



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
CB/POL/4/5/34

17 December 2018

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Pillar 3 disclosure requirements – updated framework

As you may be aware, the Basel Committee on Banking Supervision (“BCBS”) issued a standard on *Pillar 3 disclosure requirements – updated framework*¹ on 11 December 2018 (“December 2018 package”). These requirements, together with the two previous updates², complete the revised Pillar 3 framework.

In finalising the December 2018 package, the BCBS has taken into consideration feedbacks from banks and users of Pillar 3 disclosures. Included in the package are new / revised disclosure requirements on:

- (i) corresponding capital standards set out in the Basel III post-crisis regulatory reforms released by the BCBS in December 2017; and
- (ii) asset encumbrance, capital distribution constraints, as well as prudential treatment of problem assets.

According to the BCBS timeline, the implementation dates for disclosure requirements in item (i) above will be 1 January 2022, and those in item (ii) end-December 2020. The HKMA will consult the industry in due course on the relevant implementation proposals to give effect to the disclosure requirements of the December 2018 package. In the meantime, locally incorporated authorized institutions (to which the December 2018 package will

¹ Please see <http://www.bis.org/bcbs/publ/d455.pdf>

² These refer to the *Revised Pillar 3 disclosure requirements* and the *Pillar 3 disclosure requirements – consolidated and enhanced framework* published by the BCBS in January 2015 and March 2017 respectively, which were in turn the subject of the Banking (Disclosure) (Amendment) Rules (“BDAR”) 2016 and the BDAR 2018.

be applicable) are strongly recommended to study the relevant disclosure requirements and consider any system changes that are necessary for their implementation.

Should you have any questions relating to this letter, please feel free to contact Miss Theresa Kwan at tyykwana@hkma.gov.hk or Mr Lai-chun So at lcsos@hkma.gov.hk.

Yours faithfully,

Frank Leung
Acting Executive Director (Banking Policy)

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Eureka Cheung)