



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: S4/2C, S4/3C, B1/15C

13 August 2024

By email and by post

The Chief Executive
All Locally Incorporated Authorized Institutions

Dear Sir/Madam,

Q&As on Market Risk and CVA Risk

The HKMA is issuing the enclosed Questions and Answers (“Q&As”) on the revised market risk and CVA risk capital frameworks under the Banking (Capital) Rules (“BCR”) as amended by the Banking (Capital) (Amendment) Rules 2023 (“BCAR”).

These Q&As were written in simple and non-legal language to facilitate consistent interpretation and application of the amended Part 8 or Part 8A of the BCR. The reading of the Q&As is no substitute for the reading of the BCR themselves or for obtaining, where necessary, legal and other professional advice on particular aspects of the BCR.

As necessary, updates and additions will be made in the future as appropriate to address common interpretative issues as they arise, or to incorporate further guidance issued by the Basel Committee. AIs are also welcome to submit any questions to the HKMA should there be areas where they wish to seek further clarification.

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

Encl

cc: The Chairperson, The Hong Kong Association of Banks
The Chairperson, The DTC Association
FSTB (Attn: Mr Justin To)