<u>Explanatory notes on proposed revisions to CAR return for BCAR 2025</u>

Part IIIa: Risk-weighted Amount for Credit Risk (BSC Approach)

Division	Item	Remarks
A1[1]	**Risk-weighted Amount by Exposure Class (Other than Cryptoassets)**	
	11i	**Class XIC (Insignificant and Significant LAC Investments)** This new item 11i is for reporting internal LAC that is not subject to risk-weighting.
A2[2]	**Risk-weighted Amount for Cryptoasset Exposures**	
	1. Group 1a cryptoasset exposures	
	1a to 1c	These items capture group 1a cryptoasset exposures.
	2. Group 1b cryptoasset exposures	
	2a	This item captures group 1b cryptoasset exposures.
	3. Top 5 Group 1 cryptoassets by RWA	
	3a to 3e	The RWAs of all the AI's group 1 cryptoasset exposures that relate to the same group 1 cryptoasset should be aggregated, and the top 5 group 1 cryptoassets in terms of RWA are reported in these items, with the largest one reported in item 3a, the second largest one in item 3b and so on.
B Part I	**Off-balance Sheet Exposures other than Default Risk Exposures in respect of Derivative Contracts and SFTs**	
	1 to 11d (except for 10a)	New columns B10 and B11 are for reporting credit equivalent amounts of off-balance sheet group 1a or group 1b cryptoasset exposures (e.g. forward asset purchases of group 1 cryptoassets).
B Part II	**Default Risk Exposures in respect of Derivative Contracts (Current Exposure Method): Bilateral Trades (including centrally cleared trades that are treated as bilateral trades)**	
	17a to 17c	New items introduced are for reporting default risk exposures arising from derivative contracts on group 1a, 1b or 2a cryptoassets calculated by using the current exposure method.
B Part IIIA[3]	**Default Risk Exposures in respect of Derivative Contracts (SA-CCR approach): Bilateral Trades (including centrally cleared trades that are treated as bilateral trades)**	

[1] Existing Division A will be renamed to Division A1.

[2] Division A2 is a new division added for reporting cryptoasset exposures subject to the BSC approach.

[3] Existing Part III will be renamed to Part IIIA.

Division	Item	Remarks
	20f to 20h; 21f to 21h; and 22f to 22h	These are new items for reporting default risk exposures arising from derivative contracts on group 1a, 1b or 2a cryptoassets calculated by using the SA-CCR approach.
B Part IIIB	**Default Risk Exposures in respect of Group 2b Cryptoasset Derivative Contracts: Bilateral Trades (including centrally cleared trades that are treated as bilateral trades)**	
	24	This new item captures default risk exposures arising from derivative contracts on group 2b cryptoassets calculated by using the conservative method set out in the new Part 12 to be added to the Banking (Capital) Rules.
B Part IV	**Default Risk Exposures in respect of SFTs (Non-IMM(CCR) Approach): Bilateral Trades (including centrally cleared trades that are treated as bilateral trades)**	
	25b(i) to 25b(ii)	These new items are for reporting the amounts captured in item 25a that are related to group 1 or group 2 cryptoassets delivered by the AI under SFTs to counterparties. Since cryptoassets are not recognized collateral, no reporting is required for cryptoassets received by the AI from counterparties.
B Part V	**Default Risk Exposures (IMM(CCR) Approach): Bilateral Trades (including centrally cleared trades that are treated as bilateral trades)**	
	28a(i) & 28a(ii); 29a(i) & 29a(ii); and 30a(i) & 30a(ii)	These new items are for reporting derivative contracts on group 1a or group 1b cryptoassets.