



HONG KONG MONETARY AUTHORITY  
香港金融管理局

*Banking Policy Department*

Our Ref: B1/15C  
B4/1C  
B1/21C  
B4/9C  
S4/8C

18 January 2022

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Revised SPM Module TA-2: Foreign Exchange Risk Management**

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority is issuing a revised version of its Supervisory Policy Manual (SPM) module TA-2 “Foreign Exchange Risk Management” as a guidance note today. The changes in the revised SPM module are mainly to incorporate the BCBS’ *Supervisory guidance for managing risks associated with the settlement of foreign exchange transactions*<sup>1</sup> (BCBS guidance).

The HKMA’s current regulatory and supervisory frameworks have already broadly covered the major requirements set out in the BCBS guidance, though at a slightly less granular level. This update aims to more specifically state the requirements in the SPM in order to better align it with the BCBS guidance.

The start of full compliance should be commensurate with AIs’ exposures to foreign exchange settlement-related risks but not be reached later than one year from the date of this circular. As stated on previous occasions, the HKMA encourages AIs to settle foreign exchange transactions through available payment-versus-payment (PvP) arrangements in an effort to reduce their foreign exchange settlement-related risks.

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<sup>1</sup> <https://www.bis.org/publ/bcbs241.pdf>

The revised SPM module can be accessed on the HKMA's public website (<https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/supervisory-policy-manual>) or through the Supervisory Communication Website (<https://www.stet.iclnet.hk>).

Should you have any questions relating to this letter or the revised SPM module, please feel free to contact Mr Horace Lee (2878 1540, [hhwlee@hkma.gov.hk](mailto:hhwlee@hkma.gov.hk)) or Mr Steven Yu (2878 1324, [schyu@hkma.gov.hk](mailto:schyu@hkma.gov.hk)).

Yours faithfully,

Daryl Ho  
Executive Director (Banking Policy)

Encl

cc: The Chairperson, The Hong Kong Association of Banks  
The Chairperson, The DTC Association  
FSTB (Attn: Mr Justin To)