

## **Press release**

### **Banking (Amendment) Bill 2011 to be gazetted**

Thursday, December 8, 2011

The Banking (Amendment) Bill 2011, which seeks to enhance the existing regulatory framework to further strengthen the resilience of banks and the banking system in Hong Kong, will be gazetted on Friday (December 9).

The main purpose of the Bill is to amend the Banking Ordinance to provide for the implementation of the regulatory framework released in December 2010 by the Basel Committee on Banking Supervision, commonly known as the Basel III framework, in Hong Kong.

Basel III is designed to strengthen capital and liquidity rules for banks, thereby promoting greater resilience within the global banking sector.

The Bill will be introduced into the Legislative Council on December 21.

The Bill proposes that the capital and liquidity requirements applicable to authorised institutions incorporated or operating in Hong Kong be set out in the rules prescribed by the Monetary Authority under the Ordinance. Such rules will be developed with reference to the requirements in Basel III and will be subsidiary legislation subject to negative vetting by the Legislative Council.

The Bill also makes provision for:

- (a) the Monetary Authority to issue, or approve, codes of practice for the purpose of providing guidance in respect of the rules; and
- (b) the present Capital Adequacy Review Tribunal to assume a wider review remit to reflect the broader scope of the Basel III requirements.

The Secretary for Financial Services and the Treasury, Professor K C Chan, said, "The implementation of Basel III will make the banking system in Hong Kong more resilient, thereby contributing to the robustness and competitiveness of Hong Kong's financial markets and economy."

The Deputy Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Arthur Yuen, said, "As a member of the Basel Committee, the HKMA has been actively involved in developing the Basel III framework and fully supports its implementation in Hong Kong. The implementation of Basel III will keep Hong Kong in line with international standards."

The HKMA has consulted the banking industry on the proposals in the Bill and will continue to work closely with the industry on the implementation of Basel III. Going forward, the HKMA will draft, and consult the industry on, the required capital and liquidity rules in phases, reflecting the Basel Committee's implementation timetable, with the first phase of capital requirements due to go into effect from the beginning of 2013.

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