



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

CB(1)361/10-11(01)

**Briefing to
Sub-Committee on
Deposit Protection Scheme (Representation on
Scheme Membership and Protection of Financial
Products under Scheme) (Amendment) Rules 2010**

4 November 2010



Deposit Protection Scheme (“DPS”)

- Commenced operation in September 2006
- Administrated by the Hong Kong Deposit Protection Board established under the Deposit Protection Scheme Ordinance (“DPSO”)
- Primary objectives:
 - i. to provide a measure of protection to depositors
 - ii. to contribute to the stability of the banking system



DPS Review (1)

- Completed a review of the DPS in 2009
- Conducted extensive consultation on the proposals for enhancing the DPS
- Received broad support from the public and key stakeholder groups
- Briefed LegCo Financial Affairs Panel on the results of consultation and recommendations



DPS Review (2)

- Enhancements:
 - i. Raising protection limit from \$100,000 to \$500,000
 - ii. Protecting secured deposits
 - iii. Introducing cost mitigating measures
 - iv. Streamlining payout processes
 - v. Improving the representations made by Scheme members
- Legislative amendments to the DPSO were enacted in June 2010
- Take effect on 1 January 2011



Strengthening Representation Requirements (1)

- Proposed enhancements:
 - i. Reference to new protection limit at \$500,000
 - ii. Negative disclosure to be made before every transaction, except
 - automatic rollovers
 - institutional customers
 - accounts for settlement purpose



Strengthening Representation Requirements (2)

iii. Positive disclosure

- deposit or account statements
- notices in banking halls
- disclosure on transaction or account basis

iv. Prominence of disclosure

v. Restriction on the use of the term of “structured deposit”

vi. Response to customers’ enquiries in specified manners and within specified timeframe



Consultation and Response

- Received broad support from the public and the Consumer Council
- Consulted banking industry on the detailed requirements
- Expected to take effect on 1 January 2011 except the restriction on the use of the term of “structured deposit” which is scheduled to take effect on 1 July 2011



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Thank you