

By fax (2869 6794) and mail

17 December 2004

Miss Salumi Chan
Clerk to Panel on Financial Affairs
Legislative Council Secretariat
3rd floor, Citibank Tower
3 Garden Road
Hong Kong

Dear Salumi,

Review of Terms and Conditions for Safe Deposit Box Service

The Hong Kong Monetary Authority (HKMA) has requested authorized institutions (AIs) to carry out a comprehensive review of their terms and conditions for banking services to ensure compliance with the Code of Banking Practice. The part of the review relating to safe deposit box (SDB) service has recently been completed.

As requested by the Panel at the meeting held on 1 November 2004, I enclose a copy of our letter to AIs which contains a summary of our findings from this exercise for your onward distribution to Members of the Panel. As you will see, the HKMA has laid down a set of principles which AIs should observe when they revise their terms and conditions for SDB service. The letter also draws the attention of AIs to the recent changes introduced to the Code by the Code of Banking Practice Committee.

We have reminded AIs that they should complete the review of the terms and conditions for other banking services by 15 January 2005. Upon completion of this review, we shall provide Members of the Panel with the findings.

Yours sincerely,

(Fiona Chan)
for Chief Executive
Hong Kong Monetary Authority

Encl.