



5-Day Clearing Week

(24 August 2006) The Estate Agents Authority (EAA) today issued a Practice Circular suggesting estate agency practitioners advise their vendor or purchaser clients not to choose a Saturday as the due date for payment of a deposit or any part of the purchase price after the banking industry has adopted a 5-day clearing week on 4 September 2006.

The Hong Kong Association of Banks has announced that the banking industry will adopt a 5-day clearing week with effect from 4 September 2006, which means that clearing and settlement of funds through methods such as cheque autopay or electronic fund transfer will take place from Mondays to Fridays only.

After the 5-day clearing week is implemented, bank customers will not be able to drawdown or repay bank loans on Saturdays in cases where relevant transactions involve interbank fund transfers on the same day. If a cheque is paid into the bank on a Saturday, it might be treated as if the cheque were paid on the next clearing day.

Although individual banks may have their own arrangements regarding their Saturday service, practitioners should take note of these changes when they assist clients in the preparation of a provisional agreement for sale and purchase. They should advise their vendor or purchaser clients to avoid selecting a Saturday as the due date for payment of the deposit or any part of the purchase price.

The newly-issued circular has already been posted on the EAA web site (www.eaa.org.hk).

EAA regularly issues Practice Circulars to practitioners to remind them of the relevant laws and regulations and to provide them with guidelines on conduct and practice.