HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B1/21C
B9/130C

9 August 2019

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Supervisory Policy Manual (SPM): CR-L-1 "Consolidated Supervision of Concentration Risks: BELR Rule 6" and CR-L-5 "Major Acquisitions and Investments: BELR Part 3"

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority (MA) is issuing by notice in the Gazette today two SPM modules, i.e. CR-L-1 on "Consolidated Supervision of Concentration Risks: BELR Rule 6" and CR-L-5 on "Major Acquisitions and Investments: BELR Part 3", as statutory guidelines under section 7(3) of the Banking Ordinance ("BO").

The revisions of these two modules are incidental to the implementation of the Banking (Exposure Limits) Rules ("BELR"), which replace the provisions relating to exposure limits formerly set out in Part XV of the BO.

Most changes to both SPM modules are minor in nature such as updates on cross references (from provisions in the BO to the BELR) and technical details incidental to the BELR implementation (e.g. the calculation of Tier 1 capital instead of capital base). A more substantial change to CR-L-5 is the elaboration on the new exemptions introduced in the BELR for share acquisitions (i.e. acquisition in the insurance business or for trading purposes). These new exemptions were introduced in response to industry comments received during the making of the BELR.

On-line access to the SPM modules is available to AIs under the icon for "Supervisory Policy Manual" on the MA's public (https://www.hkma.gov.hk/eng/) and private (https://www.stet.iclnet.hk) websites.

Should you have any questions relating to the SPM modules, please contact Mr Andy Cheung on 2878-1022.

Yours faithfully,

Alice Lee
Acting Executive Director (Banking Policy)

Encl

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