

# Gazettal of banking amendment rules to implement Basel III reforms

The Banking (Capital) (Amendment) Rules 2023 (BCAR), the Banking (Disclosure) (Amendment) Rules 2023 (BDAR), the Banking (Exposure Limits) (Amendment) Rules 2023 (BELAR), and the Banking (Liquidity) (Amendment) Rules 2023 (BLAR) were gazetted today (December 29) to implement the latest capital standards and associated disclosure requirements promulgated by the Basel Committee on Banking Supervision (BCBS) under the Basel III reforms, together with other related updates for the prudential regulation of banks in Hong Kong.

The BCAR and the BDAR mainly implement the final phase of the Basel III reforms to enhance the capital framework in terms of robustness, risk sensitivity and consistency in banks' capital computation, thereby strengthening banks' resilience against possible financial shocks and contagion. The BELAR and the BLAR incorporate consequential updates and related changes of the large exposures and liquidity frameworks.

The opportunity is also taken to include amendments in the BCAR to better address risk exposures of banks, and to introduce the option of a positive neutral countercyclical capital buffer (CCyB) to ensure that the banking system has sufficient releasable buffer against possible system-wide shocks.

A Government spokesperson said, "The amendment rules will complete the implementation of the requirements under the Basel III reforms in Hong Kong. Compliance with the international regulatory standards promulgated by the BCBS will further bolster the resilience of our banking system and reinforce Hong Kong's status as an international financial centre."

A Hong Kong Monetary Authority spokesperson added, "In formulating the amendment rules, we have undertaken extensive consultations with the industry and made reference to the implementation approaches adopted by other major jurisdictions. The amendments will strengthen the regulatory regime for banks, with local circumstances taken into account."

The amendment rules will be tabled at the Legislative Council on January 10, 2024. They will take effect on April 1, 2024, and January 1, 2025, respectively.