

Consultation paper | CP 17.05

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**Implementation of  
Pillar 3 disclosure requirements –  
consolidated and enhanced framework**



HONG KONG MONETARY AUTHORITY  
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# I INTRODUCTION

## 1 Overview

- 1 In March 2017, the Basel Committee on Banking Supervision (BCBS) published the *Pillar 3 disclosure requirements – consolidated and enhanced framework*<sup>1</sup> (March 2017 standard). The March 2017 standard is the outcome of the second phase review of the BCBS to enhance the Pillar 3 disclosure framework. It builds on the BCBS *Revised Pillar 3 disclosure requirements* of January 2015 (published as a result of the first phase review) which were already implemented in Hong Kong through the Banking (Disclosure) (Amendment) Rules 2016 taking effect from 31 March 2017. The BCBS is currently conducting a third phase review of the Pillar 3 disclosure framework.
  
- 2 Likewise featuring the use of standard templates and tables to enhance consistency and comparability of bank disclosures (a key objective of the first phase review), the enhancements in the March 2017 standard cover three main elements:
  - (i) consolidation into the Pillar 3 framework all existing BCBS disclosure requirements (not subject to the first phase review), covering disclosure requirements on the composition of capital, leverage ratio, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), indicators for determining global systemically important banks (G-SIBs), countercyclical capital buffer, interest rate risk in the banking book and remuneration;
  - (ii) introduction of a “dashboard” of banks’ key prudential metrics and a new disclosure requirement for banks which records prudent valuation adjustments (PVAs); and
  - (iii) updates to reflect ongoing reforms to regulatory policy frameworks, including the total loss-absorbing capacity (TLAC) regime for G-SIBs issued by the Financial Stability Board in November 2015, and the revised market risk framework published by the BCBS in January 2016.
  
- 3 The March 2017 standard does not include any disclosure requirements associated with the BCBS’s outstanding Basel III reforms<sup>2</sup>, which are currently being considered under the third phase review. The ultimate goal of the Pillar 3 review is to

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<sup>1</sup> The document can be accessed at <http://www.bis.org/bcbs/publ/d400.pdf>.

<sup>2</sup> These refer to the revised frameworks for risk-weighting credit risk (standardized and IRB) and operational risk, leverage ratio etc., which are currently being finalized by the BCBS.

consolidate all BCBS disclosure requirements into a single, comprehensive and coherent Pillar 3 disclosure package to promote market discipline in the banking sector.

- 4 The March 2017 standard introduces and consolidates disclosure requirements that will come into force at different dates. Where the disclosure requirements have already been implemented and the changes proposed in the March 2017 standard are minor, the implementation date has been set for a bank's 2017 financial year end. Where the disclosure requirements are new and/or depend on the implementation of another policy framework, the implementation date has been aligned with the implementation date of that other framework. The MA intends to propose an implementation date of end-June 2018 generally for disclosure requirements associated with policy frameworks already in effect by then. This is so having regard to the need to allow time for the legislative process, and the resource constraints Authorized Institutions (AIs) are likely to be facing in the remainder of 2017 due to Hong Kong Financial Reporting Standard 9 (HKFRS 9) implementation. The implementation dates for disclosure requirements pertaining to new policy frameworks will be aligned with the implementation dates of those frameworks. Implementation will require amendments of the Banking (Disclosure) Rules (BDR).
- 5 Other than the implementation of the March 2017 standard, the MA also proposes to amend the BDR to address two implementation issues come across locally, as well as to incorporate any consequential changes necessitated by the Banking (Capital) (Amendment) Rules 2017 (BCAR 2017) which are expected to take effect on 1 January 2018.
- 6 This consultation paper outlines the MA's proposals for implementing the March 2017 standard. The requirements set out in this consultation paper are predominantly applicable to all locally incorporated AIs, save for those disclosure requirements that relate to liquidity information which also apply to foreign bank branches and those disclosure requirements that are associated with G-SIBs.
- 7 The consultation will close on 6 November 2017.

## 2 Structure of this Consultation Paper

- 8 This consultation paper is organised as follows:
  - **Section II** provides the scope of application and an outline of the disclosure requirements contained in the March 2017 standard;

- **Section III** discusses the two local implementation issues and the MA's recommendations to address them;
- **Section IV** describes the proposed approach to implementing the March 2017 standard and other proposed revisions arising from BCAR 2017; and
- **Annex** summarises the enhanced disclosure requirements contained in the March 2017 standard and the justifications of the proposed implementation date for each requirement.

## II DISCLOSURE REQUIREMENTS IN MARCH 2017 STANDARD

### 1 Scope of application

9 The BCBS revised disclosure requirements are intended to apply to all “internationally active banks at the top consolidated level”. Following the approach adopted in implementing the first phase of these requirements, the MA proposes to apply those contained in the March 2017 standard to all locally incorporated AIs (except those AIs meeting the de minimis criteria pursuant to section 3(7) and 3(8) of the BDR) generally on a consolidated basis (where they are also required under the BCR to comply with the regulatory capital requirements on a consolidated basis), and on a solo or solo-consolidated basis for other locally incorporated AIs. The exceptions are (i) the liquidity information disclosure, which should be made on a consolidated, unconsolidated or Hong Kong office basis as required by the Banking (Liquidity) Rules (BLR), and (ii) the required disclosures associated with G-SIBs.

### 2 Existing disclosure requirements consolidated into the Pillar 3 framework

10 The March 2017 standard consolidated into the Pillar 3 framework the disclosure requirements issued by the BCBS in the following documents:

- *Composition of capital disclosure requirements (June 2012);*
- *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement (July 2013);*
- *Basel III: A global regulatory framework for more resilient banks and banking systems – revised version (June 2011) – section dealing with the geographical distribution of credit exposures subject to the countercyclical buffer;*
- *Basel III leverage ratio framework and disclosure requirements (January 2014);*
- *Liquidity Coverage Ratio disclosure standards (January 2014);*
- *Net Stable Funding Ratio disclosure standards (June 2015);*

- *Interest rate risk in the banking book (April 2016); and*
- *Pillar 3 disclosure requirements for remuneration (July 2011).*

- 11 While the March 2017 standard does not make any fundamental changes to the disclosure requirements in the above documents, the format and frequency of some of the disclosure requirements have been adjusted to align them with those requirements resulting from the first phase review. The MA intends to implement these generally based on the format and frequency specified by the BCBS. For the disclosure of liquidity information, certain adjustments are considered necessary to cater for relevant local requirements. These are described in the following paragraphs 12 to 15.
- 12 There is no material change to the disclosure requirements of LCR except that their frequency will be increased from semi-annual to quarterly in the March 2017 standard. Under the existing BDR, all “category 1 institutions” (as defined in the BLR) are already required to disclose LCR information covering both the current and the preceding quarters on a semi-annual basis (under sections 30A, 51A and 103A of the BDR). The MA therefore considers it appropriate to preserve availability of the previous quarter’s LCR information (e.g. in respect of the end-March 2018 position for AIs with a financial year end of 31 December) to market participants when the new quarterly requirement first applies from the position of end-June 2018 (as proposed in paragraph 4 above). To this effect, the MA proposes to request all AIs (e.g. through circular) to disclose both their first quarter and second quarter positions when they make the first quarterly disclosure that ends at the close of the semi-annual reporting period of their 2018 financial year under the new requirement<sup>3</sup>.
- 13 Other AIs (i.e. “category 2 institutions” as defined in the BLR), which are required to compute the Liquidity Maintenance Ratio (LMR), will continue to be subject to the disclosure requirements for LMR currently under sections 30B, 51B and 103B of the BDR. However, to align with the revised disclosure frequency requirement on LCR for category 1 institutions, the MA proposes that the disclosure frequency of LMR for category 2 institutions be likewise increased from semi-annual to quarterly. The

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<sup>3</sup> For disclosure requirements on the leverage ratio, the frequency will likewise change from semi-annual to quarterly under the March 2017 standard, but since the first quarterly disclosure of the relevant leverage ratio information (Template LR2) already contains Q1 and Q2 2018 positions, the continuity issue mentioned in this paragraph is irrelevant.

MA proposes to capture the LMR information by incorporating additional rows to that effect in Template KM1<sup>4</sup>.

- 14 For NSFR, all category 1 institutions will be required to disclose information on the ratio, including the numerator and the denominator used for calculating the ratio in Template KM1 on a quarterly basis and the more detailed disclosure in Template LIQ2 on a semi-annual basis. The MA proposes that all category 1 institutions (including foreign bank branches) be subject to the NSFR disclosure requirements using the standard template (i.e. Template LIQ2) on a consolidated, unconsolidated or Hong Kong office basis, as required by the BLR for the NSFR calculation. As a result of these proposed changes (paragraph 12 & this paragraph), the quarterly regulatory disclosure requirement will for the first time apply to foreign bank branches.
- 15 In addition to applying the NSFR to category 1 institutions, those category 2 institutions which have considerable business size or material liquidity risk profile (also known as “category 2A institutions”)<sup>5</sup> will be subject to the Core Funding Ratio (CFR) (a simplified version of the NSFR) disclosure, including the numerator and denominator used for calculating the ratio likewise in Template KM1<sup>6</sup> on a quarterly basis. For those category 2 institutions (i.e. AIs with small and simple operations, including those that will still be subject to the existing Stable Funding Requirement) which are not subject to the CFR requirement, they will not be subject to NSFR/CFR disclosure requirements in any form. Instead, they will be required only to disclose this fact in the disclosure statement.

### 3 New disclosure requirements

- 16 The March 2017 standard introduces two new disclosure requirements to enhance the Pillar 3 framework:
- (i) a dashboard of a bank’s key prudential metrics (Template KM1) to provide users of Pillar 3 data with an overview of a bank’s prudential position; and

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<sup>4</sup> For locally incorporated category 2 institutions only. Overseas incorporated category 2 institutions will be dealt with separately under Part 8 of the BDR.

<sup>5</sup> We intend to designate an AI as a category 2A institution if its total asset size exceeds HK\$20 billion (in case of a locally incorporated authorized institution) or HK\$100 billion (in case of a foreign bank branch). The designation will also take into account an institution’s liquidity risk profile having regard to its business nature, complexity and other relevant factors such as liquidity risk management records.

<sup>6</sup> For locally incorporated category 2A institutions only. Overseas incorporated category 2A institutions will be dealt with separately under Part 8 of the BDR.



- (ii) a new disclosure template (Template PV1) on PVAs to provide users with a granular breakdown of how PVAs are calculated.

17 As included in the March 2017 standard, Template KM1 includes rows for banks to disclose information relating to the transitional arrangements for the impact of expected credit loss accounting on a bank's regulatory capital and leverage ratio (as compared to the bank's "fully-loaded" capital and leverage ratios without the application of the transitional arrangement). These rows are not applicable to AIs given that as mentioned in paragraph 16 of CP 17.02 (Regulatory treatment of HKFRS 9 provisions) released by the MA in March 2017, the transitional arrangements are not something considered as necessary for Hong Kong. AIs are therefore required to disclose their capital ratios and leverage ratio disclosures in Template KM1 only on a "fully-loaded" basis.

## 4 Disclosure requirements arising from ongoing reforms

18 The March 2017 standard also incorporates additional disclosure in the Pillar 3 framework to reflect ongoing reforms to regulatory policy frameworks, including the final TLAC standard for G-SIBs issued by the Financial Stability Board in November 2015, and the revised market risk framework published by the BCBS in January 2016. The BCBS decided that incorporation of new disclosure requirements on operational risk would be deferred to Phase III of the review of Pillar 3 framework pending finalisation of the revised operational risk framework.

19 Disclosure requirements for G-SIBs on TLAC under the March 2017 standard are set out in Templates TLAC1, TLAC2, TLAC3, and KM2. The scope of application for these Templates are summarized in the following:

- Templates TLAC1, TLAC2 and TLAC3, which require disclosure of details about the composition of TLAC and information regarding creditors' ranking in the liabilities structure, are to be completed by G-SIBs at the resolution group level (for Template TLAC1), material subgroup entity level (for Template TLAC2), and resolution entity level (for Template TLAC3) respectively (to the extent that the resolution entity or the material subgroup entity is locally incorporated); and
- Template KM2, which presents summary information about a bank's available TLAC and the applicable TLAC requirements, is to be disclosed by each resolution group of a G-SIB, whether under the single point of entry or the multiple point of entry approach (to the extent that the resolution entity of that resolution group is locally incorporated).

- 20 The March 2017 standard applies to G-SIBs only. However, section 19 of the Financial Institutions (Resolution) Ordinance provides for resolution authorities in Hong Kong to make rules prescribing loss-absorbing capacity (LAC) requirements for certain financial institutions or their group companies. The MA, as resolution authority for AIs, is planning to set out a proposal for rules prescribing LAC requirements for AIs in a consultation paper expected to be published in late 2017 or early 2018. This consultation paper will also address disclosure requirements in relation to the issuance of LAC by AIs.
- 21 The revised market risk disclosure requirements as set out in the March 2017 standard will be implemented concurrently with the implementation of the revised market risk framework in Hong Kong, at which point the revised requirements will supersede the corresponding current requirements.

**Q1. Do you agree with the proposals set out in this section?**

### III OTHER IMPLEMENTATION ISSUES

22 Other than the above proposals, there are two issues the MA has come across as part of the experience on implementing the Pillar 3 framework locally. These issues, together with the MA's recommendations on how each should be addressed, are described below:

#### 1 Timing of publication of disclosure statement

23 Reflecting the overarching BCBS standard on timing and frequency of disclosure, section 6(1D) of the BDR currently requires an AI to publish the Pillar 3 report "concurrently" with its financial statements. The MA is aware that a couple of AIs have recently found it challenging to publish their Pillar 3 reports on the same day as their financial statements. For instance, out of their usual practice to follow their parent banks' group schedule to publish their financial statements early, AIs might be obliged to delay disclosure of financial statements because of the extra time required for preparing the regulatory disclosures.

24 Having regard to the current actual practices of some other jurisdictions, the MA considers that a case could be made in the interest of information users to cater for some flexibility (e.g. to allow for a "reasonable time gap" between the publications of the financial statements and the Pillar 3 report) in applying the concurrent publication requirement under exceptional circumstances. This is so particularly given that such issue could become more common as more regulatory disclosure requirements are incorporated into the Pillar 3 disclosure framework under the March 2017 standard and going forward from the third phase review of the framework by the BCBS. To justify flexibility, an AI might for instance be required to satisfy the MA that:

- there are genuine practical difficulties in the simultaneous publication of the two documents for reasons that are largely beyond the control of the AI;
- applying such flexibility will not affect the AIs' ability to meet the specified publication deadlines required legally for both the financial statements and the Pillar 3 report; and
- the AI has formulated a workable plan to align the publication dates of the two documents within a reasonable timeframe.

## 2 Press release

25 Sections 6(4) and 88(3) of the BDR currently require an AI, at the same time as it publishes its disclosure statement, to issue a press release to the press in Hong Kong either containing or consisting of the statement, in both Chinese and English. The MA is considering whether this requirement has become obsolete in view of web-based disclosures nowadays and given that the timeframe for publication of disclosures are prescribed in the BDR and therefore transparent to the public. In fact it is up to the press to decide whether (and if so, to what extent) to publish the press release provided by an AI, and information disseminated using the institution's website is an effective disclosure channel for market participants and is widely adopted in other major jurisdictions. However, to ensure regulatory disclosures can easily be located by users, the MA may for instance incorporate relevant guidance in the disclosure SPM module (CA-D-1), including the expectation that an AI should maintain a "Regulatory Disclosures" section housing an archive of its disclosure statements, a direct link to which must be prominently displayed on the home page of its website.

**Q2. Do you agree with the MA's proposal to provide an "exception route" in applying the concurrent publication requirement? If yes, what would you consider as a reasonable time gap that can be allowed between publications of financial and disclosure statements?**

**Q3. Do you agree with the MA's proposal to remove the existing "press release" requirement?**

# IV APPROACH TO IMPLEMENTING MARCH 2017 STANDARD AND OTHER PROPOSED REVISIONS

## 1 Implementation approach

26 We intend to implement the March 2017 standard using the same approach as in the last time for implementing the first phase of the BCBS revised disclosure requirements, meaning that the BDR will be amended to only spell out the principal requirements, with supporting standard templates and tables to be specified by the MA pursuant to existing power under the BDR. The existing package of standard templates and tables supporting the disclosure requirements specified under the BDR will also be revised and updated in the light of the March 2017 standard. Where necessary, we will also update the SPM module (CA-D-1) “Guideline on the Application of the Banking (Disclosure) Rules” to provide further interpretative guidance.

## 2 Implementation timeline

27 According to the BCBS timeline, the implementation dates for individual disclosure requirements in the March 2017 standard vary. Among the existing disclosure requirements referred to in paragraph 10, the implementation date for those that are already in effect will generally be end-2017. For other disclosure requirements, the implementation dates will be aligned with those of the corresponding policy frameworks.

28 Having regard to the BCBS timeline, the need to allow time for the legislative process, and resource constraints AIs are likely to be facing in the remainder of 2017 due to HKFRS 9 implementation, we would propose the revised disclosure requirements under the March 2017 standard be implemented starting from end-June 2018. This means the requirements will generally take effect from the first interim disclosure<sup>7</sup> of any financial year starting from 1 January 2018. The exceptions will be those scheduled for implementation in 2019 or beyond (which will track the implementation dates of their corresponding policy frameworks). Where applicable,

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<sup>7</sup> This will cover quarterly disclosure under the March 2017 standard that ends at the same date as the interim disclosure.

any existing disclosure requirements under the BDR will continue to apply until they are superseded by those introduced in the March 2017 standard.

29 Enclosed at **Annex** is a summary of the enhanced disclosure requirements contained in the March 2017 standard setting out the justifications for the proposed implementation date (end-June 2018) for each requirement.

### 3 Consequential amendments arising from BCAR 2017

30 It is expected that consequential amendments to the BDR necessitated by the BCAR 2017 (e.g. for implementing the revised securitization framework) will be limited. The MA will take these into consideration in proposing the draft amendments to the BDR for industry consultation in due course.

### 4 Work plan

31 The proposed implementation timeline are as follows:

	Legislative changes	Implementation guidance
<b>Q1 2018</b>	Statutory consultation on text of draft amendments to the BDR.	Industry consultation on draft implementation guidance incorporating the standard templates and tables contained in the March 2017 standard.
<b>By mid-Apr 2018</b>	<ul style="list-style-type: none"> <li>◆ Finalization of revised rules taking into account industry comments.</li> <li>◆ Gazettal of revised rules and tabling of the rules at the Legislative Council for negative vetting.</li> </ul>	-
<b>By 30 Jun 2018</b>	Revised rules come into effect.	-
<b>Q3 2018 onwards</b>	-	<ul style="list-style-type: none"> <li>◆ Release of finalized implementation guidance, relevant templates and tables (by batches).</li> <li>◆ Als beginning to use the new disclosure templates and tables for making disclosures under the March 2017 standard.</li> </ul>

**Q4. Do you agree with the MA's proposed implementation timeline as set out in the Annex?**

**Q5. Do you have any other comments concerning the proposals set out in this paper?**

## V ANNEX

### Implementation of standard disclosure templates and tables under the March 2017 standard

#### (I) Consolidation of existing and prospective BCBS disclosure requirements into the Pillar 3 framework

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	BCBS implementation date	Justifications for implementation from end-June 2018
Composition of capital and TLAC	CC1 – Composition of regulatory capital	Semi-annual	Section 24	End 2018	<p><b><u>Effectively same as BCBS</u></b></p> <ul style="list-style-type: none"> <li>• CC1 is an existing template revised to incorporate new TLAC disclosure. Early implementation only covers the non-TLAC part that is largely the same as the existing template (save for some formatting changes). In the completion instructions of the template, it will be clarified that the new TLAC disclosure only comes into effect from 1 Jan 2019 (upon implementation of the BCBS standard on TLAC holdings).</li> <li>• CC2 is same as the existing template.</li> <li>• CCA – similar consideration as CC1 above.</li> </ul>
	CC2 – Reconciliation of regulatory capital to balance sheet	Semi-annual			
	CCA – Main features of regulatory capital instruments and of other TLAC-eligible instruments	Semi-annual			



Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	BCBS implementation date	Justifications for implementation from end-June 2018
Macroprudential supervisory measures	GSIB1 – Disclosure of G-SIB indicators	Annual	Section 45C	End 2018	<b><u>Effectively same as BCBS</u></b> No disclosure is required for position of end-June 2018 as this is an annual disclosure requirement. Also, the template is not applicable to Hong Kong as currently we have no G-SIBs (or AIs directed by MA under the section 45C(2A) of the BDR to make G-SIB disclosure).
	CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer	Semi-annual	Section 24B	End 2017	<b><u>Later than BCBS</u></b> CCyB1 is a new template largely to reinstate existing disclosure requirements in a standard format. Pillar 3 implication is limited.
Leverage ratio	LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure	Quarterly	Sections 24A, 16ZQ	End 2017	<b><u>Later than BCBS</u></b> LR1 is largely an existing template with an increased disclosure frequency (from semi-annual to quarterly). Pillar 3 implication is limited. Q1 2018 position is irrelevant to Hong Kong as there is no quarterly publication of financial statements

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	BCBS implementation date	Justifications for implementation from end-June 2018
					by Als in Hong Kong (i.e. LR1 continues to be disclosed on a semi-annual basis).
	LR2 – Leverage ratio common disclosure template	Quarterly	Sections 24A, 16ZQ	End 2017	<b><u>Later than BCBS</u></b> LR2 is largely an existing template with an increased disclosure frequency (from semi-annual to quarterly) with additional requirement to disclose comparative figures for previous quarter. Implementation from end-June 2018 will not break data time series (as it will cover both Q1 and Q2 2018 positions). Besides, existing section 16ZQ of the BDR already requires disclosure of leverage ratio, including numerator and denominator for calculation of leverage ratio on a quarterly basis. Pillar 3 implication is therefore limited.
Liquidity	LIQA – Liquidity risk management	Annual	Sections 30, 51, 103	End 2017	<b><u>Later than BCBS</u></b> LIQA is a new table (flexible format) largely to reinstate existing disclosure requirements. Pillar 3 implication is limited.

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	BCBS implementation date	Justifications for implementation from end-June 2018
	LIQ1 – Liquidity Coverage Ratio (LCR)	Quarterly	Sections 30A, 51A, 103A	End 2017	<b><u>Later than BCBS</u></b> LIQ1 is largely an existing template with an increased disclosure frequency (from semi-annual to quarterly). It is proposed that AIs be requested to disclose both Q1 and Q2 2018 positions in the first quarterly position as of end-June 2018 to ensure no break of data time series (as presently AIs are required to report previous quarter position as well in their semi-annual disclosure of LCR information).
	LIQ2 – Net Stable Funding Ratio (NSFR)	Semi-annual <sup>8</sup>	N.A.	1 Jan 2018	<b><u>Effectively same as BCBS</u></b>
Interest rate risk in the banking book	IRRBBA – IRRBB risk management objective and policies	Annual	Section 51D	By 2018	<b><u>Later than BCBS</u></b> According to the BCBS timeline banks whose financial year ends on 31 December would have to provide disclosure in 2018, based on 31 December 2017 data. For local
	IRRBB1 – Quantitative information on IRRBB	Annual	Section 51D		

<sup>8</sup> For category 2A institutions which are subject to the CFR (a modified version of NSFR) disclosure, they will publish their CFRs (including the numerator and denominator used for calculating the ratio) in Template KM1 on a quarterly basis.

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	BCBS implementation date	Justifications for implementation from end-June 2018
					implementation of the IRRBB framework, the MA has recently decided that a shift by one year should be more realistic (i.e. disclosure based on 31 December 2018 data in 2019).
Remuneration	REMA – Remuneration policy	Annual	Section 52	End 2017	<p><b><u>Later than BCBS</u></b></p> <p>Templates/tables are largely to reinstate existing disclosure requirements. Pillar 3 implication is limited.</p>
	REM1 – Remuneration awarded during the financial year	Annual			
	REM2 – Special payments	Annual			
	REM3 – Deferred remuneration	Annual			

(II) Two new enhancements to the Pillar 3 framework

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	Implementation date recommended by BCBS	Justifications for implementation from end-June 2018
Overview of risk management, key prudential metrics and RWA	KM1 – Key metrics (at consolidated group level)	Quarterly	Section 16ZQ	1 Jan 2018	<b><u>Later than BCBS</u></b> KM1 requires disclosure of positions in current quarter and previous 3 quarters. Implementation from the position of end-June 2018 therefore will not break data time series. Besides, existing section 16ZQ of the BDR already requires disclosure of key capital ratios and leverage ratio on a quarterly basis. Pillar 3 implication is limited.
Linkages between financial statements and regulatory exposures	PV1 – Prudent valuation adjustments (PVAs)	Annual		End 2018	<b><u>Effectively same as BCBS</u></b> No disclosure is required for position of end-June 2018 as this is an annual disclosure requirement.

(III) Updates to reflect on-going reforms to regulatory policy frameworks

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	Implementation date recommended by BCBS	Justifications for implementation from end-June 2018
Overview of risk management, key prudential metrics and RWA	KM2 – Key metrics – TLAC requirements (at resolution group level)	Quarterly	-	1 Jan 2019	<b>N.A.</b> (To follow BCBS timeline)
	OV1 – Overview of RWA (Phase 2)	Quarterly	Section 16C	End 2018	<b>Earlier than BCBS</b> OV1 contains some items that are not yet applicable as of end-June 2018. In the completion instructions of the standard template, it will be clarified that disclosure only covers items that are applicable at the time of implementation.
Composition of capital and TLAC	TLAC1 – TLAC composition for G-SIBs (at resolution group level)	Semi-annual	-	1 Jan 2019	<b>N.A.</b> (To follow BCBS timeline)
	TLAC2 – Material subgroup entity – creditor ranking at legal entity level	Semi-annual			
	TLAC3 – Resolution entity	Semi-annual			

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	Implementation date recommended by BCBS	Justifications for implementation from end-June 2018
	– creditor ranking at legal entity level				
Market risk	MRA – General qualitative disclosure requirements related to market risk	Annual	Sections 16ZJ-16ZO	End 2019	<p><b><u>N.A. (Later than BCBS timeline)</u></b></p> <p>In light of practical implementation questions arising from technical complexity of revised market risk framework, the MA has decided to postpone implementation of the framework to no earlier than 1 January 2020. The associated disclosure amendments to the BDR (i.e. for the specification of these new set of templates) will therefore be postponed accordingly. Meanwhile, the existing set of disclosure templates and tables for market risk will remain in force.</p>
	MR1 – Market risk under SA	Semi-annual			
	MRB – Qualitative disclosures for banks using the IMA	Annual			
	MRC – The structure of desks for banks using the IMA	Semi-annual			
	MR2 – Market risk IMA per risk type	Semi-annual			
	MR3 – RWA flow	Quarterly			

Disclosure requirement	Tables and templates	Frequency	Relevant existing BDR section (if any)	Implementation date recommended by BCBS	Justifications for implementation from end-June 2018
	statements of market risk exposures under IMA				