HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Supervision Department

Our Ref: B1/15C
B1/21C

20 August 2013

The Chief Executive
All Licensed Banks

Dear Sir/Madam,

Supervisory Policy Manual (SPM)
Annex B to CG-7: "Code of Conduct for Reference Banks for TMA's CNH Hong Kong Interbank Offered Rate"

I am writing to inform you that, following consultation with the Hong Kong Association of Banks (HKAB), the Monetary Authority will issue the "Code of Conduct for Reference Banks for TMA's CNH Hong Kong Interbank Offered Rate" (the Code) as Annex B to module CG-7 of the SPM. The Code will be published by notice in the Gazette on 23 August 2013.

The SPM module issued on 3 May 2013 sets out the supervisory requirements on systems of control to be maintained by authorized institutions (AIs) that are benchmark submitters. The module is intended to be of generic application to benchmark submitters, while its Annexes provide detailed requirements and rate submission guidance for specific benchmark fixings. As an Annex to the SPM module, the new Code provides sound practices on systems of control for the CNH Hong Kong Interbank Offered Rate (CNH HIBOR) fixing process as well as clear guidance for reference banks to observe in making rate submissions for this fixing.

AIs that are submitting rates for CNH HIBOR should take active steps to comply with the guidance set out in the Code as quickly as possible and should achieve full compliance within six months from the date of the Gazette notice.

Online access to the module is available under the icon for "Supervisory Policy Manual" on the HKMA's public (www.hkma.gov.hk) and private (www.stet.iclnet.hk) websites.

Should you have questions regarding the Code or module CG-7, please feel free to contact your usual supervisory contacts.

Yours faithfully,

Steve Lau
Acting Executive Director (Banking Supervision)

c.c. The Chairman, The Hong Kong Association of Banks
FSTB (Attn. Mr Jackie Liu)