HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

24 Nov 2008

Supervisory Policy Manual (SPM) CS-1 "Group-wide Approach to Supervision of Locally Incorporated Authorized Institutions"

Our Ref: B1/21C
B1/15C

24 November 2008

The Chief Executive
All authorized institutions

Dear Sir / Madam,

Supervisory Policy Manual (SPM) CS-1 "Group-wide Approach to Supervision of Locally Incorporated Authorized Institutions"

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority is issuing the above SPM module as a guidance note today.

The purpose of the module is to provide authorized institutions ("AIs") with a better understanding of the group-wide approach currently adopted by the HKMA to supervising AIs where they form part of a financial group. The group-wide approach is essentially a process whereby a bank regulator takes into account the risks that may be posed to an institution by other entities within the same financial group.

The module has been developed on the basis of the practices which have been adopted by the HKMA for some considerable time. It is neither intended to comprise a new element of, nor to add additional requirements to, the existing risk-based supervisory approach. The major aspects covered by the module include the supervisory approach applied by the HKMA to three different structures of financial group and the supervisory cooperation undertaken for the supervision of an AI which is a subsidiary of an international banking group.

On-line access to the SPM module is available to AIs under the icon of "Supervisory Policy Manual" on the HKMA's public (http://www.info.gov.hk/hkma) and private (http://www.stet.finnet.hk/index.htm) websites.

Should you have any questions relating to the module, please contact Mr. W. L. Cheng at 2878-1683 or Miss Samantha Yau at 2878-8284.

Yours faithfully,

Karen Kemp
Executive Director (Banking Policy)

Encl. Annex (PDF file, 155KB)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Miss Natalie Li)

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