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19 June 2006

Clerk to Subcommittee
Legislative Council Building
8 Jackson Road
Central, Hong Kong
(Fax: 2869 6794)
(Attn: Ms Rosalind Ma)

Dear Ms Ma,

**Subcommittee to Study Four Items of Subsidiary Legislation
under the Deposit Protection Scheme Ordinance**

Follow-up to first meeting on 12 June 2006

Thank you for your letter of 13 June 2006. The Administration's responses are as follows.

Foreign Currency Deposits

2. We have reviewed a sample of the relevant terms and conditions of banks applicable to foreign currency deposits. Some of these terms and conditions provide that the bank reserves the right to repay the foreign currency in Hong Kong dollars at the then prevailing exchange rate. In order to ensure that we do not inadvertently capture foreign currency deposits under the definition of "structured deposit" and thereby excluding them from deposit protection, we propose to slightly amend the definition of "structured deposit" as below:

"2A. For the purposes of.....

- (a) the loan of money, or any part of the loan, may be repaid -

- (i) in another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made; or;
- (ii) ...;

(b) the interest on the loan of money, or the premium at which the loan of money is repayable, or any part of the interest or premium, may be paid in another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made;"

3. We also propose to replace the term “general holiday” by “public holiday” in the English version of the DPS Ordinance (Amendment of Schedules 1 and 4) Notice 2006.

4. A draft of the Legislation Council Resolution to give effect to the above changes is at **Annex**.

Yours sincerely,

(Mrs Millie Ng)
for Secretary for Financial Services
and the Treasury

c.c. CE/HKMA
DoJ

(Attn: Mr Raymond Chan)
(Attn: Ms Carmen Chu,
Ms Elen Lau,
Ms Lonnie Ng,
Ms Selina Lau)

DRAFT

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

RESOLUTION OF THE LEGISLATIVE COUNCIL

DEPOSIT PROTECTION SCHEME ORDINANCE (AMENDMENT OF SCHEDULES 1 AND 4) NOTICE 2006

Resolution made and passed by the Legislative Council under section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) on [] 2006.

RESOLVED that the Deposit Protection Scheme Ordinance (Amendment of Schedules 1 and 4) Notice 2006, published in the Gazette as Legal Notice No. 107 of 2006 and laid on the table of the Legislative Council on 24 May 2006, be amended –

- (a) in section 2(3), by repealing the new section 2A(a)(i) and substituting –
 - “(i) in another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made; or”;
- (b) in section 2(3), in the new section 2A(b), by repealing “a currency that is different from that in which the loan of money was made” and substituting “another currency to be converted, at an exchange rate specified in terms of a ratio

at the time when the loan of money was made, from the currency in which that loan was made”;

- (c) in section 3(1), in the English text, in the new definition of “specified date”, in paragraph (b), by repealing “general” where it twice appears and substituting “public”.

Clerk to the Legislative Council

2006

INTERPRETATION AND GENERAL CLAUSES
ORDINANCE

RESOLUTION

(Under section 34(2) of the Interpretation and General Clauses Ordinance
(Cap. 1))

DEPOSIT PROTECTION SCHEME ORDINANCE
(AMENDMENT OF SCHEDULES 1 AND 4) NOTICE 2006

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 - “(i) in another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made; or”;
- (b) in section 2(3), in the new section 2A(b), by repealing “a currency that is different from that in which the loan of money was made”

and substituting “another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made”;

- (c) in section 3(1), in the English text, in the new definition of “specified date”, in paragraph (b), by repealing “general” where it twice appears and substituting “public”.