



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/75C
B9/188C
S4/3C

5 July 2019

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Revised Return of Certificate of Compliance (MA(BS)1F) and Return of Capital Adequacy Ratio (MA(BS)3)

I am writing to inform you that, following consultation with the two industry Associations, we have finalised the changes to the Return of Certificate of Compliance (MA(BS)1F) (“Certificate”) and Return of Capital Adequacy Ratio (MA(BS)3) (“CAR Return”), together with the accompanying Completion Instructions (“CIs”). The revised Returns and CIs¹ are enclosed in Annex 1 for reference. Major changes since the last version in use are highlighted for ease of reference.

The revisions to the Certificate primarily seek to (i) replace as appropriate references to the Banking Ordinance (“BO”) and the Banking (Exposure Limits) Rules (Chapter 155R) which have been made obsolete by the implementation of the new Banking (Exposure Limits) Rules (Chapter 155S) (“BELR”) and (ii) add a new reporting field on “adjusted Tier 1 capital amount” to support the implementation of the new 50% land exposure limit under Part 6 of the BELR.

The revisions to the CAR Return primarily seek to collect a new risk-weighted amount on sovereign concentration risk under Part I for the calculation of the capital adequacy ratio and introduce a new Part VI to collect the detailed breakdown of that amount.

¹ In respect of the CIs of the CAR Return, only Part I (being revised) and Part VI (new) are enclosed.

Your institution is required to submit the revised returns starting with the reporting position of end-September 2019. In respect of the Certificate, a locally incorporated AI that intends to comply with an exposure limit under the BO in lieu of an applicable exposure limit under the BELR during a grace period as allowed under the BELR should also follow the reporting instructions enclosed in Annex 2. These AIs will also be required to submit additional information as set out under Supplementary Reporting Requirement in Annex 2 pursuant to section 63(2) of the BO.

We will inform your institution under separate cover when the electronic files for the revised returns are available for downloading from the HKMA's supervisory communication website (<http://www.stet.iclnet.hk>).

Should you have any questions about the revised returns, please contact Mr Andy Cheung on 2878-1022.

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

Encl

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