HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/15C
B9/151C
B9/155C
S4/16C

24 December 2014

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Implementation of Basel III

I am writing to inform you that the Banking (Disclosure) (Amendment) Rules 2014 ("BDAR 2014") and the Banking (Liquidity Coverage Ratio – Calculation of Total Net Cash Outflows) Code ("LCR Code") were published in the Gazette today.

BDAR 2014

The amendments are mainly to incorporate into the Banking (Disclosure) Rules (Cap. 155 sub. leg. M) disclosure requirements prescribed by the Basel Committee on Banking Supervision for the Basel III capital buffers, Liquidity Coverage Ratio ("LCR") and Leverage Ratio, as well as a few amendments necessitated by some recent updates in prudential reporting requirements.

The subsidiary legislation will be tabled before the Legislative Council for negative vetting on 7 January 2015. Subject to the views of the Legislative Council, the subsidiary legislation will come into operation on 31 March 2015 and will apply to disclosure statements of authorized institutions that correspond to any annual reporting period or any interim reporting period ending on or after 31 March 2015. We will inform you once the negative vetting process is completed.

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LCR Code

Pursuant to section 97M of the Banking Ordinance, the LCR Code is issued to provide guidance in respect of the provisions of the Banking (Liquidity) Rules ("BLR") that relate to the calculation of total net cash outflows under the LCR. The LCR Code, together with the BLR, will take effect from 1 January 2015.

Yours faithfully,

Rita Yeung
Acting Executive Director (Banking Policy)

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