HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C
S4/16C

24 December 2014

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

**Return of Liquidity Position of an Authorized Institution (Form MA(BS)1E) and Certificate of Compliance with the Banking Ordinance (Forms MA(BS)1F(a) and MA(BS)1F(b))**

I write to inform you that, after consultation with the two industry Associations, we have finalised changes to the Return of Liquidity Position of an Authorized Institution (Form MA(BS)1E) (and accompanying Completion Instructions) for the reporting of the liquidity coverage ratio ("LCR") and liquidity maintenance ratio ("LMR").

We have also modified the Certificate of Compliance with the Banking Ordinance (Form MA(BS)1F(a) and Form MA(BS)1F(b)) (and accompanying Completion Instructions) to be reported respectively by AIs incorporated in Hong Kong and AIs incorporated outside Hong Kong to reflect the new liquidity standards (i.e. LCR and LMR) under the Banking (Liquidity) Rules.

The revised Returns (and accompanying Completion Instructions) are enclosed for reference. Authorized institutions ("AIs") are required to submit the revised Returns starting from the position of 31 January 2015. We will inform you under separate cover when the electronic files of the revised Returns are available for downloading by AIs from the HKMA's supervisory communication website (http://www.stet.iclnet.hk).

*Test-run on Return MA(BS)1E*

To enable AIs to familiarise themselves with the calculation and reporting of the new liquidity standards using the revised Return MA(BS)1E, we will, as mentioned in our e-mail to the industry Associations on 7 November 2014, conduct a test-run of this Return covering all AIs. In this regard, AIs are required to complete Part 2 (in the case of category 1 institutions) or Part 3 (in the case of category 2 institutions) of this Return based on the position of 30 November 2014, and submit the completed Return to basel3-imp@hkma.iclnet.hk by 30 January 2015. The Excel templates and specific instructions for this test-run will be released to AIs through e-mail shortly.

If you have any question about the revised Returns and the test-reporting exercise, please contact Mr Eric Ng (2878 8603), Ms Amy Siu (2878 1321) or Mr Thomas Wong (2878 1219).

Yours faithfully,

Rita Yeung
Acting 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)