

## Notice no. 006/93-AMCM

In accordance with the provisions contained in Article 6, paragraph 3, sub-paragraph a) of the Financial System Act, approved by Decree-Law no. 32/93/M, of the 5th of July, Autoridade Monetária e Cambial de Macau (Monetary and Foreign Exchange Authority of Macau), hereinafter referred to as AMCM, hereby determines that the following rules on cash in hand and minimum liquidity requirements shall be observed by all banks.

### I DEFINITIONS

1. Cash in hand include:
  - a) notes and coins in vaults;
  - b) balance of current accounts in patacas with AMCM.
2. Specified assets for liquidity purposes shall include:
  - a) cash in hand;
  - b) cheques and payment orders receivable in Macau and overseas;
  - c) gold in coins or bullion;
  - d) securities issued by AMCM;
  - e) securities issued or guaranteed by the Government of Macau;
  - f) securities quoted in Hong Kong, Tokyo, Singapore, London, New York or in other stock exchanges previously accepted by AMCM;
  - g) certificates of deposit or negotiable securities of a similar nature issued by banks;
  - h) credit granted to the Territory or guaranteed by the Territory;
  - i) other loans or advances to clients (excluding overdrafts pertaining to unsecured credits or credits without a fixed term) or bills discounted, in the part that is due within three months;
  - j) interbank deposits up to three months after deducting liabilities of a similar nature and term;
  - k) other assets as deemed appropriate by AMCM.
3. In assessing assets for liquidity purposes, all credits on which repayments of capital or interest are overdue for a period of more than three months shall be excluded.
4. The assets referred to in paragraph 2. shall:
  - a) when not expressed in patacas, be denominated in currencies whose convertibility is secured or in international currency units;
  - b) be registered in accordance with the valuation criteria stipulated by AMCM.
5. Regardless of the type of currency or period of repayment, basic liabilities shall

include:

- a) deposits of clients, excluding those of credit institutions;
  - b) certificates of deposit issued, excluding those deposited with the bank and whose underwriters and beneficiaries are other credit institutions authorized to operate in Macau;
  - c) bonds issued, excluding those deposited with the bank and whose underwriters and beneficiaries are other credit institutions authorized to operate in Macau;
  - d) other liabilities incurred by obtaining resources from other sources with the exception of liabilities incurred with AMCM or other credit institutions.
6. The following shall be deemed as:
- a) call liabilities - all basic liabilities immediately payable;
  - b) liabilities up to three months excluding call liabilities - the basic liabilities payable within a period not exceeding three months after deducting liabilities immediately payable;
  - c) liabilities beyond three months - basic liabilities payable after a period of more than three months.

## II LIQUIDITY RULES

7. The average weekly amount of cash in hand in banks shall not be less than the sum of the following percentages calculated on the average of the basic liabilities classified by term and assessed in the preceding week:
  - a) 3% of call liabilities;
  - b) 2% of liabilities up to three months excluding call liabilities;
  - c) 1% of liabilities beyond three months.
8. The average weekly amount of the balances of current accounts in patacas with AMCM in the name of each bank shall not be less than 70% of the minimum amount of cash in hand mentioned in paragraph 7.
9. The lower limit of daily variations in relation to the average amounts defined in paragraphs 7. and 8. shall not exceed 20% of those same averages. In order to assess the weekly averages of cash in hand and deposits with AMCM, only positive variations in the part which does not exceed 20% can be taken into account.
10. For the purposes of the above paragraphs, weeks shall be defined as the periods ending on the 8th, 15th, 22nd and last day of each month.
11. For calculating weekly averages, for Sundays and holidays the value shall be attributed the balance of the previous working day.

12. Banks must keep records which permit a daily control of their liquidity as defined in this Notice.
13. The liquidity table showing cash in hand for the previous week, filled in according to the form annexed to this Notice, shall be submitted to AMCM by the third working day of each week as defined in paragraph 10. (i.e. on the 3rd, 11th, 18th and 25th or on the day after if these are Sundays or holidays).

### III SOLVENCY RULES

14. At the end of each month, the amount of specified liquid assets as defined in paragraph 2. shall not be less than 30% of the total basic liabilities defined in paragraph 5.
15. For the purposes of the preceding paragraph, the amount of specified liquid assets and of basic liabilities shall be those assessed on the last working day of each month.
16. The table of specified liquid assets and basic liabilities assessed at the end of the previous month according to the form annexed to this Notice shall be submitted to AMCM by the tenth working day of each month.

### IV FINAL AND TRANSITIONAL PROVISIONS

17. Without prejudice to any applicable sanctions, whenever the minimum amount of cash in hand or minimum deposit with AMCM is not reached in any week, the offending bank shall, in the following week, place an additional deposit equal to the amount in shortage with AMCM.
18. Without prejudice to other types of applicable sanctions, failure to comply with the solvency rules defined in part III shall result in a 1% increase in the minimum compulsory percentage referred to in paragraph 14 in the following month.
19. Banks with off-shore licences shall comply with the rules stipulated in this Notice insofar as they relate to liabilities undertaken in respect of residents in Macau.
20. Should any doubts or omissions arise in the application of this Notice, they shall be resolved by AMCM through instructions to be communicated in a circular to all credit institutions.
21. Notice no. 3/86-IEM of the 10th of December of 1986 published in Boletim Oficial no. 50 of the 15th of December is hereby repealed.

22. This Notice shall come into force with Decree-Law N° 32/93/M, of the 5th of July.

Autoridade Monetária e Cambial de Macau, 27th August 1993. - The Board of Directors -  
Executive Director, António dos Santos Ramos - Chairman, José Carlos Rodrigues Nunes.