Rainstorm Guidelines

1. Introduction

1.1 This circular replaces the Rainstorm Guidelines issued by the Association on 23 September 2024 and will apply with immediate effect.

1.2 Please refer to circular No. S/24/336 dated 30 December 2024 issued by the Association for current typhoon arrangements.

2. Closing and Re-opening of Banks

2.1 Through the Government Information Services, announcements by the Association over the mass media will be made as appropriate advising the times at which banks will close or re-open to the public during rainstorm according to the following criteria:

(a) If the Black Rainstorm Warning is issued before working hours, all banks will not open to the public. Where the warning is cancelled at any time up to and including 12:00 hours on weekdays (or 9:00 hours on Saturdays), banks will re-open two hours thereafter, conditions permitting. If the warning is cancelled after 12:00 hours on weekdays (or 9:00 hours on Saturdays), banks will not re-open until the next Working Day.

(b) Where the Black Rainstorm Warning is issued close to bank opening hours or during working hours, the situation is less clear-cut. The decision to open, close - and re-open - must remain a matter for commercial judgement and management discretion. Management will, no doubt, wish to take into consideration a number of factors: these will include, inter alia, the intensity and likely duration of the rainstorm, staff in transit/ released/available for work (see para 3.1(c)) and anticipated customer requirements. It is stressed that there is no presumption that banks will close on notification of a black rainstorm.

2.2 It will be stated in the announcement that banks will re-open only according to the above schedule where conditions permit to allow for situations where branches cannot re-open as prescribed due to rainstorm damage or where staff have not been able to reach them yet.

3. Guidelines for Release of Staff

3.1 Guidelines for the release of staff applicable to rainstorms contained in the Labour Department's Code of Practice in times of Typhoon and Rainstorm Arrangements should be observed. These are as follows:

(a) If an Amber or Red Rainstorm Warning is issued during working hours, employees working indoors should remain on duty as usual and stay where they are unless it is dangerous to do so. Employers may exercise their discretion to release the employees based on their personal circumstances, the weather and road traffic conditions etc.

(b) Supervisors of employees working outdoors in exposed areas should suspend outdoor duties as soon as practicable. They should arrange their employees to take shelter temporarily and resume duty when weather conditions so permit.

(c) If a Black Rainstorm Warning is issued during working hours, employees working indoors should remain on duty as usual and stay where they are unless it is dangerous to do so. Employees working outdoors in exposed areas should stop work and take shelter immediately. Employers should not require them to resume duty until the warning is lowered and weather conditions permit.

(d) If a Black Rainstorm Warning remains in force at the end of working hours, for safety reasons, employers should provide employees with an area in the workplace as temporary shelter for them to stay if they want to.

4. Rules for Settlement of Inter-Bank Transactions in Hong Kong

4.1 HKD, USD, Euro and Renminbi Transactions - Clearing and Settlement Arrangements

For arrangements for clearing and settlement through the Clearing Houses of HKD, USD, Euro and Renminbi transactions during the issue of a Black Rainstorm Warning, member banks should refer to the HKD, USD, Euro and Renminbi Rainstorm Procedures of the Clearing Houses respectively. The Rainstorm Procedures cross refer to the Typhoon Procedures.

4.2 Interbank Treasury Transactions scheduled to be settled other than by virtue of a cashier's order

Interbank treasury transactions scheduled to be settled on a Settlement Day which is not a Working Day by reason of the issue of a Black Rainstorm Warning will be cleared and settled (notwithstanding closure of banks) in the normal way unless (in respect of transactions settled through a Clearing House) there is any requirement under the relevant Clearing House Rules that the relevant payment will have to be deferred to the next weekday. It is the responsibility of each bank to ensure that settlement instructions are despatched in good time by means of CHATS, telex or S.W.I.F.T. payments. In the event of any delay in settlement of payments, the bank concerned would be liable to arrange either back-valuation or to pay interest.

4.3 HKD and USD Interbank Treasury Transactions scheduled to be settled by virtue of a cashier's order

4.3.1 Settlement of Maturing Money Market Deals

If payment for a maturing Money Market transaction is agreed to be settled by virtue of a cashier's order on a day which is not a Working Day by reason of the issue of a Black Rainstorm Warning, payment for the maturing Money Market transaction may be effected on the next weekday subject to the relevant Clearing House Rules and, unless otherwise specifically agreed between the parties concerned, settlement of the transaction will be held over to the next weekday and additional interest will still be payable on the amount outstanding at the rate of interest applicable on the maturing loan.

4.3.2 Advancement of Overnight Money Market Loans

If payment for the advancement of an Overnight Money Market Loan is agreed to be settled by virtue of a cashier’s order on a day which is not a Working Day by reason of the issue of a Black Rainstorm Warning, such transaction may be deemed cancelled subject to the relevant Clearing House Rules, unless otherwise specifically agreed between the parties concerned, with no commitment remaining between the two parties concerned and no

interest will apply to the loan since the advance cannot be made on the original value date; in this event any cashier's order already delivered will be returned.

4.3.3 Advancement of Money Market Loans (i.e. Longer than Overnight)
If payment for the advancement of a Money Market Loan is agreed to be settled by virtue of a cashier's order on a day which is not a Working Day by reason of the issue of a Black Rainstorm Warning, payment for the advancement may be effected on the next weekday subject to the relevant Clearing House Rules and, unless otherwise specifically agreed between the parties concerned, the value date of the loan shall be advanced by the number of days the advance of the loan is delayed and fresh confirmations shall be issued carrying the same rate of interest but for the amended period.

4.3.4 Settlement of Foreign Exchange Transactions
If payment for a leg of Foreign Exchange transaction is agreed to be settled by virtue of a cashier's order on a day which is not a Working Day by reason of the issue of a Black Rainstorm Warning, the payment may be effected on the next weekday subject to the relevant Clearing House Rules and, unless otherwise specifically agreed between the parties concerned, it is considered that the "Swing and Roundabouts" approach shall apply. It should be noted that it is not feasible to back-date transactions to a day when banks are closed and, in that the closure is unforeseeable and unavoidable, no interest adjustments should be made.

5. HKD Note Transactions Between Banks

With regard to HKD note transactions between banks, it is the responsibility of the bank receiving the HKD notes to ensure that settlement of the HKDs takes place with the value date as originally agreed. In instances where physical delivery of the HKD notes has not taken place because banks have remained closed for a whole day, delivery should take place on the next Working Day.

6. Forward Rate Agreements (FRAs)

6.1 For arrangements for FRAs affected by the issuance of Black Rainstorm Warning, member banks should refer to "Table 1: Publication arrangement under typhoon signal and black rainstorm warning" ("Table 1") under HKD HIBOR Specifications published on HKAB website and updated from time to time.

6.2 In respect of Table 1 mentioned in 6.1 above,

(a) where HKD HIBOR has been published on a day, settlement shall be effected on the same day using that day HKD HIBOR; and

(b) where there is no publication of HKD HIBOR on a day, the settlement shall be deferred to the next Working Day (excluding Saturday) using the HKD HIBOR published on that Working Day and the interest period (i.e. start date and end date of interest calculation) shall remain unchanged.

6.3 For the avoidance of doubt, the provisions of this Section shall apply where the FRA is between a bank and any counterparty whether or not a financial institution.

7. Interest Rate Swaps

7.1 For arrangements for HKD Interest Rate Swaps affected by the issuance of a Black Rainstorm Warning, member banks should refer to "Table 1: Publication

arrangement under typhoon signal and black rainstorm warning" under HKD HIBOR Specifications published on HKAB website and updated from time to time.

7.2 In respect of Table 1 mentioned in 7.1 above,

(a) where HKD HIBOR has been published on a day, settlement shall be effected on the same day using that day HKD HIBOR; and

(b) where there is no publication of HKD HIBOR on a day, the settlement shall be deferred to the next Working Day (excluding Saturday) using the HKD HIBOR published on that Working Day. The interest period (i.e. start date and end date of interest calculation) and maturity date shall remain unchanged.

7.3 If, in the circumstances referred to in Section 7.2 (b):

(a) the transaction is to be settled other than by virtue of a cashier's order on the day in question, the settlement shall be effected normally on that day;

(b) the transaction is to be settled by virtue of a cashier's order on the day in question, the settlement shall be deferred until the next Working Day.

7.4 For the avoidance of doubt the provisions of this Section shall apply where the HKD Interest Rate Swap is between a bank and any counterparty whether or not a financial institution.

8. Receipt of Funds through CHATS Transactions or in respect of an Interbank Treasury Transaction

Where a recipient of funds in respect of a CHATS Transaction or an interbank treasury transaction receives funds and:

(a) is under a duty to forward funds to another bank or financial institution, the recipient shall ensure such funds are forwarded to the other bank or financial institution as soon as practicable on the same day;

(b) is under a duty to credit the funds to its customer's account, the recipient shall ensure such funds are credited to the customer's account as soon as practicable on the same day.

9. Effective Date of Interest Rate Changes

If banks are closed for the whole day due to the issue of a Black Rainstorm Warning or any other reason on the day when a change in interest rates is due to take effect, the change will become effective no later than the next Working Day.

10. Definitions

For the purposes of these Guidelines,

(a) "CHATS Transactions" means those HKD, USD, Euro or Renminbi transactions effected through the Clearing House operated by Hong Kong Interbank Clearing Limited which continue to be cleared and settled notwithstanding the issue of a Black Rainstorm Warning.

(b) "Clearing House Rules" means the HKD, USD, Euro or Renminbi Clearing House Rules (inclusive of Rainstorm and Typhoon Procedures) made and updated by Hong Kong Interbank Clearing Limited from time to time in respect of the Clearing Houses for clearing and settlement of payments in HKD, USD, Euro or Renminbi.

(c) "HKD HIBOR" means the estimated offer rates at which deposits in HKD for the contract period are being quoted to prime banks in the Hong Kong interbank market at 11:00 a.m. on the relevant Working Day (excluding Saturdays).

(d) "Settlement Day" means in respect of an interbank treasury transaction the date specified as the settlement date or the payment date as the case may be, or otherwise determined as provided in the related confirmation.

(e) "Weekdays" exclude Saturdays, Sundays and general holidays.

(f) "Working Day" means a day on which banks should be open for business pursuant to Section 2.1 (whether for the whole or part only of such day) in accordance with these Guidelines. For the avoidance of doubt, a Saturday in which a Black Rainstorm Warning is in effect up to and including 9:00 hours will not be deemed a Working Day and, save in respect of CHATS Transactions, any weekday in which a Black Rainstorm Warning is in effect up to and including 12:00 hours will not be deemed a Working Day.

30 December 2024