

# Designation of Domestic Systemically Important Authorized Institutions

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

The Hong Kong Monetary Authority (HKMA) has completed its annual assessment of the list of Domestic Systemically Important Authorized Institutions (D-SIBs). Based on the assessment results, the list of authorized institutions designated as D-SIBs remains unchanged compared to the list of D-SIBs published by the HKMA on December 30, 2022. The latest list of D-SIBs is shown in the Annex.

Under the D-SIB framework, each of the authorized institutions designated as a D-SIB will be required to include a Higher Loss Absorbency (HLA) requirement into the calculation of its regulatory capital buffers within a period of 12 months after the formal notification of its designation. The HLA requirement applicable to a D-SIB (expressed as a ratio of an authorized institution's Common Equity Tier 1 (CET1) capital to its risk-weighted assets as calculated under the Banking (Capital) Rules) ranges between 1 per cent and 3.5 per cent (depending on the assessed level of the D-SIB's systemic importance). Compared to the list of D-SIBs published on December 30, 2022, there is no change to the HLA requirements applied to the designated D-SIBs.

Further details about the decision can be found on the HKMA website ([Systemically Important Authorized Institutions \(SIBs\)](#)).

## Background

### (1) D-SIB framework in Hong Kong

The Banking (Capital) Rules and the HKMA's regulatory framework for D-SIBs follow the provisions in "A framework for dealing with domestic systemically important banks" issued by the Basel Committee on Banking Supervision in October 2012, by enabling the Monetary Authority (i) to designate an authorized institution as a D-SIB if the Monetary Authority considers the authorized institution to be of systemic importance in the context of the Hong Kong banking and financial system and (ii) to require an authorized institution designated as a D-SIB to be subject to an HLA capital buffer.

The rationale for imposing an HLA requirement on D-SIBs is to reduce any probability of them becoming non-viable. This is considered both prudent and justified in view of the greater impact that they could have, in the unlikely event of their failure, on the domestic financial system and the local economy more broadly.

### (2) HLA requirement for authorized institutions designated as D-SIBs

The Monetary Authority is empowered under sections 3U and 3V of the Banking (Capital) Rules to designate D-SIBs and to determine an HLA requirement for each of these D-SIBs by reference to the degree of domestic systemic importance which the Monetary Authority assesses them to bear. To achieve this aim, the HKMA's regulatory framework for D-SIBs provides for authorized institutions designated as D-SIBs to be allocated to different HLA "buckets". This differentiated approach reflects the diversified nature and varying degrees of systemic importance of authorized institutions in Hong Kong.

The designated D-SIBs must apply the HLA in the calculation of their regulatory capital buffers within 12 months of the formal notification of their designation. There are five HLA buckets in total ranging from 1 per cent to 3.5 per cent. While only the first four buckets (i.e. from 1 per cent to 2.5 per cent) have been populated so far, the framework includes an empty 3.5 per cent bucket to encourage D-SIBs to refrain from becoming even more systemically important.

The HLA applied to a D-SIB serves (together with the Countercyclical Capital Buffer) as an extension of the Basel III Capital Conservation Buffer. Accordingly, if and when a D-SIB's CET1 capital ratio falls within the extended buffer range, the D-SIB will be subject to restrictions on the discretionary distributions it may make. The effect of this is that D-SIBs will be required to retain earnings in order to bolster their regulatory capital.

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## [Fresh beef sample found to contain sulphur dioxide](#)

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced today (December 29) that a fresh beef sample was found to contain sulphur dioxide, a preservative which is not permitted to be used in fresh meat. The CFS is following up on the case.

A spokesman for the CFS said, "The CFS took the fresh beef sample from a fresh provision shop (FPS) at Chuk Yuen Market in Wong Tai Sin for testing under its routine Food Surveillance Programme. The test result showed that the sample contained sulphur dioxide at a level of 1 800 parts per million. The CFS is following up with the FPS concerned about the irregularity."

According to the Preservatives in Food Regulation (Cap. 132BD), it is an offence to add sulphur dioxide to fresh or chilled meat. The maximum penalty is a \$50,000 fine and six months' imprisonment.

Sulphur dioxide is a preservative which can be used in a variety of foods including dried vegetables, dried fruits, pickled vegetables and salted

fish products, but under the Regulation it is not permitted in fresh or chilled meat. Individual meat traders have been found illegally using sulphur dioxide to make meat look fresher. Sulphur dioxide is water soluble, and most of it can be removed through washing and cooking. However, susceptible individuals who are allergic to this preservative may experience breathing difficulties, headaches and nausea after consumption.

The spokesman reminded the food trade to comply with the law and not to sell fresh or chilled meat adulterated with sulphur dioxide. Members of the public should purchase meat from reliable market stalls or fresh provision shops. They should avoid buying or consuming meat which is unnaturally red and maintain a balanced diet to avoid malnutrition or excessive exposure to chemicals from a small range of food items.

The CFS will continue to follow up on the case and take appropriate action. An investigation is ongoing.

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## Grading of beach water quality released

The Environmental Protection Department (EPD) today (December 29) released the latest grading of water quality for four gazetted beaches that are open all year round for swimming.

Three beaches were rated as Good (Grade 1) and one as Fair (Grade 2).

Grade 1 beaches are:

Clear Water Bay Second Beach      Golden Beach  
Deep Water Bay Beach

Grade 2 beach is:

Silverstrand Beach

Compared with the grading released last week, there was no change in the grading for these beaches.

Under the present grading system, beaches are classified into four grades, namely Good (Grade 1), Fair (Grade 2), Poor (Grade 3) and Very Poor (Grade 4), according to the level of E. coli in the water. Grades are calculated on the basis of the geometric mean of the E. coli counts on the five most recent sampling occasions.

While the ratings represent the general water quality at the beaches, an EPD spokesman reminded members of the public that water quality could be temporarily affected during and after periods of heavy rain. Bathers should avoid swimming at beaches for up to three days after a tropical cyclone or heavy rainfall.

A summary of beach grades is published weekly before the weekend. The latest beach grades based on the most current data may be obtained from the EPD's website on Beach Water Quality ([www.epd.gov.hk/epd/beach](http://www.epd.gov.hk/epd/beach)) or the beach hotline, 2511 6666. Members of the public can also obtain the latest daily water quality forecast information for all beaches that are open for swimming through the Beach Water Quality Forecast mobile application (available for download from: [www.epd.gov.hk/en/BWQApp](http://www.epd.gov.hk/en/BWQApp)) or the dedicated beach water quality forecast page ([www.epd.gov.hk/en/BWQForecast](http://www.epd.gov.hk/en/BWQForecast)) on the EPD's beach thematic website.

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## **Professional Training on Smart and Green Logistics Scheme and Logistics Promotion Funding Scheme to be launched and open for application from January 8, 2024**

The Transport and Logistics Bureau today (December 29) announced that two logistics-related funding schemes, namely the Professional Training on Smart and Green Logistics Scheme and the Logistics Promotion Funding Scheme, under the Maritime and Aviation Training Fund (MATF) will be officially launched and open for application from January 8 next year.

"As outlined in the Action Plan on Modern Logistics Development promulgated on October 31, our target is to accelerate the high-quality development of logistics industry and develop Hong Kong into a sustainable international smart logistics hub. The launch of the new training and funding schemes, making use of the new injection of \$200 million to the MATF, provides more dedicated funding support to strengthen manpower development and promotional efforts of the logistics industry, thereby promoting its sustainable development," a spokesman for the Transport and Logistics Bureau said.

The Professional Training on Smart and Green Logistics Scheme aims to subsidise eligible logistics associations and training/education institutions to organise local training courses on modern, smart and green logistics with

a view to supporting in-service practitioners to equip themselves with up-to-date knowledge of smart and green logistics. The scheme will provide subsidies up to 80 per cent of the course fees for each participant, subject to a cap of \$6,500.

The Logistics Promotion Funding Scheme, on the other hand, will provide sponsorship up to 100 per cent of the total project costs for local promotional campaigns and activities organised by eligible logistics-related organisations and professional bodies. The scheme provides support to rebrand the modern logistics industry as "Smart, Innovative, High-end" in order to attract more young people to join the industry, as well as promoting the strengths of Hong Kong as an international premier logistics hub to both local and overseas companies.

The Subcommittee on Industry Development and the Subcommittee on Infrastructure and Promotion under the Hong Kong Logistics Development Council will assess and approve applications as well as monitoring and reviewing the implementation of the schemes. The Government will regularly review the use of the funding and the effectiveness of the schemes to ensure that they can keep abreast of the development in the industry.

The schemes will accept applications all year round and details of the schemes are available on the dedicated websites. Interested organisations may contact the Hong Kong Productivity Council, the Implementation Partner of the schemes.

Professional Training on Smart and Green Logistics Scheme

Telephone: 2788 6077

E-mail: [ptsgls\\_sec@hkpc.org](mailto:ptsgls_sec@hkpc.org)

Website: [ptsgls.hkpc.org](http://ptsgls.hkpc.org)

Logistics Promotion Funding Scheme

Telephone: 2788 6077

E-mail: [lpfs\\_sec@hkpc.org](mailto:lpfs_sec@hkpc.org)

Website: [lpfs.hkpc.org](http://lpfs.hkpc.org)

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## **Approved Tseung Kwan O Outline Zoning Plan amended**

The Town Planning Board today (December 29) announced amendments to the approved Tseung Kwan O Outline Zoning Plan (OZP).

The amendments mainly involve (i) rezoning a site at Ying Yip Road from "Comprehensive Development Area" to "Other Specified Uses" annotated "Film Studio and Related Uses", and (ii) rezoning a site at Hang Hau Road from

"Residential (Group C)1" to "Residential (Group C)2".

Opportunity is also taken to amend the Notes and Explanatory Statement of the OZP to reflect the above amendments and to update the general information of various land use zonings and the planning scheme area, where appropriate.

The draft Tseung Kwan O OZP No. S/TKO/29, incorporating the amendments, is available for public inspection during office hours at (i) the Secretariat of the Town Planning Board, (ii) the Planning Enquiry Counters, (iii) the Sai Kung and Islands District Planning Office, (iv) the Sai Kung District Office and (v) the Hang Hau Rural Committee.

Any person may make written representations in respect of the amendments to the Secretary of the Town Planning Board on or before February 29, 2024. Any person who intends to make a representation is advised to read the Town Planning Board Guidelines No. 29C on "Submission and Processing of Representations and Further Representations" (TPB PG-No. 29C).

Submission of a representation should comply with the requirements set out in TPB PG-No. 29C. In particular, the representer should take note of the following:

- \* If the representer fails to provide his or her full name and the first four alphanumeric characters of his or her Hong Kong identity card or passport number as required under TPB PG-No. 29C, the representation submitted shall be treated as not having been made; and
- \* The Secretariat of the Town Planning Board reserves the right to require the representer to provide identity proof for verification.

The Guidelines and the submission form are available at the above locations (i) and (ii) and the Town Planning Board's website ([www.tpb.gov.hk](http://www.tpb.gov.hk)).

Copies of the draft Tseung Kwan O OZP are available for sale at the Map Publications Centres in North Point and Yau Ma Tei. The electronic version of the OZP can be viewed on the Town Planning Board's website ([www.tpb.gov.hk](http://www.tpb.gov.hk)).