



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B2/1C
B9/188C

26 July 2018

The Chief Executive
All Locally Incorporated Authorized Institutions

Dear Sir/Madam,

Exposure Limits: Local Implementation Timeline

As you may be aware, we are currently working on amendments to the Banking (Exposure Limits) Rules (“BELR”) which will include our local implementation of the “Supervisory framework for measuring and controlling large exposures”, issued by the Basel Committee on Banking Supervision in April 2014, and some other local exposure limits currently comprised under Part XV of the Banking Ordinance.

While the industry associations have been informed about and consulted on the detailed proposals to amend the BELR on 28 May 2018, we anticipate the negative vetting of the amendments by the Legislative Council to be completed only around the end of this year. By then we also expect to have published the announced details on the grouping of linked counterparties, including operational guidance for the identification of links between counterparties due to economic dependence.

In light of this tight implementation timeline and some legitimate concerns about it articulated by industry representatives, we have decided to extend the implementation date of the amended BELR by six additional months to 1 July 2019.

Should you have any questions on the implementation of our local exposure limits rules, please contact Mr Andy Cheung (2878 1022, andy_km_cheung@hkma.gov.hk) or Mr Marcel Bluhm (2878 1511, mbluhm@hkma.gov.hk).

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Eureka Cheung)