



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

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

20 February 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Banking (Capital) (Amendment) Rules 2023 - Questions and Answers (“Q&As”)

As mentioned during previous consultations, it is our intention to release supplementary guidance in the form of Q&As to the industry in order to facilitate consistent application of the Banking (Capital) Rules (“BCR”) as amended by the Banking (Capital) (Amendment) Rules 2023 (“BCAR”).

Enclosed is a set of Q&As on the capital treatments of IPO financing and exposures to qualifying central counterparties (“QCCPs”) in relation to Swap Connect. This set of Q&As incorporates the explanatory note for IPO financing published earlier for consultation in May 2023¹, and the Annex to the circular on Swap Connect issued in May 2023² (with modifications to reflect the update to the BCR in relation to the calculation of hypothetical capital requirements by QCCPs).

We envisage that the issuance of Q&As will be a continuing process, and the next set to follow will focus on the revised credit risk framework under the Basel III final reform package to address common interpretative issues raised in previous consultations with the industry on the BCAR.

¹ See page 65 of the consultation paper issued on 31 May 2023:
[https://www.hkma.gov.hk/media/eng/regulatory-resources/consultations/Annex_1_proposed_amendments-credit_risk_framework_and_output_floor_\(20230531\).pdf](https://www.hkma.gov.hk/media/eng/regulatory-resources/consultations/Annex_1_proposed_amendments-credit_risk_framework_and_output_floor_(20230531).pdf)

² <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2023/20230508e1a1.pdf>

For ease of access, the Q&As will be maintained on the HKMA's website (<https://www.hkma.gov.hk/eng/key-functions/banking/banking-legislation-policies-and-standards-implementation/capital/>).

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

Encl

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