



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/75C
S4/2C
S4/3C

17 December 2019

The Chief Executive
All Locally Incorporated Authorized Institutions

Dear Sir/Madam,

Market Risk Capital Requirements: Local Implementation Timeline

We wrote to you on 17 January 2019 about the standards on *Minimum Capital Requirements for Market Risk* issued by the Basel Committee on Banking Supervision (BCBS) on 14 January 2019.¹

The new standards are scheduled to be implemented by national supervisors by 1 January 2022. According to the latest BCBS timetable, banks would be required to calculate their market risk based on the new standards from 1 January 2022.

However, we understand the concern of the industry about the challenges arising from different implementation timelines across major jurisdictions. To address this, we will closely monitor the progress in these jurisdictions and finalise Hong Kong's timeline when there is more clarity on the implementation status internationally. In the meantime, as a transitional arrangement, locally incorporated AIs will be required to implement the new market risk framework in Hong Kong for reporting purposes only by 1 January 2022.

The HKMA will conduct a local QIS on locally incorporated AIs early next year to assess the impact of the new standards for Hong Kong.

¹ <http://www.bis.org/bcbs/publ/d457.pdf>

If you should have any questions regarding the above, please feel free to contact Mr Horace Lee (2878 1540, hhwlee@hkma.gov.hk) or Mr Steven Yu (2878 1324, schyu@hkma.gov.hk).

Yours faithfully,

Richard Chu
Acting Executive Director (Banking Policy)

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