



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

Our Ref: D1/10C

13 September 2024

The Chief Executive
All Scheme members

Dear Sir/Madam,

Revised Guideline on Information Required for Determining and Paying Compensation (IS Guideline) and the related Compliance Review Programme for the Deposit Protection Scheme (DPS) Enhancement

I am writing to inform you that, following consultation with the Hong Kong Association of Banks, the Hong Kong Depositor Protection Board (the “Board”) has finalised the revision to the IS Guideline, the Explanatory Note to the IS Guideline and the Compliance Review Programme.

The DPS (Amendment) Ordinance 2024 gazetted on 12 July 2024 enhances certain features of the scheme. One of the enhancements is to provide enhanced protection to affected depositors for a limited period of six months following a qualifying arrangement (i.e. a merger, an acquisition or any other similar transactions). The enhanced protection arrangement will take effect from 1 January 2025. In this connection, the resulting Scheme member of the qualifying arrangement will be required to retain the information of transferred deposits of all Scheme members involved in the arrangement (the “Retained Information”) for five years and submit it to the Board at payout to facilitate the determination of enhanced protection limit of affected depositors.

The retention and submission requirements of the Retained Information are set out in the revised IS Guideline and its Explanatory Note (**Annex A**). In order to ensure that complete and accurate Retained Information is readily available for submission to the Board by the resulting Scheme member at payout, an independent assessment report on the Retained Information and the related retention mechanism issued by an external auditor should be submitted by the resulting Scheme member to the Board within two months after the material date of the qualifying arrangement. The details of the independent assessment are provided in the revised Compliance Review Programme (**Annex B**), the new Information Note on Reviewing the Information Required for Determining Enhanced Protection Limit Following a Qualifying Arrangement of Scheme members (**Annex C**) and the revised Programme Guide of Independent Assessment Programme (**Annex D**).

Taking this opportunity to provide more clarity of certain technical requirements and checking procedures, minor changes were made to the IS Guideline, the Explanatory Note and the Programme Guide of Independent Assessment Programme and new questions and answers were added to the Q&A Note on the IS Guideline (Annex E).

Scheme members are required to achieve compliance with the revised IS Guideline on 1 January 2025. It is worth noting that the new information retention and submission requirement will be applicable only to Scheme members which are involved in a qualifying arrangement that takes effect and the material date of the arrangement falls on or after 1 January 2025. For the avoidance of doubt, Scheme member should continue to comply with the requirements set out in the 2016 Guideline until they meet compliance with the revised guideline.

Should you have any questions relating to this letter, please feel free to contact Ms Athena Tsui on 2878 8057 or Mr Cary Ng on 2878 1225. This letter and the Annexes are available on the Board's website.

Yours faithfully,

Donald Chen
Chief Executive Officer
Hong Kong Deposit Protection Board

Encl Annex A: IS Guideline and Explanatory Note
 Annex B: Compliance Review Programme
 Annex C: Information Note on Reviewing the Information Required for
 Determining Enhanced Protection Limit Following a Qualifying
 Arrangement of Scheme members
 Annex D: Programme Guide of Independent Assessment Programme
 Annex E: Q&A Note on IS Guideline