HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/21C
B1/15C
B9/156C

24 January 2020

The Chief Executive
All locally incorporated authorized institutions

Dear Sir / Madam,

Supervisory Policy Manual (SPM): CA-G-5 "Supervisory Review Process"

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority is issuing by notice in the Gazette today a revised version of the SPM module CA-G-5 "Supervisory Review Process" (as attached) as a statutory guideline under section 7(3) of the Banking Ordinance.

The revised SPM module has incorporated updates primarily relating to the local implementation of latest standards issued by the Basel Committee on Banking Supervision on interest rate risk in the banking book, liquidity risk and large exposures[1].

[1] The following BCBS standards are referred to:
- *Interest rate risk in the banking book (April 2016);*
- *Basel III: the net stable funding ratio (October 2014); and*
- *Supervisory framework for measuring and controlling large exposures (April 2014).*

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On-line access to the SPM module is available under the icon for “Supervisory Policy Manual” on the HKMA’s public (http://www.hkma.gov.hk) and private (http://www.stet.iclnet.hk) websites.

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

Yours faithfully,

Frank Leung
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)