



HONG KONG MONETARY AUTHORITY
香港金融管理局

Resolution Office

處置機制辦公室

Our Ref: B9/213/3C-241024

24 October 2024

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Revised standard LAC disclosure template and updated Code of Practice chapter LAC-1 “Resolution Planning – LAC Requirements”

I am writing to inform you that, following consultation with the two industry associations, the Monetary Authority (“MA”) is issuing a revised standard LAC disclosure template, Template CCA(A), pursuant to rule 52(1)(b) of the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (“LAC Rules”). This template is required for use by resolution entities and material subsidiaries to disclose the main features of their regulatory capital instruments and non-capital LAC debt instruments.

The revised Template CCA(A) incorporates updates largely consequential to the corresponding changes to the revised Table CCA issued today under the Banking (Disclosure) Rules, aiming to provide more clarity. Both the revised Template CCA(A) and the revised Table CCA are expected to take effect concurrently on 1 January 2025. Resolution entities and material subsidiaries should use the revised Template CCA(A) for making the relevant disclosures for any reporting period ending on or after this date.

Additionally, following the publication of the “Report on Loss-Absorbing Capacity Requirements Implementation in Hong Kong”¹ in February 2024, which includes the review outcome of the indicative threshold for LAC requirements implementation, the MA is issuing an updated version of the Code of Practice chapter LAC-1 “Resolution Planning – LAC Requirements”. The updated version repeals certain outdated references and provides considerations regarding the indicative threshold as outlined in the aforementioned publication.

¹ https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/resolution/Report_on_Loss_Absorbing_Capacity_Requirements_Implementation_in_Hong_Kong.pdf

The revised Template CCA(A) and the updated Code of Practice chapter LAC-1 “Resolution Planning – LAC Requirements” are enclosed² (**Annex 1** and **Annex 2**). Both documents can also be accessed through the “Key Functions – Resolution Regime – Resolution Standards” icons on the Hong Kong Monetary Authority (“HKMA”)’s website (<http://www.hkma.gov.hk>) or through the Supervisory Communication Website (<http://www.stet.iclnet.hk>).

Should you have any questions, please contact Mr Elton Lam (etmlam@hkma.gov.hk) or Mr Kelvin Yip (kkhyip@hkma.gov.hk) of the HKMA Resolution Office.

Yours faithfully,

Arthur Yeung
Head (Resolution Office)

Encl

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Almaz Leung)

² For ease of reference, marked-up drafts highlighting changes over the current versions in use are also enclosed (**Annex 3** and **Annex 4**).