HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

30 May 2007

Supervisory Policy Manual (SPM) CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules"

Our Ref: G10/1/2C

30 May 2007

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Supervisory Policy Manual (SPM)
CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules"

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority is issuing the above SPM module today. This module is a new guideline and is non-statutory.

The purpose of the module is to assist AIs (locally and overseas incorporated) in complying with the Banking (Disclosure) Rules (hereafter referred to as "the Rules"). It does not introduce any new disclosure requirements other than those already contained in the Rules which came into effect on 1 January 2007. Rather, the Guideline provides AIs with supplementary guidance concerning the application of the Rules, particularly on how certain of the requirements should be interpreted; as such it does not aim to be comprehensive.

In developing the module, the HKMA has responded to requests it received during the consultation process on the Rules for an explanation of certain provisions in non-technical language. In response to requests by both the industry and the accounting profession, the HKMA has also included an annex to the Guideline which contains a complete set of definitions of terms used in the Rules including relevant terms from the Banking (Capital) Rules. Illustrative examples or sample disclosure templates have also been included in the Guideline to assist AIs in complying with specific requirements of the Rules.

To further assist AIs in implementing the requirements of the new Rules, we are also enclosing:

- two tables (Table 1 applicable for locally incorporated AIs and Table 2 applicable for overseas-incorporated AIs) which highlight major differences between the disclosure regime under previous Financial Disclosure Guidelines and the new regime under the Rules; and
- a number of questions and answers ("Q&As") relating to the Rules.

The purpose of these Q&As is to provide supplementary guidance on certain subjects which are already covered in the Guideline. Like the Guideline, the Q&As do not introduce any new requirements or replace any requirements specified in the Rules. Moreover, the answers given in the Q&As are general in their scope and do not take into account the particular circumstances of any individual AI. In consequence, reading the Q&As is no substitute for reading the Rules themselves or obtaining, where necessary, legal and other professional advice on particular aspects of the Rules. We will keep under review the need to update or add to these Q&As as appropriate, having regard to AIs' practical implementation of the Rules and any issues arising therefrom.

On-line access to the SPM module as well as the Q&As is available to AIs under the "Supervisory Policy Manual" and "Basel II" icons in 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 this module, please feel free to contact Ms Theresa Kwan at 2878-1093 or Mr Raymond Tsui at 2878-1623.

Yours faithfully,

Simon Topping
Executive Director (Banking Policy)

Encl. SPM CA-D-1 DRs Guideline (PDF file, 804KB)
Table 1 (PDF file, 92KB)
Table 2 (PDF file, 57KB)
Q&As (PDF file, 73KB)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn.: Ms. Angelina Kwan)

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