



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C

19 September 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Banking Sector's Support for Implementation of Severe Weather Trading

Further to the HKMA's circular of 18 June 2024 on the banking sector's support for the implementation of the Severe Weather Trading (SWT) arrangements, authorized institutions (AIs) have confirmed their technical and operational readiness for the SWT implementation. AIs are reminded to timely complete any final preparation work ahead of the launch of SWT on 23 September 2024.

In response to two rounds of survey conducted by the HKMA, AIs have confirmed preparedness to support SWT through the provision of continuous banking and payment services:

- (1) Cheque clearing and settlement: AIs have implemented relevant system changes to effect the clearing and settlement of paper cheques (collected prior to a severe weather day) and e-cheques, and updated their operational arrangements taking into account the revised Clearing House Rules and Operating Procedures issued by Hong Kong Interbank Clearing Limited to its Members on 13 August 2024.
- (2) Remote Working and Operational Arrangements: AIs have finalised their remote working arrangements, where applicable, and other operational processes (e.g. setting up a centralised coordination unit and refreshing operational manuals) to support SWT, prioritising personnel safety.

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- (3) Services to Securities Brokers: Payment services (e.g. CHATS payments, Faster Payment System, CCASS-related service and auto-credit) remain available during severe weather days to meet brokers' funding needs. In response to requests from brokers, some AIs will also offer banking services that were not previously available during severe weather days, for example, loan drawdowns and time deposits arrangements. Additionally, AIs with larger number of broker customers have assisted the latter in migrating to e-channels (e.g. application of e-banking accounts, updates to account profiles for payment execution).
- (4) Services to Bank Customers: AIs have allocated resources for the continuous operation of electronic channels, including internet banking and phone banking services, as well as customer service hotlines, during severe weather days. Some AIs have made system changes to allow key functions to be performed via online channels in addition to bank branches (e.g. adjustment of funds transfer limits, registration of third-party payees). Some AIs will offer additional funding-related services (e.g. foreign currency exchange and loan drawdown) during severe weather days. Retail banks are expected to communicate efficiently to customers the additional services or service channels that will be made available upon the implementation of SWT.

While AIs have completed extensive preparation work, the HKMA acknowledges that there may still be operational challenges, in particular during the initial stage of SWT implementation. In this regard, AIs are reminded to maintain comprehensive contingency plans and effective customer communication under different plausible scenarios. This includes communicating clearly with customers about any disruptions of services, and providing timely updates on the status of impacted transactions. In relation to securities brokers' settlement accounts maintained with respective banks, AIs are reminded to work with their broker customers to ensure the accounts' operability and put in place appropriate protocols for handling exceptions on a severe weather day.

As part of the post-implementation journey, AIs are encouraged to review the requests and enquiries from their personnel and customers with a view to assessing the effectiveness of their SWT arrangements regularly, including upon the first instance of severe weather day after 23 September 2024.

The HKMA will continue to work closely with the Securities and Futures Commission (SFC) and Hong Kong Exchanges and Clearing Limited¹ (HKEX) as well as the banking industry and provide further guidance as needed. 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 Banks
The Chairperson, The DTC 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)

¹ HKEX has published a set of circulars on operational arrangements for SWT, with approval granted by the SFC on 13 September 2024.