as the ad jingle and was adapted with new Cantonese lyrics to capture attention and to create impact. Respondents attending the focus group study tested on the creative concept were supportive of the overall lively approach and the use of a fun ad jingle.



A snapshot of TV commercial in the new “Bao Bao Bao” campaign

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In addition to TV, the “Bao Bao Bao” campaign is further adapted for execution on different media platforms to reach wider audiences

In order to reach and engage different target audiences, two bursts of integrated media campaigns with slightly different communication channels were deployed during the year. In addition to TV, the “Bao, Bao, Bao” campaign was further adapted for execution in a wide diversity of media platforms, including newspaper, radio, and out-of-home media such as MTR trackside panels, bus shelter panels, bus and tram wraps; as well as digital media like yahoo and applications software for mobile devices (mobile app), etc. Taking into consideration the differences in characteristics and target audiences of different media platforms, a myriad of campaign executions with variations in terms of creative layouts and advertisements were employed for respective media in an all-out reach for the widest audience possible across the territory.

### Community education activities in dialogue with the public

Riding on the popularity of the newly launched advertising campaign, a series of consumer events were organised at selected shopping malls around town to capture the high traffic of target audiences. These consumer events have also adopted the campaign’s creative elements to develop the theme 「包你有保障」 (“Ensure Your Protection”) and all necessary collateral items to enhance greater association and raise public recognition of the Scheme. An eye-catching centrepiece at each and every consumer event was the “Bun Tower” with the public invited to guess the number of buns inside the tower to encourage public participation.

In an impactful program, the Board partnered with Commercial Radio, on the one hand, to leverage their media platform for promoting awareness, and on the other hand, to enlist the help of their well-known DJs to perform live on-stage the popular radio drama — “18th Floor Flat C” (十八樓C座), incorporating key features of the DPS to drive home the message in a highly entertaining format. Moreover, interactive game booths, photo displays and DPS information panels were deployed to further engage the public, especially young families with children and senior citizens. As part of the co-operation package, on-air broadcasting of interviews with the Chairperson as well as short drama series to promote DPS were held in tandem with the consumer events during the same period.





“Ensure Your Protection” roving campaigns are held in shopping malls across various districts, to promote DPS key features and to engage public participation

The Board, with the invaluable support of Fairwood Holdings Ltd., one of the largest fast food chains in Hong Kong with a total of more than 100 outlets, organised for the first time a comic design competition. Students of design schools and tertiary institutions were invited to participate and compete to design comics incorporating key DPS features. The three winners were not only awarded prizes but also had their winning comics printed on tablemats used at all Fairwood outlets to promote the Scheme.

This initiative served the purpose of engaging students and arousing their interests to learn more about the DPS in their initial stage of participation; then of generating wider public awareness of the DPS comics through exposure at all outlets of Fairwood fast food chain. The Board also organised a sharing session for interested students with Mr Li Chi-tak, a renowned comic writer, acting as one of the competition judges. A QR code as an interactive element was incorporated on the tablemats encouraging the public to log onto the DPB website to learn more and to participate in a quiz about the DPS.



Winning designs of the comic design competition appear on traymats used at all Fairwood outlets to promote the Scheme

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The Board is also conducting talks for student groups and elderly centres around town on an ongoing basis as part of the community outreach program.



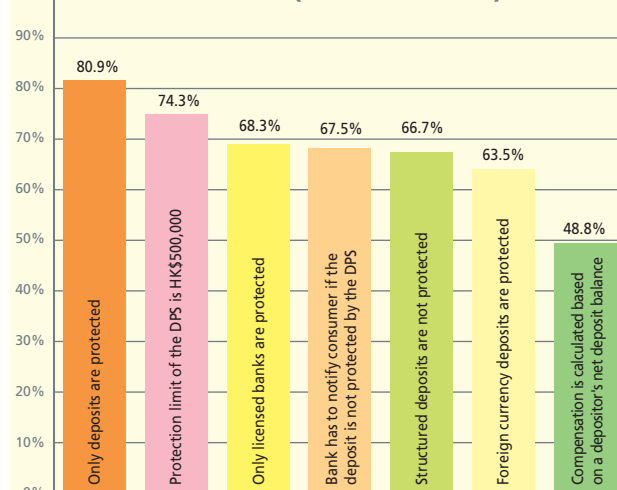
Target audience-focused on-going talks are organised to heighten public understanding of the Scheme's key features

### Effectiveness of the Publicity Campaign

Since the DPS commenced operation in 2006, the Board has engaged the services of an independent research agency to conduct opinion surveys to measure the level of public awareness and understanding of the DPS, and to assess the effectiveness of its publicity campaigns.

The findings of the survey conducted in December 2012 were again encouraging with over 78% of the respondents indicating their awareness of the scheme. More than 74% of the respondents who were aware of the DPS also had knowledge of the HK\$500,000 protection limit; 63% also had knowledge of the protection coverage of deposits denominated in different currencies, a fact which could be attributable to the new campaign being well received by the public. The awareness of other key features also continued at high levels. The finding would be a useful reference for the Board to revise and to enhance its future communication and publicity strategies.

Level of understanding of different aspects of the DPS (December 2012)



Note: As a percentage of those who were aware of the DPS



## Monitoring of compliance with the enhanced Representation Rules by Scheme members

The DPS Representation Rules governing the representations made by Scheme members about their DPS membership and the protection status of the financial products offered by them were first issued by the Board in 2006. The enhancements to the DPS Representation Rules took effect on 1 January 2011 when the increased protection limit was introduced. The major enhancements include:

- requiring Scheme members to give notification to customers of non-protected deposits on a transaction basis;
- making positive disclosures in respect of the deposits protected by the DPS;
- restricting the use of the term “structured deposit”; and
- responding to customers’ enquiries on the protection status of financial products in a specified manner and within a specified timeframe.

To monitor Scheme members’ compliance with the enhanced representation requirements, a self-assessment review covering the period from 1 July 2011 to 30 June 2012 was conducted by Scheme members during the year. In addition, on-site examinations continued to be undertaken to ascertain the level of Scheme members’ compliance with the Representation Rules in greater detail. The Board reviewed the self-assessment reports and on-site examination findings.

The results indicated that the overall compliance level of Scheme members was satisfactory in general and no significant incidence of non-compliance was identified.

## Relationship with other safety net players

### Co-operation with the Hong Kong Monetary Authority

Both the Board and the HKMA are financial safety net players in Hong Kong and share a common objective of promoting the stability of the banking system. To ensure this is accomplished, the Board and the HKMA have signed a MoU setting out how the two organisations are to co-operate with each other in the performance of their respective functions. In addition, as the Board is required by the DPSO to perform functions through the HKMA, the Board and the HKMA have agreed on the extent of support provided by the HKMA to the Board on a day-to-day basis. The Board has also secured a standby facility from the Exchange Fund to provide the necessary liquidity required for payment of compensation in the event of a bank failure. During the year, the Board and the HKMA closely co-operated with each other in accordance with the terms of the MoU.

### Relationship with the Securities and Futures Commission and the Investor Compensation Company

Under certain circumstances in the event of a bank failure, the funds of a depositor or a portion of those funds may be simultaneously covered by the DPS and the Investor Compensation Fund (ICF) established under the Securities and Futures Ordinance for compensating securities or futures investors. To ensure that no person receives double compensation, the Board and the Securities and Futures Commission (SFC) have agreed on a set of arrangements to co-ordinate and exchange information between the parties. The detailed arrangements have been documented in a MoU between the Board, the SFC and the Investor Compensation Company (ICC), the company established by the SFC for administering the ICF. Specifically, the MoU recognises that the DPS will normally pay the depositors first in the event of a bank failure and, to avoid double compensation, the parties should exchange relevant information.

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### International cooperation

As a member of the IADI, the Board actively participated in conferences and seminars organised by the IADI, its member deposit insurers and other international organizations, and exchanged knowledge and views on issues relevant to deposit protection in the international forum. This is particularly important for keeping up-to-date with the international developments, for better coordination both in times of financial crisis as well as in the aftermath of the crisis where sharing of experience on the effectiveness of reform measures overseas provides insights and an impetus for change to ensure a robust DPS in Hong Kong.

In 2012–2013, the Board's personnel took part in a number of international meetings including:

- the IADI 11th Annual Conference and Annual General Meeting in London, United Kingdom;
- a seminar on legal framework on deposit insurance schemes organised by the Korean Deposit Insurance Corporation in Seoul, Korea;
- a seminar on crisis preparedness for banking regulators organised by the Malaysia Deposit Insurance Corporation (MDIC) (in collaboration with the Asian Development Bank) in Kuala Lumpur, Malaysia;
- a conference on cross-border resolution organised by the Canadian Deposit Insurance Corporation and the IADI in Ottawa, Canada; and
- the Deposit Insurance Corporation of Japan 7th Round Table in Tokyo, Japan;

To gain a better understanding of recent reform experience and exchange views on latest development in payout operation with other regional players, the Board met the CEO from the MDIC in May 2012.



CEO of MDIC, Jean Pierre Sabourin, shares his experience in payout operation in Hong Kong with the Board members and the Management Team

To share the Board's experience in the operation and management of the DPS and to promote international co-operation and knowledge sharing among deposit insurers, the Board received delegates from the Nigeria Deposit Insurance Corporation (NDIC) in May 2012.



Visit from NDIC delegates in May 2012