

LN164-E

L. N. 164 of 2001

Banking Ordinance (Amendment of Third Schedule) Notice 2001

(Made under section 135(3) of the Banking Ordinance (Cap. 155))

1. Commencement

This Notice shall come into operation on 29 October 2001.

2. Capital Adequacy Ratio

The Third Schedule to the Banking Ordinance (Cap. 155) is amended, in paragraph 3---

(a) in subparagraph (d)---

(i) by repealing the semi colon and substituting a colon;

(ii) by adding---

"Provided that the amount to be included under this subparagraph as at a particular date shall be net of dividends proposed or declared by the authorized institution after that date that are recorded or required to be recorded as equity on its balance sheet as at that date;"

(b) in subparagraph (e)---

(i) by repealing the semi colon and substituting a colon;

(ii) by adding---

"Provided that the amount to be included under this subparagraph as at a particular date shall be net of dividends proposed or declared by the authorized institution after that date that are recorded or required to be recorded as equity on its balance sheet as at that date;"

(c) in subparagraph (f)---

(i) by repealing everything from ", provided" to "total";

(ii) by adding---

"Provided that---

(i) the minority interests arising on consolidation in the paid-up irredeemable non-cumulative preference shares of all its subsidiaries which are special purpose vehicles shall not exceed 15% of its Core Capital (including such minority interests) in total; and

(ii) the amount to be included under this subparagraph as at a particular date shall be net of dividends proposed or declared by the authorized institution's subsidiaries after that date that are recorded or required to be recorded as equity on the subsidiaries' balance sheets as at that date:"

(d) in subparagraph (o), by repealing "its Core Capital:" and substituting---

"its Core Capital:

Provided that the amount to be included under this subparagraph as at a particular date shall be net of dividends proposed or declared by the authorized institution's subsidiaries after that date that are recorded or required to be recorded as equity on the subsidiaries' balance sheets as at that date: ".

Antony LEUNG

Financial Secretary

4 July 2001

Explanatory Note

This Notice amends the Third Schedule to the Banking Ordinance (Cap. 155). The object is to specifically exclude from an authorized institution's capital base proposed or declared dividends that are recorded or required to be recorded as equity on its and its subsidiaries' balance sheets for the purpose of calculating the institution's capital adequacy ratio under section 98 of the Ordinance. The amendments also apply to the calculation of capital base under other provisions of the Ordinance.