HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

14 Mar 2003

Supervisory Policy Manual ("SPM") CA-S-7 "Term subordinated debt and paid-up term preference shares for inclusion in supplementary capital" CA-S-8 "Perpetual subordinated debt and paid-up irredeemable cumulative preference shares for inclusion in supplementary capital"

Our Ref: B1/15C
B1/21C

14 March 2003

The Chief Executive
All locally incorporated authorized institutions

Dear Sir / Madam,

Supervisory Policy Manual ("SPM") CA-S-7 "Term subordinated debt and paid-up term preference shares for inclusion in supplementary capital" CA-S-8 "Perpetual subordinated debt and paid-up irredeemable cumulative preference shares for inclusion in supplementary capital"

I am pleased to inform you that the Monetary Authority is issuing the above SPM modules as statutory guidelines under section 16(10) of the Banking Ordinance by notice in the Gazette today. These modules set out the HKMA's approach to recognising term subordinated debt, paid-up term preference shares, perpetual subordinated debt and paid-up irredeemable cumulative preference shares as supplementary capital, including the requirements on instruments that carry special features such as call options and step-ups. Relevant amendments to the Third Schedule to the Banking Ordinance have been made.

On-line access to the module is available under the icon of "Supervisory Policy Manual" in the HKMA's public (http://www.info.gov.hk/hkma) and private (http://www.hkfin.net) web-sites.

Should you have any questions relating to these modules, please feel free to contact Ms Rita Yeung on 2878-1388 or Mr Andrew Wu on 2878-1381.

Yours faithfully,

Simon Topping
Executive Director (Banking Policy)

c.c.: The Chairman, Hong Kong Association of Banks
The Chairman, The Deposit-taking Companies Association
The Chairman, The Hong Kong Capital Markets Association
FSTB (Attn: Mr Edmond Lau)

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