



HONG KONG MONETARY AUTHORITY
香港金融管理局

Resolution Office

處置機制辦公室

Our Ref: B9/124/2/1C-000049a

31 October 2019

The Chief Executive
All locally incorporated authorized institutions

Dear Sir/Madam,

Publication of standard LAC disclosure templates

I am writing to inform you that, following consultation with the Hong Kong Association of Banks and the DTC Association, the Monetary Authority is issuing a set of standard disclosure templates (with accompanying explanatory notes) with respect to loss-absorbing capacity under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (Cap. 628B) (“LAC Rules”). Pursuant to rule 52(1)(b) of the LAC Rules, the templates are to be used by resolution entities and material subsidiaries for making disclosures under Part 6 of the LAC Rules.

The standard templates are modelled on the five relevant templates, namely KM2, CCA, TLAC1, TLAC2 and TLAC3, from the BCBS’s March 2017 publication on *Pillar 3 disclosure requirements – consolidated and enhanced framework*¹ and their applicability is adjusted as appropriate to reflect that both resolution entities and material subsidiaries are subject to relevant disclosure obligations under the LAC Rules. The standard templates consist of the following:

- (i) KM2, KM2(A) and KM2(B) reflecting the requirement under rule 47 of the LAC Rules on a resolution entity or a material subsidiary to disclose summary information on its loss-absorbing capacity and, as applicable, that on the non-HK resolution entity;
- (ii) CCA(A) reflecting the requirement under rule 51 of the LAC Rules on a resolution entity or a material subsidiary to disclose the main features of its regulatory capital instruments and of other non-capital LAC debt

¹ Please see <https://www.bis.org/bcbs/publ/d400.htm>

instruments;

- (iii) TLAC1 and TLAC1(A) reflecting the requirement under rule 48 of the LAC Rules on a resolution entity or a material subsidiary to disclose the composition of its loss-absorbing capacity;
- (iv) TLAC2 reflecting the requirement under rule 50 of the LAC Rules on a material subsidiary to disclose information on its creditor ranking at legal entity level; and
- (v) TLAC3 reflecting the requirement under rule 49 of the LAC Rules on a resolution entity to disclose information on its creditor ranking at legal entity level.

A set of the standard disclosure templates (English version) are enclosed. The standard disclosure templates (both English and Chinese versions) can be accessed through the “Key Functions – Resolution Regime – Resolution Standards – Loss-absorbing Capacity” icons on the Hong Kong Monetary Authority (“HKMA”)’s website (<http://www.hkma.gov.hk>).

In accordance with the LAC Rules, a requirement on a resolution entity or a material subsidiary to make a quarterly or semi-annual disclosure under Part 6 of the LAC Rules applies in relation to each quarterly reporting period or semi-annual reporting period (as the case requires) of the entity that ends at least three months after the classification date of the entity.

For the requirement under rule 55(4) of the LAC Rules, a resolution entity or a material subsidiary should lodge a copy of its disclosure statement under the Rules with the Resolution Office of the HKMA at lacdisclosure@hkma.gov.hk before it publishes the statement. A resolution entity or a material subsidiary is also required to submit a copy of the disclosure statement in Portable Document Format to the HKMA by e-mail at register@hkma.finnet.hk within three working days after the first publication or exhibition of such information in Hong Kong in order for the Monetary Authority to keep the same with the register maintained under section 20 of the Banking Ordinance (Cap. 155).

Should you have any questions regarding the standard templates, please contact Ms. Helen Chan of the HKMA Resolution Office at hkychan@hkma.gov.hk.

Yours faithfully,

Stefan M Gannon
Commissioner
Resolution Office
for the Monetary Authority

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