Deposit Protection Scheme commences operation

(Hong Kong, 25 September 2006) The Deposit Protection Scheme in Hong Kong started providing deposit protection today. From now on, depositors are protected up to a maximum of HK$100,000 of their eligible deposits maintained with Scheme members.

The main features of the Scheme are as follows:

- all licensed banks, unless otherwise exempted by the Board, are required to participate as Scheme members
- the compensation limit is set at HK$100,000 per depositor per Scheme member
- depositors are not required to apply for protection or compensation; eligible deposits held with Scheme members will automatically come under the protection of the Scheme
- both Hong Kong dollar and foreign currency deposits are protected
- the Scheme protects eligible deposits held in Scheme members; it does not protect term deposits with a maturity longer than 5 years, structured deposits, secured deposits, bearer instruments, offshore deposits and non-deposit products such as bonds, stocks, warrants, mutual funds, unit trusts and insurance policies;
- a Deposit Protection Scheme Fund with a target fund size of 0.3% of the total amount of relevant deposits (translating into a fund size of approximately HK$1.3 billion) will be built up through the collection of contributions from Scheme members
- differential contributions will be assessed based on the supervisory ratings of individual Scheme members.

The public can obtain information about the Scheme through the following channels:

- the Board's website at www.dps.org.hk and enquiry hotline at 1831 831
- leaflets distributed through branch networks of Scheme members
- exhibitions at selected shopping malls, MTR and KCRC stations
- tv and radio commercials.

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Hong Kong Deposit Protection Board