HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: S4/3C
G4/26/7C
B1/15C

8 December 2011

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Banking (Amendment) Bill 2011

I am writing to inform you that a Banking (Amendment) Bill 2011 will be published in the Gazette on 9 December 2011.

The main purpose of the Bill is to amend the Banking Ordinance to set out the legal framework for implementing the Basel III capital, liquidity and disclosure requirements in Hong Kong. We have previously consulted the two industry associations on the key proposals in the Bill (see our circular of 13 October 2011 *"Basel III implementation – Consultation on proposed amendments to the Banking Ordinance"*). The Bill is now scheduled to be introduced into the Legislative Council on 21 December 2011.

Going forward, we will continue to work closely with the industry in developing the detailed policy proposals and rules for implementing the Basel III requirements in Hong Kong. We propose to begin with the release of our proposals regarding the minimum risk weighted capital requirements in January 2012. This reflects the Basel Committee's transition programme which provides for the minimum risk weighted capital ratios to be the first element of Basel III to go into effect from 1 January 2013.

Yours faithfully,

Karen Kemp
Executive Director (Banking Policy)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Miss Natalie Li)