



Room 525, 5/F., Prince's Building, Central, Hong Kong
Telephone: 2521 1160, 2521 1169 Facsimile: 2868 5035
Email: info@hkab.org.hk Web: www.hkab.org.hk

香港中環太子大廈5樓525室
電話：2521 1160, 2521 1169 圖文傳真：2868 5035
電郵：info@hkab.org.hk 網址：www.hkab.org.hk

15 November 2012

By email: hytchiu@legco.gov.hk

Mr. Hugo Chiu
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Mr Chiu

Banking (Capital) (Amendment) Rules 2012

I write in response to your letter of 6 November 2012 and welcome the opportunity to give the views of the Hong Kong Association of Banks (HKAB) on the subsidiary legislation and on the impact of implementing the Basel III standards in Hong Kong on the banking sector. We have been fully consulted on the draft provisions and have also been engaged in discussions with the Hong Kong Monetary Authority (HKMA) on the subject.

In general we are supportive of the principle of adopting the Basel III standards in Hong Kong which we believe will reinforce Hong Kong's position as a leading financial centre. We believe it is imperative that a level regulatory playing field is created and that the Basel III proposals are implemented globally. We understand that in Asia, the implementation of Basel III standards is proceeding on a broadly consistent basis and within similar timescales.

In Hong Kong we are comfortable that the consultation process, both prior to the publication of the Basel III proposals in December 2010 and for the implementation of the rules in Hong Kong, has been extensive and that members' views and concerns on implementation have been taken into account. Whilst we believe that the impact on the banking sector would generally not be material, it should be noted that this may vary between different banks according to their individual circumstances such as size, financial position, business nature and group structure. We also believe that the subsidiary legislation, as currently

Chairman The Hongkong and Shanghai Banking Corporation Ltd
Vice Chairmen Bank of China (Hong Kong) Ltd
Standard Chartered Bank (Hong Kong) Ltd
Secretary Ronie Mak

主席 香港上海匯豐銀行有限公司
副主席 中國銀行(香港)有限公司
渣打銀行(香港)有限公司
秘書 麥依敏



drafted, reflects the position agreed with the HKMA during the consultation process. We also note that as part of the consultation process, the HKMA have undertaken to monitor Basel III implementation developments in other major jurisdictions e.g. EU and US to ensure there is no competitive disadvantage to authorized institutions in Hong Kong.

Although some points of clarification for implementation may still be required, we are conscious of the need for timely finalization of the rules in order to allow banks time to make the necessary system and process changes to implement the rules for January 2013.

I hope the above comments are helpful but if you require any further information please contact me at 2521 1160.

Yours sincerely

A handwritten signature in black ink, appearing to be "Ronie Mak", written over a horizontal line.

Ronie Mak
Secretary