HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: S4/3C
B9/75C
B1/15C

24 June 2013

The Chief Executive
All locally incorporated authorized institutions

Dear Sir / Madam,

Implementation of Basel III: Revision of Capital Adequacy Ratio Return

I am writing to inform you that we have updated the completion instructions for the regulatory return relating to the Capital Adequacy Ratio (MA(BS)3) (i) to align them with the technical changes introduced by the Banking (Capital) (Amendment) Rules 2013 ("BCAR 2013"), which take effect on 30 June 2013, and (ii) to address some issues which have been raised by authorized institutions. The changes are highlighted for ease of reference in the revised set of completion instructions enclosed at **Annex 1**. No changes are considered necessary for the return templates.

Your institution is required to comply with the changes introduced by the BCAR 2013 in calculating its capital adequacy ratios starting from the position as of end-June 2013. Please therefore ensure that your institution follows the revised completion instructions when filling in the return template for capital positions after that date.

The revised completion instructions can be accessed through the HKMA's public (http://www.hkma.gov.hk) and private (http://www.stet.iclnet.hk/index.htm) websites.

Please feel free to direct any questions you may have regarding the revised completion instructions to your usual supervisory contact.

Yours faithfully,

Karen Kemp
Executive Director (Banking Policy)

Encl.

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Mr Jackie Liu)