HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

17 Dec 2008

Supervisory Policy Manual (SPM) RR-1 : Reputation Risk Management

Our Ref.: B1/21C
B1/15C

17 December 2008

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Supervisory Policy Manual (SPM)
RR-1 : Reputation Risk Management

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority is issuing the above SPM module as a guidance note today.

The main aim of this SPM module is to provide AIs with a better understanding of the HKMA's supervisory approach to reputation risk and with more comprehensive guidance on how such risk could be managed. The module is also designed to draw AIs' attention to the importance of reputation risk management and to promote their adoption of a formalised and systematic approach to managing reputation risk, including any event or crisis that may be triggered by such risk.

AIs are expected to develop or enhance their reputation risk management framework in a manner consistent with the guidance laid down in the module, and to ensure that such a framework is commensurate with the nature, size and complexity of their business and is appropriate for their individual circumstances and needs. In view of the importance of reputation risk management, particularly as reflected from some of the lessons drawn from the recent global financial turmoil, AIs should accord priority to incorporating the relevant guidance regarding reputation risk management into their risk management processes. Nevertheless, they will not be precluded from adopting alternative approaches if they can satisfy the HKMA that such approaches fulfil similar risk management purposes.

On-line access to the module is available under the icon of "Supervisory Policy Manual" on the HKMA's public (http://www.info.gov.hk/hkma) and private (http://www.stet.finnet.hk) websites.

Should you have any questions relating to the module, please feel free to contact Ms Rita Yeung at 2878-1388 or Ms Polly Yan at 2878-1528.

Yours faithfully,

Karen Kemp

Executive Director (Banking Policy)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Miss Natalie Li)

Encl. RR-1 (PDF file, 232KB)

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