



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B9/183C

14 March 2023

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Corruption Prevention Guide for Banks

I am writing to draw your attention to the *Corruption Prevention Guide for Banks* (the Guide) published by the Independent Commission Against Corruption (ICAC) with the support of the Hong Kong Monetary Authority (HKMA) and the banking industry.

The HKMA attaches great importance to internal controls adopted by Authorized Institutions (AIs) to promote proper standards of conduct and suppress illegal and improper business practices (e.g. accepting and offering bribes) in their course of business. In this connection, the Supervisory Policy Manual (SPM) module CG-3 “Code of Conduct” sets out the minimum standards which the HKMA expects AIs to adopt in respect of their own codes of conduct. In December 2022, this SPM module was updated, which included strengthening the conflicts of interest policy requirements and incorporating the relevant provisions of the Prevention of Bribery Ordinance to raise staff awareness of corruption prevention, for implementation by no later than 1 July 2023.

Further to the updated SPM module, the ICAC has developed the Guide to assist AIs in establishing and strengthening their corruption prevention capabilities. With a variety of case studies, the Guide helps raise awareness of the corruption risk exposures, malpractices and red flags faced by AIs. The Guide also provides practical guidance on the anti-bribery legislation and on effective corporate governance and internal controls to guard against corruption risks in the business

operation of AIs. The Guide is available on the Corruption Prevention Advisory Service website of the ICAC (<https://cpas.icac.hk>). AIs are encouraged to make reference to the Guide in implementing the relevant SPM requirements. The HKMA will organise a Regulator's Dialogue to facilitate AIs' implementation of the updated SPM CG-3 and the Guide. Details of the Regulator's Dialogue will be announced in due course.

Should your institution have any questions on this circular, please feel free to contact Luke Liang on 2597 0797 or Denise Tai on 2878 1589.

Yours faithfully,

c.c. ICAC (Attn: Corruption Prevention Department)
The Chairperson, The Hong Kong Association of Banks
The Chairperson, The DTC Association
The CEO, The Hong Kong Institute of Bankers
FSTB (Attn: Justin To)