



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/75C

24 April 2020

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Banking (Capital) (Amendment) Rules 2020

I am writing to inform you that the Banking (Capital) (Amendment) Rules 2020 (“BCAR 2020”) were published in the Gazette today.

The amendments contained in the BCAR 2020 are mainly to implement two capital standards issued by the Basel Committee on Banking Supervision in April 2014, viz., *The standardised approach for measuring counterparty credit risk exposures* and *Capital requirements for bank exposures to central counterparties*. These capital standards introduced a new method for measuring the amount of counterparty credit risk incurred by banks from derivative contracts and revised the capital treatment for banks’ exposures to central counterparties and clearing intermediaries.

The BCAR 2020 will be tabled before the Legislative Council for negative vetting on 29 April 2020. Subject to the views of the Legislative Council, the subsidiary legislation should come into operation on 30 June 2021.

We will inform you once the negative vetting process has been completed.

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

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