

Deposit Protection Scheme (Amendment) Bill 2024 gazetted today

The Government gazetted today (May 3) the Deposit Protection Scheme (Amendment) Bill 2024, which seeks to enhance the Deposit Protection Scheme (DPS) to strengthen the protection for depositors, maintain banking stability and keep up with international standards and the latest developments of Hong Kong.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "With the concerted efforts of the Government, financial regulator and the industry, Hong Kong has a robust and resilient banking sector. The latest review has showed that the overall design and key aspects of the DPS remain appropriate. The proposed enhancements seek to fulfil international standards and ensure the effectiveness of the Scheme in maintaining banking stability."

The Bill amends the Deposit Protection Scheme Ordinance (Cap. 581) and the Deposit Protection Scheme (Representation on Scheme Membership and Protection of Financial Products under Scheme) Rules (Cap. 581A) to implement the following enhancements:

- * raising the protection limit from the current \$500,000 to \$800,000;
- * refining the levy system to enable the DPS Fund underpinning the Scheme to reach the target fund size within a reasonable timeframe under the increased protection limit;
- * providing enhanced coverage to affected depositors upon a bank merger or acquisition;
- * requiring the display of the DPS membership sign on the electronic banking platforms of DPS members; and
- * streamlining the negative disclosure requirement on non-protected deposit transactions for private banking customers.

The Chairman of the Hong Kong Deposit Protection Board, Ms Connie Lau, said, "We are grateful to the public, the banking industry and other stakeholders for their invaluable comments on the proposals for enhancing the DPS, which have been useful in helping the finalisation of the legislative amendments. The Board will make necessary preparations in close co-ordination with the banking industry to ensure the smooth implementation of the enhancement measures."

The DPS was launched in 2006 to provide protection for depositors and contribute to banking stability. After initiating a comprehensive review of the DPS in 2021, the Board conducted a three-month public consultation from July to October 2023 and commissioned a public opinion survey on the proposed enhancement measures. The Bill will be introduced into the Legislative Council for first reading on May 8, 2024.

