

Gazettal of revised liquidity rules under Banking Ordinance

The Banking (Liquidity) (Amendment) Rules 2019 (BLAR 2019) were gazetted today (June 28) to bring the regulatory regime in Hong Kong up to date and in line with international standards.

The BLAR 2019 seek mainly to expand the scope of high-quality liquid assets recognisable as "level 2B assets" under the Liquidity Coverage Ratio and introduce a stable funding charge of 5 per cent for total derivative liabilities maintained by an authorised institution under the Net Stable Funding Ratio, in accordance with Basel III standards.

A government spokesman said, "The continued implementation of Basel III standards underlines our commitment to aligning our regulatory regime with the latest international regulatory standards. This is important for Hong Kong as a major international financial centre."

A Hong Kong Monetary Authority spokesman said, "We have carefully considered the international practices and the banking industry's views in formulating the rules to ensure that they benefit the local circumstances."

The BLAR 2019 will be tabled before the Legislative Council at its sitting on July 3, 2019 (Wednesday) for negative vetting, and will come into operation on January 1, 2020.