



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C

18 June 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Banking Sector's Support for Implementation of Severe Weather Trading

I am writing to draw your attention to the consultation conclusions issued by Hong Kong Exchanges and Clearing Limited (HKEX) today regarding the specific arrangements and way forward for maintaining securities and derivatives trading under severe weather conditions. The Government also announced that the Severe Weather Trading (SWT) arrangements will be implemented on 23 September 2024. In this relation, authorized institutions (AIs) are expected to support the implementation of SWT through continuous banking and payment services.

In view of the importance of personnel and customer safety, the following arrangements related to banking operation will apply upon the implementation of SWT:

- (i) bank branches will be closed as is the case now under inclement weather, and banking services will be provided only through electronic channels; and
- (ii) no paper cheques will be collected, but cheques collected prior to a severe weather day will continue to be cleared and settled.

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The HKMA appreciates that the banking industry has commenced the necessary planning and preparatory work early¹ to facilitate the smooth implementation of SWT. In particular, AIs have made relevant system changes and participated in the simulation tests organised by the Hong Kong Interbank Clearing Limited, and will be ready for clearing and settling cheques collected prior to a severe weather day.

While the progress to date has been satisfactory, AIs should pay attention to the following reminders:

- (1) Remote working and other operational arrangements: We note that major AIs have established dedicated project teams and conducted assessments to identify the operational changes required for implementing SWT. This includes updating the remote working arrangement for banking services that support brokers' trading activities (e.g. payment services) and those that support bank customers' investment activities (e.g. provision of credit). Based on the assessments, AIs should finalise the remote working and other operational arrangement ahead of the launch of SWT.
- (2) Services to securities brokers: AIs should provide appropriate assistance to securities brokers to facilitate their implementation of SWT. Recognising that some small and medium-sized securities brokers may make less use of electronic payments, AIs should proactively assist these customers in migrating to electronic channels. In addition, AIs should consider providing flexibility and adjustments of funds transfer limits to support SWT based on individual brokers' circumstances.
- (3) Services to bank customers to support SWT and customer education: AIs are reminded to allocate adequate resources to ensure continuous operation of internet banking and phone banking services, as well as customer service hotlines, during severe weather days. In view of the closure of bank branches, AIs should review whether those services necessary for supporting SWT (e.g. adjustment of funds transfer limits or registration of third-party payees) can be provided through online channels having regard to the customer experience journey and after addressing the associated risks. AIs should proactively communicate to customers what additional services or service channels will be made available upon the implementation of SWT.

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¹ Following the recommendation set out in the HKMA's Circular dated 1 December 2023.

Registered institutions are reminded to observe the relevant requirements promulgated by the Securities and Futures Commission (SFC) on SWT, including its Circular to intermediaries issued today. The HKMA will continue to work closely with the SFC and HKEX as well as the banking industry to jointly facilitate the effective implementation of the SWT arrangements, supporting the role of Hong Kong as an international financial centre. Should your institution have any questions on the above, please contact us at ebanking@hkma.iclnet.hk.

Yours faithfully,

Carmen Chu
Executive Director (Banking Supervision)

c.c. The Chairperson, The Hong Kong Association of Bankers
The Chairperson, The Deposit-taking Companies Association
Financial Services and the Treasury Bureau (Attn: Mr Larry Chu)
Securities and Futures Commission (Attn: Mr Rico Leung)
Hong Kong Exchanges and Clearing Limited (Attn: Mr Wilfred Yiu)
Hong Kong Interbank Clearing Limited (Attn: Ms Haster Tang)