



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/75C, B9/151C
B9/155C, B9/188C

29 December 2023

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Gazettal of rules: Basel III final package and related updates

I am writing to inform you that the following rules were published in the Gazette today:

The Banking (Capital) (Amendment) Rules 2023 (“BCAR”);
The Banking (Disclosure) (Amendment) Rules 2023 (“BDAR”);
The Banking (Exposure Limits) (Amendment) Rules 2023 (“BELAR”); and
The Banking (Liquidity) (Amendment) Rules 2023 (“BLAR”).

The BCAR and the BDAR are mainly to implement the Basel III final package, and the BELAR as well as the BLAR to incorporate consequential updates and related changes. The BCAR also include other amendments to enhance or clarify the operations of certain provisions of the capital rules to better address risk exposures of banks, and to introduce the option of a positive neutral countercyclical capital buffer (CCyB) to strengthen the protection of the banking sector against possible system-wide shocks.

The above rules will be tabled before the Legislative Council on 10 January 2024 for negative vetting. Subject to the views of the Legislative Council, the rules should come into operation respectively on:

- for the provisions of the rules that are not associated with the Basel III final package, those in the BCAR (including provisions in relation to the CCyB mentioned above), and those in the BELAR that are considered significant to ensuring the effective operation of the rules, 1 April 2024; and

- for the other provisions of the BCAR and the BELAR, as well as the BDAR and the BLAR, a date to be appointed by the Monetary Authority by notice published in the Gazette, which is currently intended to be 1 January 2025.

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

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

cc: The Chairperson, The Hong Kong Association of Banks
The Chairperson, The DTC Association
FSTB (Attn: Mr Justin To)