

Press Release
Deposit Protection Scheme (Amendment) Bill 2015 gazetted

Friday, November 13, 2015

The Deposit Protection Scheme (Amendment) Bill 2015 was gazetted today (November 13).

The Bill seeks to adopt a gross payout approach to determine the amount of compensation payable to affected depositors in case the Deposit Protection Scheme (DPS) is triggered.

The adoption of a gross payout approach will enable depositors to be compensated, in respect of the protected deposits, an amount up to the protection limit (currently at \$500,000 per depositor per bank), without having to set off the depositors' liabilities owed to the same bank against their protected deposits placed there when determining the amount of compensation.

The Secretary for Financial Services and the Treasury, Professor K C Chan, said, "The proposed adoption of the gross payout approach and other measures in the Bill to achieve speedier payouts can enhance the effectiveness and efficiency of the DPS as a key component of the financial safety net.

"The Bill will contribute to the stability and resilience of the banking system and strengthen the status of Hong Kong as an international financial centre."

While no payout has been triggered since the launch of the DPS in 2006, the gross payout approach is expected to enable the Hong Kong Deposit Protection Board to pay compensation to affected depositors within seven days.

The Bill also seeks to refine the operation of the DPS by providing more certainty to the reference date used for calculating the deposit compensation amount, and enabling the use of electronic communication to notify depositors of any compensation arrangements.

The Bill will be introduced into the Legislative Council for first reading on November 25.

Ends