HONG KONG MONETARY AUTHORITY
香港金融管理局
Banking Policy Department 銀行政策部

Our Ref.: B1/15C
B1/21C
B9/92C
CB/POL/4/5/34

12 March 2015

The Chief Executive
All authorized institutions

Dear Sir / Madam,

Supervisory Policy Manual ("SPM")
CG-5: "Guideline on a Sound Remuneration System" (Revised)

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

The revised module formally incorporates the relevant disclosure standards issued by the Basel Committee on Banking Supervision in its July 2011 paper on *Pillar 3 disclosure requirements for remuneration* (the "BCBS disclosure standards")[1]. Pursuant to section 52(ba) and (c) of the Banking (Disclosure) Rules, locally incorporated authorized institutions must disclose the extent of their compliance, and explain any areas of non-compliance, with the disclosure requirements in CG-5.

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

[1] The relevant disclosure standards were previously contained in a circular letter to all AIs dated 23 November 2011 which set out the HKMA's expectations on AIs' remuneration disclosure, encouraging AIs to adopt those of the BCBS disclosure standards in the July 2011 paper that went beyond the provisions in the then version of CG-5.

Should you have any questions regarding this revised module, please feel free to contact Mr Richard Chu on 2878-8276 or Miss Theresa Kwan on 2878-1093.

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)