



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

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10 June 2021

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Revised Basel III implementation timeline

In order to provide the industry with additional time to prepare for the implementation of the revised capital standards in the Basel III final reform package amid competing priorities, we would like to inform the industry about our intention to revise the target effective dates of the standards in Hong Kong as follows:

- **Revised frameworks on credit risk, operational risk, output floor and leverage ratio** – these frameworks will take effect as minimum requirements from 1 July 2023 (instead of 1 January 2023).
- **Revised market and CVA risk frameworks** – the industry will be provided with an additional six-month time window. This means locally incorporated AIs will be required to implement the new market and CVA risk frameworks for reporting purposes by 1 July 2023. The new frameworks will take full effect from a date no earlier than 1 January 2024. Its timing will be fixed at a later stage taking into account the implementation progress observed in major jurisdictions. During the reporting-only period, locally incorporated AIs will still be required to calculate their regulatory market and CVA risk capital charges based on the existing Banking (Capital) Rules.
- **Revised disclosure framework** – the disclosure requirements associated with the above revised frameworks will take effect according to the effective dates of the corresponding frameworks described above.

To facilitate timely implementation, we aim to substantially complete the drafting of the rules by the end of 2022 in order to enable AIs to make use of the lead time to finalise the necessary system changes (e.g. for return reporting, etc.) prior to the effective dates.

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)