



HONG KONG MONETARY AUTHORITY

香港金融管理局

Banking Policy Department

Our Ref: S4/2C, S4/3C
B1/15C, B1/21C

15 March 2024

The Chief Executive
All Locally Incorporated Authorized Institutions

Dear Sir/Madam,

New SPM modules on market and CVA risk: MR-1 and MR-2

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority issues today its new Supervisory Policy Manual (“SPM”) modules MR-1 “Market Risk Capital Charge” and MR-2 “CVA Risk Capital Charge” as statutory guidance, by notice in the Gazette, under section 7(3) of the Banking Ordinance.

According to the Banking (Capital) (Amendment) Rules 2023, the revised market risk and credit valuation adjustment (“CVA”) risk capital frameworks will be set out in Part 8 and Part 8A of the Banking (Capital) Rules (“Rules”), respectively. They will come into effect on a day to be appointed by the Monetary Authority (intended to be 1 January 2025). Both new SPM modules are designed not just to provide additional technical details in addition to the Rules but to integrally cover all the related requirements. They set out the minimum standards which all locally incorporated authorized institutions are expected to adopt for the calculation of their market risk and CVA risk capital charges.

The two new SPM modules MR-1 and MR-2 are available online on the HKMA’s public website (<https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/supervisory-policy-manual/>) and the Supervisory Communication Website (<https://www.stet.iclnet.hk>).

Should you have any questions regarding the two new SPM modules, please feel free to contact Mr Horace Lee (2878 1540, hhwlee@hkma.gov.hk) or Mr Steven Yu (2878 1324, schyu@hkma.gov.hk).

Yours faithfully,

Donald Chen
Executive Director (Banking Policy)

Encl

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