

Explanatory notes on proposed revisions to CAR return for BCAR 2025

MA(BS)3 Capital Adequacy Ratio

Part I: Summary Certificate on Capital Adequacy Ratio

Division	Item	Remarks
A	Calculation of Capital Adequacy Ratios	
	2.5	The risk-weighted amount in item 2.5 is the sum of the following risk-weighted amounts reported in Part IIIf of the Form: (i) the total infrastructure risk add-on for group 1 cryptoasset exposures assigned to the banking book in Division A.1; (ii) the total risk-weighted amount for the risk of default of the redeemer or the risk arising when intermediaries perform the redemption function (for group 1b cryptoasset exposures that are assigned to the trading book) in Division A.2; (iii) the total risk-weighted amount for the risk of default of the redeemer or the risk arising when intermediaries perform the redemption function (for group 2a cryptoasset exposures that relate to stablecoins and are assigned to the trading book) in Division B.1; (iv) the total risk-weighted amount for exposures to group 2b cryptoassets in Division B.2; and (v) the add-on in Item 2 of Division C (only applicable to Domestic Systemically Important Authorized Institutions (D-SIBs) and Global Systemically Important Authorized Institutions (G-SIBs)).
	2.7	The risk-weighted amount in item 2.7 is the sum of risk-weighted amounts reported in of items 2.1, 2.2, 2.3, 2.4, 2.5, 2.6(i) and 2.6(ii) above.
B	Calculation of Output Floor	
	1(i)(e)	This item is for reporting the aggregate of the following— (i) the total risk-weighted amount for the risk of default of the redeemer or the risk arising when intermediaries perform the redemption function, calculated <u>based on the STC approach</u>, in respect of the following exposures assigned to the trading book— (A) group 1b cryptoasset exposures; and (B) group 2a cryptoasset exposures that relate to stablecoins; (ii) the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the banking book and reported in Division A.1 of Part IIIf; (iii) the total risk-weighted amount to group 2b cryptoasset exposures that is reported in Division B.2 of Part IIIf; and

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		(iv) the add-on for its group 2 cryptoasset exposures in relation to the excess of cryptoasset exposure ratio by G-SIBs or D-SIBs that is reported in Division C of Part IIIf.
	1(ii)(c) and 2(ii)(d)	Both items collect the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book and reported in Part I of MA(BS)3A.
	2(i)(g)	This item is for reporting the aggregate of— (i) total risk-weighted amounts for the risk of default of the redeemer or the risk arising when intermediaries perform the redemption function, calculated <u>based on the calculation approaches used by the institution</u>, in respect of the following exposures assigned to the trading book— (A) group 1b cryptoasset exposures; and (B) group 2a cryptoasset exposures that relate to stablecoins; and (ii) the risk-weighted amounts covered by points (ii), (iii) and (iv) of the remarks for item 1(i)(e) of Division B above.