Typhoon Guidelines

1. Introduction

1.1 This circular replaces the Typhoon 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 rainstorm 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 typhoons or extreme conditions according to the following criteria:

(a) All banks will close to the public when the typhoon warning signal No. 8 or above or extreme conditions announced by the Government are in force.

(b) Where typhoon warning signal No. 8 and extreme conditions, if any, are cancelled at any time up to and including 12:00 hours on weekdays and 9:00 hours on Saturdays, banks will re-open two hours after the cancellation of the typhoon warning signal No. 8 or extreme conditions, whichever is later.

(c) Where typhoon warning signal No. 8 or extreme conditions are cancelled after noon on weekdays and 9:00 hours on Saturdays, banks will not re-open until the next Working Day.

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 typhoon 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 typhoons contained in the Labour Department's Code of Practice in times of Typhoon and Rainstorm Arrangements should be observed. These are as follows:

(a) After the Hong Kong Observatory issues the Pre-No. 8 Special Announcements, employers should give due consideration to the needs of individual employees and release non-essential employees from work in stages according to the work requirements.

(b) To ensure the safety of employees, employees who have mobility problems (for example, pregnant or physically handicapped employees) should be allowed to leave first. Employees reliant on ferry services to travel to and from their workplace should also be given priority to leave as ferry services may be affected under adverse weather conditions. Moreover, employees who face greater hardship in commuting (for example, those living in remote areas) should also leave earlier.

(c) As for other employees, employers should arrange their release in stages, according to their travelling distances and time required to return home. This helps safeguard employees' safety and ease traffic congestion.

(d) To ensure that the staggered release of employees is in an orderly

manner, employers should work out the release arrangements in advance with their employees, bring these arrangements to the attention of the employees, and regularly review the arrangements. In applying the arrangements, employers should be flexible and take account of the actual situations such as traffic conditions and special needs of individual employees.

(e) Supervisors of essential staff should ensure that they are required to work only if it is absolutely necessary. The essential staff concerned should be notified beforehand.

(f) If weather condition is so adverse or public transport is not available making it unsafe for essential staff to leave their workplace after work, supervisors should ensure that a suitable area in the workplace remains open as shelter for the staff.

4. Rules for Settlement of Interbank 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 hoisting of the typhoon warning signal No. 8 or above or extreme conditions, member banks should refer to the HKD, USD, Euro and Renminbi Typhoon Procedures of the Clearing Houses respectively.

4.2 Interbank Treasury Transactions scheduled to be settled other than by virtue of 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 typhoon warning signal No. 8 or above or extreme conditions 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 on which the typhoon warning signal No.8 or above or extreme conditions are in effect, 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 Working Day in which the typhoon warning signal No. 8 or above or extreme conditions are in effect, 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 on which the typhoon warning signal No. 8 or above or extreme conditions are in effect, 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 on which the typhoon warning signal No. 8 or above or extreme conditions are in effect, 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 prior to the banks closing due to the typhoon warning signal No. 8 or above or extreme conditions being in effect, delivery should take place on the next Working Day.

6. Forward Rate Agreements (FRAs)

6.1 For arrangements for FRAs in times of typhoons, member banks should refer to "Table 1: Publication arrangement under typhoon signal and black rainstorm warning" (“Table 1”) and “Table 2: Fallback arrangements” (“Table 2”) 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 In case extreme conditions are announced following the lowering of a typhoon warning signal No. 8, the arrangements for FRA will follow Table 2 under HKD HIBOR Specifications.

6.4 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 in times of typhoons, member banks should refer to "Table 1: Publication arrangement under typhoon signal and black rainstorm warning" ("Table 1") and "Table 2: Fallback arrangements" ("Table 2") 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 In case extreme conditions are announced following the lowering of a typhoon warning signal No. 8, the arrangements for HKD Interest Rate Swaps will follow Table 2 under HKD HIBOR Specifications.

7.4 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 to the next Working Day.

7.5 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 a typhoon 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 hoisting of the typhoon warning signal No.8.

(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) “Extreme conditions” mean under certain extreme conditions caused by super typhoon, such as serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage, the Government may issue an announcement on "extreme conditions" before the Hong Kong Observatory replaces typhoon signal No. 8 with signal No. 3. Please also refer to “Code of Practice in Times of Adverse Weather and “Extreme Conditions”” issued by the Labour Department (https://www.labour.gov.hk/eng/public/typhoon.htm).

(d) “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).

(e) "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.

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

(g) "Working Day" means a day on which banks should be open for business (whether for the whole or part only of such day) in accordance with these Guidelines. For the avoidance of doubt, a Saturday in which typhoon warning signal No. 8 or above or extreme conditions are in force up to and including 9:00 hours will not be deemed a Working Day and, save in respect of CHATS Transactions, FRAs, and HKD interest Rate Swaps, any weekday in which typhoon warning signal No. 8 or above or "extreme conditions" are in force up to and including 12:00 hours will not be deemed a Working Day.

30 December 2024