



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B1/21C
B9/92C
CB/POL/4/5/34

29 July 2021

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Revised SPM Module CG-5 on Remuneration Systems

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority is issuing a revised version of its Supervisory Policy Manual (SPM) module CG-5 “Guideline on a Sound Remuneration System” as a guidance note today.

The changes incorporated in the revised SPM module are mainly to:

- update the existing guidelines following the most recent guidance issued by the Financial Stability Board on sound remuneration practices, and in particular on the use of remuneration tools to address potential misconduct risks;
- strengthen the Board oversight on the formulation and implementation of remuneration systems and related control processes;
- provide guidance in relation to the adoption of group remuneration policies and approval of remuneration packages of senior management and Key Personnel for foreign bank branches; and
- update the existing guidelines to align with the remuneration disclosure requirements in the Banking (Disclosure) Rules.

We have also taken this opportunity to streamline the module, which can be accessed through the “Supervisory Policy Manual” icon on the HKMA’s public website (<https://www.hkma.gov.hk/eng/>) or through the Supervisory Communication Website (<https://www.stet.iclnet.hk>).

AIs are expected to review whether their remuneration systems are consistent with the principles set out in the revised module and, if needed, to adopt all necessary changes as soon as practicable, in any case not later than 1 January 2022.

Should you have any questions regarding this revised module, please feel free to contact Ms Carita Wan at carita_pm_wan@hkma.gov.hk.

Yours faithfully,

Martin Sprenger
Acting Executive Director (Banking Policy)

Encl

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