

# Monetary Authority announces countercyclical capital buffer ratio for Hong Kong

The following is issued on behalf of the Hong Kong Monetary Authority:

The Monetary Authority announced today (May 3) that the countercyclical capital buffer (CCyB) ratio for Hong Kong remains unchanged at 1 per cent.

The Monetary Authority, Mr Eddie Yue, said, "Quantitative indicators suggest that overheating risks in Hong Kong are well contained. Under the framework that has taken into account the Positive Neutral CCyB introduced on April 1, 2024, a 1 per cent CCyB ratio should be maintained for Hong Kong when systemic risks are neither subdued nor elevated. It is therefore appropriate to keep the CCyB ratio at 1 per cent now and continue to monitor the situation closely."

Further details of the decision may be found in the [Announcement of the CCyB to Authorized Institutions](#) on the HKMA website.

## Background

In setting the CCyB ratio the Monetary Authority considered a series of quantitative indicators and qualitative information including an "indicative buffer guide" (which is a metric providing a guide for CCyB ratio based on the gap between the ratio of credit to GDP and its long term trend, and between the ratio of residential property prices to rentals and its long term trend). The latest indicative buffer guide calculated based on 2023Q4 data and the Positive Neutral CCyB (Note) according to the revised formula, signals a CCyB of 1 per cent. The projection based on all available data suggests that the indicative buffer guide would likely signal a CCyB of 1 per cent when all relevant 2024Q1 data become available.

Whilst the indicative buffer guide, as its name suggests, provides only a "guide" for CCyB decisions, the determination of the jurisdictional CCyB ratio for Hong Kong is not a mechanical exercise and, in addition to the indicative buffer guide, the Monetary Authority also reviewed a range of other reference indicators. Quantitative indicators suggest that overheating risks in Hong Kong are well contained. Under the framework that has taken into account the Positive Neutral CCyB introduced on April 1, 2024, a 1 per cent CCyB ratio should be maintained for Hong Kong when systemic risks are neither subdued nor elevated. It is therefore appropriate to keep the CCyB ratio at 1 per cent now and continue to monitor the situation closely.

The CCyB is an integral part of the Basel III regulatory capital framework and is being implemented in parallel by Basel Committee member jurisdictions worldwide. The CCyB has been designed by the Basel Committee to increase the resilience of the banking sector against system-wide risks. The

banking sector can then act as a "shock absorber" in times of stress, rather than as an amplifier of risk to the broader economy.

The power to implement the CCyB in Hong Kong is provided by the Banking (Capital) Rules, which enable the Monetary Authority to announce a CCyB ratio for Hong Kong. The specific CCyB requirement applicable to a given Authorized Institution (AI) is expressed as a percentage of its CET1 capital to its total risk-weighted assets. Each AI's CCyB requirement may vary depending on the geographic mix of its private sector credit exposures and the CCyB applicable in each jurisdiction where it has such exposures.

Note: Under the Positive Neutral CCyB approach, authorities aim for a positive CCyB when risks are judged to be neither subdued nor elevated. Please refer to [www.bis.org/publ/bcbs\\_n130.htm](http://www.bis.org/publ/bcbs_n130.htm) for more information.

---

## **Phishing emails related to Bank of China (Hong Kong) Limited**

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) wishes to alert members of the public to a press release issued by Bank of China (Hong Kong) Limited relating to phishing emails, which have been reported to the HKMA. A hyperlink to the press release is available on the [HKMA website](#).

The HKMA wishes to remind the public that banks will not send SMS or emails with embedded hyperlinks which direct them to the banks' websites to carry out transactions. They will not ask customers for sensitive personal information, such as login passwords or one-time password, by phone, email or SMS (including via embedded hyperlinks).

Anyone who has provided his or her personal information, or who has conducted any financial transactions, through or in response to the emails concerned, should contact the bank using the contact information provided in the press release, and report the matter to the Police by contacting the Crime Wing Information Centre of the Hong Kong Police Force at 2860 5012.

---

## **Hong Kong Taxonomy for Sustainable**

# Finance

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) published today (May 3) the Hong Kong Taxonomy for Sustainable Finance (Hong Kong Taxonomy) to enable informed decision making on green and sustainable finance and facilitate relevant finance flows.

The HKMA has been developing a green classification framework for adoption in the local market. A discussion paper was released in May 2023 to gather feedback from stakeholders on a prototype of the framework. Respondents welcome the development of the prototype and consider that it could provide a clearer definition of green products, enhance interoperability and help reduce greenwashing risks.

Based on consultation feedback, the prototype was fine-tuned and published as the Hong Kong Taxonomy. Currently, it encompasses 12 economic activities under four sectors namely power generation, transportation, construction, and water and waste management. As steered by the Green and Sustainable Finance Cross-Agency Steering Group (Note 1), the development has been guided by the principles of interoperability, comparability and inclusiveness. It also facilitates easy navigation among the Common Ground Taxonomy, China's Green Bond Endorsed Projects Catalogue and the European Union's Taxonomy for Sustainable Activities. It will serve as a pivotal tool to raise awareness about green finance, promote common understanding on green activities, facilitate green finance flows, and provide a foundation for further applications. We encourage the financial sector to use the Hong Kong Taxonomy to assess the "greenness" of projects and assets when labelling and developing products, as well as making disclosures.

A consultation report was also published to summarise the feedback received, together with responses and recommendations on future work. In addition, to facilitate users to understand and apply the Hong Kong Taxonomy, a supplemental guidance was prepared to provide background information, illustrative use cases, and responses to frequently asked questions.

The Hong Kong Taxonomy is a living document. For the next step, the HKMA will seek to expand the coverage of the taxonomy to include more sectors and activities, including transition activities. The HKMA will also continue the collaboration with relevant stakeholders to promote its application and enhancement, contributing to the sustainable development in Hong Kong and the world.

The Chief Executive of the HKMA, Mr Eddie Yue, said, "The release of the Hong Kong Taxonomy for Sustainable Finance marks a key milestone for Hong Kong's sustainable finance landscape. By providing a common language and framework for sustainable finance, we are equipping market participants with an important tool to make informed decisions, drive impactful cross-border

investments, and contribute to global efforts in combating climate change."

The [consultation report](#), [Hong Kong Taxonomy](#) and [supplemental guidance](#) are available on the HKMA website.

Separately, the HKMA will be launching the beta version of a cloud-based platform shortly for banks to assess the potential impact of physical risks on residential and commercial buildings in Hong Kong under different climate scenarios. The platform is part of the HKMA's efforts to help the banking sector address issues related to data and analytical tools and build up capabilities in climate risk management.

Note 1: Established in May 2020, the Green and Sustainable Finance Cross-Agency Steering Group is co-chaired by the HKMA and the Securities and Futures Commission. Members include the Accounting and Financial Reporting Council, the Environment and Ecology Bureau, the Financial Services and the Treasury Bureau, the Hong Kong Exchanges and Clearing Limited, the Insurance Authority and the Mandatory Provident Fund Schemes Authority. It aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies.

---

## [Chief Executive approves chairmanship of HKEX](#)

The Chief Executive has approved the appointment of Mr Carlson Tong Ka-shing as Chairman of the Hong Kong Exchanges and Clearing Limited (HKEX) with immediate effect.

The approval was made under the Securities and Futures Ordinance (SFO) (Cap. 571). Mr Tong's chairmanship will coincide with his term of appointment as a member of the Board of Directors of the HKEX, which will conclude at the end of the 2025 Annual General Meeting of the HKEX.

The Financial Secretary, Mr Paul Chan, said, "Mr Tong is a well-respected and prominent doyen in the financial industry with profound professional knowledge and experience. He served as the Chairman of the Securities and Futures Commission, and achieved excellent progress in taking forward market development and effective market regulation. Last year, he also led the Task Force on Enhancing Stock Market Liquidity in comprehensively reviewing the major factors affecting market liquidity, and made specific and forward-looking recommendations to the Government on improving the competitiveness of the Hong Kong stock market and promoting its sustainable development."

Mr Chan continued, "Mr Tong's expertise in the securities market and broad international connections will be great assets to facilitating the HKEX's further development. We believe that with Mr Tong's leadership, the HKEX will continue to enhance its listing platform and deepen co-operation with the Mainland and overseas financial markets, further consolidating and enhancing our position as an international financial centre and important fundraising market."

Mr Tong was appointed by the Financial Secretary as a member of the Board of Directors of the HKEX in February 2023 under the SFO for a term of around two years until the conclusion of the Annual General Meeting of the HKEX in 2025.

Mr Tong was elected as Chairman of the HKEX by the directors at the board meeting on April 24, 2024. The HKEX is a recognised exchange controller under the SFO. Section 69(1) of the SFO provides that no person shall be the chairman of a company which is a recognised exchange controller unless he has the approval in writing of the Chief Executive.

---

## **14 landlords of subdivided units under regulated tenancies convicted of contravening relevant statutory requirements**

Fourteen landlords of subdivided units (SDUs), who contravened Part IVA of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) (the Ordinance) pleaded guilty and were fined a total of \$31,910 today (May 3) at the Eastern Magistrates' Courts. Since the Ordinance has come into force, the Rating and Valuation Department (RVD) has successfully prosecuted 255 cases involving a total of 218 SDU landlords, with fines ranging from \$400 to \$18,600, amounting to a total of \$465,610.

The offences of these landlords include (1) failing to submit a Notice of Tenancy (Form AR2) to the Commissioner of Rating and Valuation within 60 days after the term of the regulated tenancy commenced; (2) failing to produce copies of the bills and provide an account in writing when requiring the tenant to pay for the reimbursement of the apportioned water and/or electricity charges; and (3) requesting the tenant to pay money other than the types permitted under the Ordinance. One of the landlords committed 15 offences under (1) and (3) above and was fined \$14,200.

The RVD earlier discovered that the landlords failed to comply with the relevant requirements under the Ordinance. Upon an in-depth investigation and

evidence collection, the RVD prosecuted against the landlords.

A spokesman for the RVD reiterated that SDU landlords must comply with the relevant requirements under the Ordinance, and also reminded SDU tenants of their rights under the Ordinance. He also stressed that the RVD will continue to take resolute enforcement action against any contraventions of the Ordinance. Apart from following up on reported cases, the RVD has been adopting a multipronged approach to proactively identify, investigate and follow up on cases concerning landlords who are suspected of contravening the Ordinance. In particular, the RVD has been requiring landlords of regulated tenancies to provide information and reference documents of their tenancies for checking whether the landlords concerned have complied with the requirements of the Ordinance. If a landlord, without reasonable excuse, refuses to provide the relevant information or neglects the RVD's request, the landlord commits an offence and is liable to a maximum fine at level 3 (\$10,000) and to imprisonment for three months. Depending on the actual circumstances and having regard to the information and evidence collected, the RVD will take appropriate actions on individual cases, including instigating prosecution against suspected contraventions of the Ordinance.

To help curb illegal acts as soon as possible, members of the public should report to the RVD promptly any suspected cases of contravening the relevant requirements. Reporting can be made through the telephone hotline (2150 8303), by email ([enquiries@rvd.gov.hk](mailto:enquiries@rvd.gov.hk)), by fax (2116 4920), by post (15/F, Cheung Sha Wan Government Offices, 303 Cheung Sha Wan Road, Kowloon), or in person (visiting the Tenancy Services Section office of the RVD at Room 3816-22, 38/F, Immigration Tower, 7 Gloucester Road, Wan Chai, Hong Kong, and please call 2150 8303 to make an appointment). Furthermore, the RVD has provided a form (Form AR4) ([www.rvd.gov.hk/doc/en/forms/ar4.pdf](http://www.rvd.gov.hk/doc/en/forms/ar4.pdf)) on its website to facilitate SDU tenants' reporting to the RVD.

The RVD reminds that pursuant to the Ordinance, a regulated cycle of regulated tenancies is to comprise two consecutive regulated tenancies (i.e. the first-term tenancy and second-term tenancy) for an SDU, and the term of each regulated tenancy is two years. A tenant of a first-term tenancy for an SDU is entitled to be granted a second-term tenancy of the regulated cycle, thus enjoying a total of four years of security of tenure. Since the first batch of regulated tenancies has already approached their second-term tenancies, the RVD has started a new round of publicity and education work in order to assist SDU landlords and tenants to understand the important matters pertaining to the second-term tenancy, and procedures that need to be followed about two months prior to the commencement of the purported second-term tenancy. In addition, the RVD has started issuing letters enclosing relevant information to the concerned landlords and tenants of regulated tenancies in batches, according to the expiry time of their first-term tenancies, to remind them about their respective obligations and rights under the Ordinance. These landlords and tenants may also visit the dedicated page for the second-term tenancy on the RVD's website ([www.rvd.gov.hk/en/tenancy\\_matters/second\\_term\\_tenancy.html](http://www.rvd.gov.hk/en/tenancy_matters/second_term_tenancy.html)) for the relevant information, including a concise guide, brochures, tutorial videos and frequently asked questions, etc. SDU landlords and tenants are also advised

to familiarise themselves with the relevant statutory requirements and maintain close communication regarding the second-term tenancy for handling the matters properly and in a timely manner according to the Ordinance.

For enquiries related to regulated tenancies, please call the telephone hotline (2150 8303) or visit the RVD's webpage ([www.rvd.gov.hk/en/our\\_services/part\\_iva.html](http://www.rvd.gov.hk/en/our_services/part_iva.html)) for the relevant information.