

Subcommittee on Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules

**List of follow-up actions arising from the discussion
at the meeting on 23 November 2018**

1. The Administration and the Hong Kong Monetary Authority ("HKMA") are requested to:

- (a) provide a comparison of the coverage of the loss-absorbing capacity ("LAC") rules of under the Hong Kong resolution regime with other major international financial markets, including whether an entity which is neither a global systemically important bank ("G-SIB") nor a domestic systemically important bank ("D-SIB") will be subject to LAC requirements;
- (b) consider some members' suggestion that the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules ("the Rules") should provide that only G-SIBs and D-SIBs will be subject to LAC requirements; and
- (c) provide written responses on views raised and submissions made by deputations.

2. The Administration and HKMA are requested to consider some members' suggestion that the following matters should be prescribed in the Rules instead of in a Code of Practice on the LAC requirements developed by HKMA:

- (a) the asset threshold for authorized institutions ("AIs") to be covered under the Rules and hence required to meet the LAC requirements;
- (b) the factors to be considered by the Monetary Authority ("MA") in deciding the classification of an AI as a resolution entity or a material subsidiary (i.e. an in-scope AI); and
- (c) the timeline for in-scope AIs to comply with the LAC requirements, and the mechanism for MA to defer the implementation schedule of a particular in-scope AI.