Explanatory notes on proposed revisions to CAR return for BCAR 2025

MA(BS)3A Return on Market Risk and CVA Risk Capital Charge

Part I: Market Risk Capital Charge

Division	Item	Remarks
A	Market Risk Capital Charge under the STM Approach	
	4	The capital charge in column (3) is extracted from Item 4 of Division B.8 of the Form, which represents the highest capital charge among the three correlation scenarios.
	5	To report the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book, in the form of a capital charge, as required by the Monetary Authority in a written notice, in accordance with the new section 380 of the Banking (Capital) Rules (BCR) as introduced through Banking (Capital) (Amendment) Rules 2025 (BCAR 2025). The exposures and the level of the add-on will be specified in the written notice.
	8	The capital charge in item 8 is the sum of capital charges reported in column (3) of items 1 to 7.
	9	Item 9 transfers item 8 into a risk-weighted amount.
B.8	STM Approach – Group 2a cryptoasset exposures	
	1	To report the SBM delta, vega and curvature risk capital charge for the price movement of group 2a cryptoassets, separately under each bucket and under each correlation scenario. The bucket structure, risk weights, and correlations for the aggregation of capital charges will be specified in a new Supervisory Policy Manual, which will follow the specifications set out in paragraphs 87 and 90 of CP 24.01 Cryptoasset Exposures. For the portion or sub-portion of an CIS exposure that is classified as a Group 2a cryptoasset exposure, the resulting capital requirements should be captured in this Division for AIs that use the STM approach.
	2	To report the aggregated capital charges across buckets.
	3	To report the aggregated capital charges across other risk classes (e.g. GIRR) arising from the group 2a cryptoasset exposures.
	4	To report the SBM capital charge for group 2a cryptoasset exposures under each correlation scenario, i.e. the sum of all sub-items within items 2 and 3.
E.1	Market risk capital charge under the IMA	
(A)	Calculation of market risk capital charge	

Division	Item	Remarks
	8	To report the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book, in the form of a capital charge, as required by the Monetary Authority in a written notice, in accordance with the new section 380 of the BCR as introduced through BCAR 2025. The exposures and the level of the add-on will be specified in the written notice.
	11	To report the total market risk capital charge, referring to the sum of (i) MR_{total} in paragraph 4.8.4 of the SPM MR-1, (ii) the infrastructure risk add-on in item 8, (iii) the other capital charges calculated on a standalone basis in item 9, and (iv) the capital surcharge in item 10.
	12	Item 12 transfers item 11 into a risk-weighted amount.
F	Market Risk Capital Charges under the SSTM Approach	
	5.1	The capital charge is extracted from Item 2 of Division L.1 of the Form.
	5.2	The capital charge is extracted from Item 2 of Division L.2 of the Form.
	5.3	To report the total market risk capital charge for group 2a cryptoasset exposures, i.e. the sum of Items 5.1 and 5.2.
	6	To report the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book, in the form of a capital charge, as required by the Monetary Authority in a written notice, in accordance with the new section 380 of the BCR as introduced through BCAR 2025. The exposures and the level of the add-on will be specified in the written notice.
	9	To report the total market risk capital charge under the SSTM approach, which is the sum of the following components: (i) total market risk capital charges for each risk category (column (3) of items 1 to 4), (ii) total market risk capital charge for group 2a cryptoasset exposures, (iii) infrastructure risk add-on in item 6, and (iv) other capital charges and capital surcharge (items 7 to 8).
	10	Item 10 transfers item 9 into a risk-weighted amount.
L	SSTM Approach - Group 2a Cryptoasset Exposures	
L.1	Group 2a cryptoasset: non-option exposures	
	1	To report the market risk capital charge for non-option exposures calculated in accordance with the new section 383(2) and (3) of the BCR as introduced through BCAR 2025. For the portion or sub-portion of an CIS exposure that is classified as a Group 2a cryptoasset exposure, the resulting capital requirements should be captured in this Division for AIs that use the SSTM approach.
	2	To report the total of capital charges reported in Item 1.

Division	Item	Remarks
L.2	Group 2a cryptoasset: exposures captured under the scenario approach	
	1	To report the market risk capital charge for option exposures and associated hedging positions calculated in accordance with the new section 383(4) of the BCR as introduced through BCAR 2025.
	2	To report the total of capital charges reported in Item 1.