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

Announcement of the Launch of the Deposit Protection Scheme

19 September 2006

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Outline of presentation

- Coverage of the Scheme
- Protection limit and compensation
- Representation and disclosure
- Publicity campaign

Coverage of the Scheme (1)

- Detailed design features of the DPS can be found in the website of the Board: www.dps.org.hk
- The DPS protects deposits in any currency held in Scheme members, i.e. licensed banks
- Both principal and interest are protected
- The DPS does not protect structured deposits, secured deposits, time deposits with a maturity longer than 5 years, bearer instruments and offshore deposits

Coverage of the Scheme (2)

- The DPS does not protect other financial products such as investments in stocks, bonds, funds, warrants, unit trusts and insurance policies
- The DPS does not protect deposits held by banks and persons related to the failed Scheme member, e.g. senior management, directors and controllers
- Depositors are not required to make an application for protection. Eligible depositors will automatically enjoy the protection.
- Unless exempted by the Board, all licensed banks are required to join the DPS

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Protection limit and compensation

- HK$100,000 per depositor per bank
- For large depositors, the first HK$100,000 is protected
- Compensation will be calculated on a net basis, i.e. after deducting the depositors' liabilities to the failed Scheme member
- Depositors do not need to file claim with the Board
- Compensation will be paid as quickly as practicable. If deemed necessary, an interim payment will be made.

Representation and disclosure (1)

- Scheme members must display the DPS membership sign prominently at their branches from 25 September 2006 onwards

Representation and disclosure (2)

- Scheme members are required to notify the customers if a financial product described as a deposit is not protected by the DPS

- Customers will be required to acknowledge receipt of the notification

- Holders of non-protected deposits made before 25 September 2006 will receive a notification from Scheme members within 60 days after launch of the DPS

Publicity campaign (1)

- Public awareness about the DPS is critical to its effectiveness in promoting banking system stability

- Comprehensive publicity campaign during launch period to promote public awareness about the key features
  - TV and radio commercials
  - Distribution of leaflets and posters
  - Exhibitions
  - Website (www.dps.org.hk)
  - Enquiry hotline : 1831 831

Publicity campaign (2)

- Monitor public awareness and understanding of the DPS on an on-going basis

- To undertake further promotional activities to reinforce public understanding when appropriate

Thank you