

Banking Policy Department

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12 May 2023

By email and by hand

Mr Sun Yu
Chairperson
The Hong Kong Association of Banks
Room 525, 5/F, Prince's Building
Central
Hong Kong

Dear Mr Sun,

Large exposures: consultation on amendments to MA(BS)28 Return

Further to the consultation of the HKMA's proposals for amending the Banking (Exposure Limits) Rules (BELR) launched on 17 March 2023, we are seeking the Association's comments on proposed revised templates for the Return of Large Exposures (MA(BS)28). The proposed revisions are highlighted in red in the draft revised templates attached and accompanied by a set of explanatory notes.¹ The proposed refinements aim at achieving the following purpose and are expected to take effect at the end of the quarter during which the amended BELR will have come into effect:

- (a) implementing changes consequential to the proposed amendments to the BELR;
- (b) addressing the recommendations of the International Monetary Fund in relation to the prudential reporting of related party transaction as set out in the report issued under its Financial Sector Assessment Program (June 2021)²; and
- (c) enhancing supervisory monitoring of credit concentration risk of authorized institutions.

While the proposed revisions are preliminary in nature, we hope these draft revised templates, together with the associated explanatory notes, would be useful in guiding the potential system developments of authorized institutions to capture the required data in their preparatory work towards implementing the revised reporting requirements of MA(BS)28.

¹ Proposed amendments to the completion instructions (CIs) for MA(BS)28 are to be issued for industry consultation at a later stage, when the draft amendment rules to the BELR are in a more reasonable shape for incorporation into the draft revised CIs.

² <https://www.imf.org/en/Publications/CR/Issues/2021/06/15/Peoples-Republic-of-ChinaHong-Kong-Special-Administrative-Region-Financial-Sector-Assessment-50213>

I would be grateful if you could circulate this letter and its enclosures to all members of the Association and let us have the Association's comments by 12 June 2023.

I am writing in similar terms to The DTC Association.

Yours sincerely,

Daryl Ho
Executive Director (Banking Policy)

Encl

cc: FSTB (Attn: Mr Justin To)