



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

銀行政策部

Our Ref.: B4/9C
B9/155C
S4/16C
CB/POL/4/5/34

15 January 2015

By email and by hand

Mr Lee Huat Oon
Acting Chairman
The DTC Association
Unit 1704, 17/F, Bonham Trade Centre
50 Bonham Strand East
Sheung Wan
Hong Kong

Dear Mr Lee,

Consultation on Liquidity Coverage Ratio (“LCR”) Standard Disclosure Template

I am writing to consult the Association on the draft LCR standard disclosure template (and accompanying completion instructions). The template is to be used by category 1 institutions for disclosure of their LCR and related information, pursuant to the Banking (Disclosure) (Amendment) Rules 2014 (“BDAR 2014”) which are currently undergoing negative vetting by the Legislative Council.

As indicated in the HKMA’s consultation paper *Implementation of Basel III disclosure standards in Hong Kong (for Leverage Ratio, Liquidity Coverage Ratio and Capital Buffers)* (D2) issued on 29 October 2014, the Basel III LCR disclosure standards¹ not only specify the disclosure requirements applicable to banks (to be implemented in Hong Kong by way of the BDAR 2014), but also prescribe a common disclosure template that banks are required to adopt in making the disclosures, in order to enhance consistency and comparability of disclosure among banks internationally. It is our intention to adopt a disclosure template for the LCR that is substantially similar in content to the common template prescribed by the BCBS.

¹ See the *Liquidity coverage ratio disclosure standards* published by the Basel Committee on Banking Supervision (“BCBS”) in March 2014, which can be accessed at <http://www.bis.org/publ/bcbs272.htm>.

We have developed the enclosed template (and accompanying completion instructions) to (i) specify the format, scope and content of disclosure, including the individual items to be disclosed; and (ii) provide guidance on the completion of the template as well as the manner in which individual disclosure items are to be calculated. Category 1 institutions will be required to use the template for the purposes of disclosing their LCR and related information upon the commencement of the BDAR 2014, which is expected to be 31 March 2015 following completion of the negative vetting process by the Legislative Council.

I would be grateful if you could circulate this letter and its enclosures to all members of the Association, and let us have any comments by 4 February 2015.

If you have any questions on this letter and its enclosures, please feel free to contact Rita Yeung (2878-1388) or Jingchun Zhang (2878-1142).

I am writing in similar terms to The Hong Kong Association of Banks.

Yours sincerely,

Karen Kemp
Executive Director (Banking Policy)

Encl.

c.c. FSTB (Attn. Mr Jackie Liu)