



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C, B9/75C
S4/3C

11 July 2022

The Chief Executive
All locally incorporated authorized institutions

Dear Sir/Madam,

Revised Return of Capital Adequacy Ratio (Form MA(BS)3) (“CAR Return”)

I am writing to inform you that, following recent industry consultation (see attached letters), we have finalised the revised CAR Return, together with the accompanying Completion Instructions (“CIs”), as enclosed. Changes since the last version in use are highlighted for ease of reference.

The revisions are mainly to cater for authorized institutions’ reporting of equity investments in funds in accordance with the requirements introduced by the Banking (Capital) (Amendment) Rules 2022 that came into effect on 1 July 2022.

The electronic files for the CAR Return and its accompanying CIs are available for downloading from the HKMA’s supervisory communication website (<http://www.stet.iclnet.hk>). Reporting institutions should submit the CAR Return based on the revised CIs to the HKMA, via the STET system, starting from the reporting position as of 30 September 2022.

Should you have any questions regarding the technical aspect of the return template or STET submission, please feel free to contact our STET helpdesk at 2878-1800.

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)



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B4/1C, B9/75C
S4/3C

8 March 2022

Ms Mary Huen
Chairperson
The Hong Kong Association of Banks
Room 525, 5/F
Prince's Building
Central
Hong Kong

Dear Ms Huen,

Consultation on revised Return of Capital Adequacy Ratio (Form MA(BS)3) ("CAR Return")

I am writing to consult the Association on the enclosed draft revised CAR Return templates and their accompanying completion instructions ("CIs").

The revisions proposed are mainly to reflect (a) the changes to be introduced by the Banking (Capital) (Amendment) Rules 2022 ("BCAR") for implementing *the Capital requirements for banks' equity investments in funds* issued by the Basel Committee on Banking Supervision and (b) other miscellaneous updates. The following summarises the key revisions to the templates and CIs of the CAR Return:

- (i) **Part IIIa (Basic approach), Part IIIb (Standardized (credit risk) approach) and Part IIIc (Internal ratings-based approach)** – the templates and CIs have been amended to cater for the reporting of AIs' exposures to collective investment schemes ("CIS exposures") under the revised capital requirements. Numerical examples are also provided to illustrate the treatment of capital instruments and non-capital LAC liabilities of financial sector entities held by a CIS for the purpose of calculating the risk-weighted amount of an AI's CIS exposure to the CIS;
- (ii) **Part IIIe (CCP exposures)** – CIs have been amended to clarify the reporting of excess variation margin posted by an AI and held by a central counterparty; and

(iii) **Part VI (Sovereign concentration risk)** – Minor textual updates for alignment with the same or similar text in other prudential returns.

Subject to negative vetting by the Legislative Council, the BCAR will come into operation on 1 July 2022 and AIs will be required to report their positions using the revised CAR Return from the position of 30 September 2022.

I would be grateful if the Association's comments on the enclosed could reach us by 10 May 2022.

I am writing in similar terms to the DTC Association.

Yours sincerely,

Daryl Ho
Executive Director (Banking Policy)

Encl

cc: FSTB (Attn: Mr Justin To)



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B4/9C, B9/75C
S4/3C

8 March 2022

Mrs Lourdes A Salazar
Chairperson
The DTC Association
Unit 1704, 17/F, Strand 50
50 Bonham Strand
Sheung Wan
Hong Kong

Dear Mrs Salazar,

Consultation on revised Return of Capital Adequacy Ratio (Form MA(BS)3) (“CAR Return”)

I am writing to consult the Association on the enclosed draft revised CAR Return templates and their accompanying completion instructions (“CIs”).

The revisions proposed are mainly to reflect (a) the changes to be introduced by the Banking (Capital) (Amendment) Rules 2022 (“BCAR”) for implementing *the Capital requirements for banks’ equity investments in funds* issued by the Basel Committee on Banking Supervision and (b) other miscellaneous updates. The following summarises the key revisions to the templates and CIs of the CAR Return:

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Yours sincerely,

Daryl Ho
Executive Director (Banking Policy)

Encl

cc: FSTB (Attn: Mr Justin To)