

L.N. 225 of 2005**LEGAL AID (CHARGE ON PROPERTY) (RATE OF INTEREST) REGULATION**

(Made by the Chief Executive in Council under section 28 of the Legal Aid Ordinance (Cap. 91))

1. Commencement

This Regulation shall come into operation on a day to be appointed by the Director of Administration by notice published in the Gazette.

2. Interpretation

In this Regulation—

- “BLR” (最優惠利率), in relation to a day, means the arithmetic mean of the best lending rate quoted by each note-issuing bank on that day;
- “HKDISR” (港元利息結算率), in relation to a quotation day, means the 12-month Hong Kong Dollar Interest Settlement Rate quoted by The Hong Kong Association of Banks in respect of that day;
- “interest period” (利率期) means any 12-month period commencing on 1 June in a year;
- “Monthly BLR” (當月最優惠利率), in relation to a month, means the arithmetic mean of the BLR on all days within that month;
- “Monthly HKDISR” (當月港元利息結算率), in relation to a month, means the arithmetic mean of the HKDISR on all quotation days within that month;
- “note-issuing bank” (發鈔銀行) has the meaning assigned to it in section 2 of the Legal Tender Notes Issue Ordinance (Cap. 65);
- “quotation day” (公布日) means a day on which The Hong Kong Association of Banks makes a quotation for the 12-month Hong Kong Dollar Interest Settlement Rate in respect of that day.

3. Prescribed rate of interest

(1) Subject to subsection (3), for the purposes of section 18A(3B)(b) of the Ordinance, the prescribed rate of interest, in relation to an interest period, shall be an annual rate—

- (a) calculated in accordance with the formula set out in subsection (2); and
- (b) rounded to 3 decimal places.

(2) The formula referred to in subsection (1) is—
$$\text{BLR}_{(1 \text{ April})} - (\text{Monthly BLR}_{(120 \text{ months})} - \text{Monthly HKDISR}_{(120 \text{ months})})$$
,
where

- (a) “BLR_(1 April)” is the BLR on 1 April of the year in which the interest period commences;
- (b) “Monthly BLR_(120 months)” is the arithmetic mean of the Monthly BLR of all months within the 120-month period ending on 31 March of the year in which the interest period commences;
- (c) “Monthly HKDISR_(120 months)” is the arithmetic mean of the Monthly HKDISR of all months within the 120-month period ending on 31 March of the year in which the interest period commences.

(3) Where the annual rate calculated in accordance with the formula set out in subsection (2) is less than zero, the prescribed rate of interest, in relation to the interest period, shall be zero.

LAM Chik-ting, Tony
Clerk to the Executive Council

COUNCIL CHAMBER
6 December 2005

Explanatory Note

Under section 18A(3B) of the Legal Aid Ordinance (Cap. 91), where a property to be used as a home for a legally aided person or his dependants has been recovered or preserved in proceedings and a first charge for the benefit of the Director of Legal Aid has been registered in respect of the property, the Director may defer enforcing the charge under specified circumstances. The person, however, has to pay simple interest on the sum that the Director would have retained in respect of the property. The purpose of this Regulation is to prescribe the rate for that interest.