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Banking (Exposure Limits) (Amendment) Rules 2025

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Banking (Exposure Limits) (Amendment) Rules 2025

(Made by the Monetary Authority under section 81A of the Banking Ordinance (Cap. 155) after consultation with the Financial Secretary, the Banking Advisory Committee, the Deposit-taking Companies Advisory Committee, The Hong Kong Association of Banks and The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies)

1. Commencement

These Rules come into operation on 1 January 2026.

2. Banking (Exposure Limits) Rules amended

The Banking (Exposure Limits) Rules (Cap. 155 sub. leg. S) are amended as set out in rules 3 to 36.

3. Rule 2 amended (interpretation)

(1) Rule 2(1)—

Add in alphabetical order

“*cryptoasset-related exposure* (加密資產關聯風險承擔)
means—

- (a) a cryptoasset exposure (other than a cryptoasset exposure mentioned in paragraph (c));
- (b) a default risk exposure in respect of derivative contracts or SFTs on cryptoassets; or
- (c) a cryptoasset exposure in respect of a cryptoasset that references a securitization transaction or a CIS;”.

(2) Rule 2(2)—

Add in alphabetical order

“*cryptoasset* (加密資產);

cryptoasset exposure (加密資產風險承擔);
default risk exposure (違責風險的風險承擔);
securitization transaction (證券化交易);”.

4. Rule 7 amended (notifiable events)

Rule 7(2), definition of *notifiable event*—

Repeal paragraph (g).

5. Rule 8 amended (interpretation of Part 2)

After rule 8(3)—

Add

“(4) A reference in this Part to an equity interest includes a cryptoasset that conveys the economic substance of equity ownership.”.

6. Rule 9 amended (interpretation: *equity exposure*)

(1) Rule 9(1)(b), after “exposure”—

Add

“(including an exposure that falls within paragraph (c) of the definition of *cryptoasset-related exposure* in rule 2(1))”.

(2) After rule 9(2)—

Add

“(3) To avoid doubt, a cryptoasset-related exposure in respect of a cryptoasset that is a tokenised version of, or references, an instrument mentioned in section 54A(1) of the Capital Rules is an equity exposure for this Part.”.

7. Rule 14 amended (equity exposure disregarded)

Rule 14(1)(e)—

Repeal

“an equity exposure arising from the holding, approved by the Monetary Authority in writing,”

Substitute

“with the written approval of the Monetary Authority, an equity exposure arising from the holding”.

8. Rule 19 amended (equity exposure arising from specified SFTs)

Rule 19(a)—

Repeal

“securities” (wherever appearing)

Substitute

“asset”.

9. Rule 20 amended (equity exposure arising from CIS)

Rule 20(4)(b), English text—

Repeal

“reliable third party”

Substitute

“reliable third-party”.

10. Rule 21 amended (interpretation of Part 3)

(1) Rule 21—

Renumber the rule as rule 21(1).

(2) After rule 21(1)—

Add

“(2) A reference in this Part to a share or share capital includes a cryptoasset that conveys the economic substance of equity ownership.”.

11. Rule 23 amended (limit on acquisition of share capital of company)

(1) Rule 23(2)(c)—

Repeal

“, the part of the institution’s aggregate equity exposure (within the meaning of rule 13), that is attributable to the institution’s equity exposures (within the meaning of rule 9) to the company,”

Substitute

“the assessment amount”.

(2) Rule 23(5)—

Add in alphabetical order

“*assessment amount* (評估數額), in relation to an authorized institution’s proposed acquisition of any share capital of a company for which the institution seeks to apply subrule (2)(c), means the part of the institution’s aggregate equity exposure (within the meaning of rule 13) that would, if the acquisition were made and the resulting equity exposure (within the meaning of rule 9) were duly booked, be—

- (a) attributable to the institution’s equity exposure (within the meaning of rule 9) to the company; and
- (b) booked in the institution’s trading book;”.

12. Rule 24 amended (consent for acquisition)

After rule 24(6)—

Add

- “(7) Each of the following decisions of the Monetary Authority is a decision to which section 101B(1) of the Ordinance applies—
- (a) a decision to refuse to give a consent under subrule (1);
 - (b) a decision to attach conditions under subrule (2);
 - (c) a decision to attach a further condition, or to amend a condition, under subrule (4);
 - (d) a decision to revoke a consent under subrule (5).”.

13. Part 5 repealed (financial facility provided to employee)

Part 5—

Repeal the Part.**14. Rule 39 amended (interpretation of Part 7 and Schedule 1)**

- (1) Rule 39, heading—

Repeal

“**and Schedule 1**”.

- (2) Rule 39(1), English text, definition of *counterparty credit risk exposure*—

Repeal

“a counterparty”

Substitute

“the counterparty”.

- (3) Rule 39(1)—

Repeal the definition of *credit protection***Substitute**

“***credit protection*** (信用保障), in relation to an exposure of an authorized institution, means the protection afforded to the exposure by—

- (a) a recognized CRM;
- (b) a collateral mentioned in rule 54(1)(b);
- (c) a credit derivative contract mentioned in rule 56(2);
- (d) a recognized credit risk mitigation mentioned in rule 54(3A)(a); or
- (e) a collateral mentioned in rule 54(3A)(b);”.

(4) Rule 39(1)—

Repeal the definition of *exempted sovereign entity*

Substitute

“***exempted sovereign entity*** (豁免官方實體) means—

- (a) a sovereign; or
- (b) a sovereign foreign public sector entity;”.

(5) Rule 39(1), definition of ***initial margin***—

Repeal

everything after “Rules”

Substitute a semicolon.

(6) Rule 39(1), definition of ***recognized collateral***, paragraph (a)—

Repeal

“an authorized institution that uses the BSC approach to calculate its credit risk for non-securitization exposures under the Capital Rules”

Substitute

“a BSC AI”.

- (7) Rule 39(1), definition of *recognized collateral*, paragraph (b)—

Repeal

“authorized institution that uses the STC approach, or a combination of the STC approach and IRB approach, to calculate its credit risk for non-securitization exposures under the Capital Rules”

Substitute

“IRB AI or an STC AI”.

- (8) Rule 39(1), English text, definition of *segregated initial margin*, paragraph (a)—

Repeal

“third party”

Substitute

“third-party”.

- (9) Rule 39(1), Chinese text, definition of *LC 集團*—

Repeal

“團。”

Substitute

“團；”.

- (10) Rule 39(1)—

Repeal the definition of *Table B*.

- (11) Rule 39(1)—

Add in alphabetical order

“*BSC AI* means an authorized institution that uses the BSC approach to calculate its credit risk for all its non-securitization exposures;

clearing-related exposure (結算關聯風險承擔), in relation to an authorized institution's exposures to a CCP, means an exposure related to clearing activities as specified in column 2 of Table 1 in rule 51A(2);

group 1 cryptoasset-related exposure (第1組加密資產關聯風險承擔) means a group 1a cryptoasset-related exposure or a group 1b cryptoasset-related exposure;

group 1a cryptoasset-related exposure (第1a組加密資產關聯風險承擔) means a cryptoasset-related exposure that relates to a group 1a cryptoasset;

group 1b cryptoasset-related exposure (第1b組加密資產關聯風險承擔) means a cryptoasset-related exposure that relates to a group 1b cryptoasset;

group 2a cryptoasset-related exposure (第2a組加密資產關聯風險承擔) means a cryptoasset-related exposure that relates to a group 2a cryptoasset;

group 2b cryptoasset-related exposure (第2b組加密資產關聯風險承擔) means a cryptoasset-related exposure that relates to a group 2b cryptoasset;

IRB AI means an authorized institution that uses a combination of the STC approach and IRB approach to calculate its credit risk for all its non-securitization exposures;

STC AI means an authorized institution that uses the STC approach to calculate its credit risk for all its non-securitization exposures.”.

(12) Rule 39(2)—

Repeal

“***central counterparty*** (中央交易對手方);”.

(13) Rule 39(2)—

Repeal

“*default risk exposure* (違責風險的風險承擔);”.

- (14) Rule 39(2)—

Repeal

“*securitization transaction* (證券化交易);”.

- (15) Rule 39(2)—

Add in alphabetical order

“*group 1a cryptoasset* (第1a組加密資產);

group 1b cryptoasset (第1b組加密資產);

group 2a cryptoasset (第2a組加密資產);

group 2b cryptoasset (第2b組加密資產);

market risk (市場風險);

regulatory capital (監管資本);

traditional asset (傳統資產);”.

- (16) Rule 39—

Repeal subrule (3).

15. Rule 46 amended (aggregate single counterparty exposure (ASC exposure))

- (1) Rule 46, Chinese text—

Repeal

“以下風險承擔”

Substitute

“以下三者”.

- (2) Rule 46(a), after “exposures”—

Add

“(other than those falling within paragraph (c))”.

- (3) Rule 46(a)—

Repeal

“; and”

Substitute a semicolon.

- (4) Rule 46(b), after “exposures”—

Add

“(other than those falling within paragraph (c))”.

- (5) Rule 46(b)—

Repeal the full stop

Substitute

“; and”.

- (6) After rule 46(b)—

Add

“(c) the sum of the value of all of the institution’s cryptoasset-related exposures to the counterparty (valued in accordance with Division 5A).”.

16. Rule 47 amended (aggregate linked counterparty group exposure (ALCG exposure))

- (1) Rule 47—

Repeal subrule (2)

Substitute

“(2) The institution must exclude the value of a clearing-related exposure to a CCP from the institution’s ALCG exposure to an LC group of which the CCP is a member.”.

- (2) Rule 47—

Repeal subrule (3).

17. Rule 48 amended (exposure disregarded)

- (1) Rule 48(1)(b), after “an exposure”—

Add

“(other than a cryptoasset-related exposure)”.

- (2) After rule 48(1)(b)—

Add

“(ba) a cryptoasset-related exposure that is not associated with the credit risk or default risk of a counterparty”.

- (3) Rule 48(1)(d), after “securities”—

Add

“, cryptoasset”.

- (4) Rule 48(1)(d)—

Repeal

“mentioned in rule 54(2)(a)(ii) or a recognized collateral mentioned in rule 54(2)(a)(iii)”

Substitute

“or recognized collateral to which rule 54(2)(a)(ii) or (iii) applies directly, or indirectly by the application of rule 54(3A)”.

- (5) Rule 48(1)(m), Chinese text—

Repeal

“關乎結算的”

Substitute

“結算關聯”.

18. Rule 48B amended (credit risk mitigation—general)

- (1) Rule 48B(1), after “subrules”—

Add

“(1A),”.

- (2) After rule 48B(1)—

Add

“(1A) In the case of a non-CCR exposure that is a cryptoasset-related exposure valued in accordance with Division 5A, an authorized institution must not, for subrule (1), take into account the effect of any recognized CRM applicable to the exposure that has already been taken into account in its calculation of the credit risk of the exposure under that Division.”.

- (3) Rule 48B—

Repeal subrule (2)**Substitute**

“(2) In the case of a CCR exposure in respect of derivative contracts or SFTs valued in accordance with Division 4 or 5A, as the case requires, an authorized institution must not, for subrule (1), take into account the effect of any recognized CRM applicable to the exposure that has already been taken into account in its calculation of the amount of the default risk exposure of the contract or transaction under Part 6A or 12, or both Parts, as the case requires, of the Capital Rules.”.

- (4) Rule 48B(3)—

Repeal

“authorized institution that uses the STC approach, or a combination of the STC approach and IRB approach, to calculate its credit risk for non-securitization exposures under the Capital Rules”

Substitute

“IRB AI or an STC AI”.

19. Rule 51A added

Part 7, Division 3, Subdivision 3, before rule 52—

Add**“51A. Exposures to CCPs**

- (1) An authorized institution must, for the purposes of determining its ASC exposure to a CCP—
 - (a) if the CCP is a qualifying CCP—
 - (i) disregard all clearing-related exposures of the institution to the CCP in accordance with rule 48(1)(m); and
 - (ii) value any other exposure of the institution to the CCP in accordance with Division 4 or 5, as the case requires; or
 - (b) if the CCP is a non-qualifying CCP—
 - (i) value all clearing-related exposures of the institution to the CCP in accordance with subrule (2);
 - (ii) value any other exposure of the institution to the CCP in accordance with Division 4 or 5, as the case requires; and
 - (iii) calculate the ASC exposure to the CCP as the sum of the value of all of the institution’s exposures to the CCP determined under subparagraphs (i) and (ii).

- (2) A clearing-related exposure of an authorized institution to a CCP specified in column 2 of an item in Table 1 must be valued by using the method or at the amount specified in column 3 of that item.

Table 1

Column 1 Item	Column 2 Clearing-related exposure	Column 3 Method or amount
1.	Trade exposure	Division 4 of Part 7
2.	Segregated initial margin	\$0
3.	Non-segregated initial margin	Nominal amount of initial margin posted
4.	Funded default fund contribution	Nominal amount of the funded contribution
5.	Unfunded default fund contribution	\$0
6.	Holding of shares in the CCP	Nominal amount of the shares

(3) An authorized institution must determine the counterparty to which a clearing-related exposure must be assigned in accordance with Division 4 of Part 6A of the Capital Rules.

(4) In this rule—

non-qualifying CCP (不合資格CCP) has the meaning given by section 226V(1) of the Capital Rules;

trade exposure (交易風險承擔) means a default risk exposure of an authorized institution in respect of which Division 4 of Part 6A of the Capital Rules applies.”.

20. Rule 54 amended (credit protection provider)

- (1) Rule 54(1), Chinese text—

Repeal

“作出以下作為”

Substitute

“符合以下說明”.

- (2) Rule 54(1)(b)—

Repeal

“60; or”

Substitute

“60;”.

- (3) Rule 54(1)(c)—

Repeal the full stop

Substitute

“; or”.

- (4) After rule 54(1)(c)—

Add

“(d) has an exposure to an exempted sovereign entity that is protected by a recognized credit derivative contract and the effect of that contract would have been taken into account in the institution’s calculation of its ASC exposure to the exempted sovereign entity under rule 56(2) or Division 6, as the case requires,

had the exposure to the exempted sovereign entity not been disregarded under rule 48(1)(c).”.

(5) After rule 54(3)—

Add

“(3A) Subrule (2)(a) applies, with all necessary modifications, if the institution has taken into account—

(a) the effect of any form of recognized credit risk mitigation (as defined by section 2(1) of the Capital Rules) under rule 77C(2)(b), 77D(2)(d), 77E(2)(b) or 77H(2)(b); or

(b) the value of any collateral in valuing a CCR exposure under rule 77G.”.

21. Rule 56 amended (offsetting of positions)

Rule 56(1)(a) and (b), after “securities”—

Add

“(including securities in the form of cryptoassets)”.

22. Rule 57 amended (deduction)

(1) Rule 57(1)(a), after “with”—

Add

“Part 3 of”.

(2) Rule 57(1)(c), after “exposure”—

Add

“of a Category B institution”.

23. Rule 64 repealed (shares of company)

Rule 64—

Repeal the rule.

24. Rule 65 amended (off-balance sheet exposure other than default risk exposure or exposure arising from unsegregated collateral)

(1) Rule 65(1)(a)—

Repeal

“uses the BSC approach to calculate its credit risk for non-securitization exposures”

Substitute

“is a BSC AI”.

(2) Rule 65(1)(b)—

Repeal

“uses the STC approach, or a combination of the STC approach and IRB approach, to calculate its credit risk for non-securitization exposures”

Substitute

“is an IRB AI or an STC AI”.

25. Rule 67 amended (assets underlying SFTs)

Rule 67(2)(a)—

Repeal

“securities” (wherever appearing)

Substitute

“assets”.

26. Rule 69 repealed (counterparty acting as CCP)

Rule 69—

Repeal the rule.

27. Rule 71 amended (investment structure)**(1) Rule 71—****Repeal subrules (2), (3) and (4)****Substitute****“(2) The institution—**

- (a)** subject to paragraphs (b) and (c), must, if the current book value of the institution’s holding of interests in the investment structure is less than 0.25% of the amount of the institution’s Tier 1 capital—
 - (i)** assign the exposure arising from the investment structure as an exposure to a distinct counterparty; and
 - (ii)** value the exposure at the current book value of the institution’s holding of interests in the investment structure;
 - (b)** may choose not to apply paragraph (a) and instead apply subrule (3) or (4), as the case requires; or
 - (c)** must apply subrule (3) or (4), as the case requires, if paragraph (a) is not applicable to the institution.
- (3) If the institution is able to identify some or all of the underlying assets of the investment structure, the institution must—**
- (a)** for each underlying asset identified by the institution the value of the exposure to which, valued by the method mentioned in subrule (6), equals or exceeds 0.25% of the amount of the institution’s Tier 1 capital—

- (i) assign an exposure to the counterparty corresponding to the underlying asset; and
 - (ii) value the exposure by the method mentioned in subrule (6);
- (b) for underlying assets identified by the institution the value of the exposure to each of which, valued by the method mentioned in subrule (6), is less than 0.25% of the amount of the institution's Tier 1 capital—
 - (i) value the exposure to each such underlying asset by the method mentioned in subrule (6); and
 - (ii) assign the aggregate of those values as an exposure to a distinct counterparty; and
- (c) for underlying assets that the institution is unable to identify—
 - (i) assign an exposure arising from those underlying assets as an exposure to a hypothetical counterparty called the “unknown client”; and
 - (ii) value the exposure at the current book value of the institution's holding of interests in the investment structure less—
 - (A) the value of any exposure determined under paragraph (a); and
 - (B) the value of any exposure determined under paragraph (b).
- (4) If the institution is unable to identify any of the underlying assets of the investment structure, the institution must—

- (a) assign an exposure arising from the investment structure as an exposure to a hypothetical counterparty called the “unknown client”; and
 - (b) value the exposure at the current book value of the institution’s holding of interests in the investment structure.
- (4A) The institution must aggregate the value of all of its exposures that have been assigned to the unknown client in accordance with subrule (3)(c)(i) or (4)(a) in respect of all investment structures held by the institution as if they were related to the same counterparty, to which rule 44(1) applies.”.
- (2) Rule 71(5)—
 - Repeal**
 - “subrule (3)”
 - Substitute**
 - “subrule (3)(a)”.
- (3) Rule 71(6)—
 - Repeal**
 - “(2) or (3), an exposure assigned to”
 - Substitute**
 - “(3)(a) or (b), an exposure arising from”.
- (4) Rule 71(6)(b)(i)—
 - Repeal**
 - “investment”
 - Substitute**
 - “holding of interests”.
- (5) Rule 71(7), Formula 4—

Repeal

“ $E(A) = \text{Min} (S_A \times \text{NAV}_{AI}/\text{NAV}_S), BV$ ”

Substitute

“ $E(A) = \text{Min} [(S_A \times \text{NAV}_{AI}/\text{NAV}_S), BV]$ ”.

- (6) Rule 71(8), English text—

Repeal

“asset underlying”

Substitute

“underlying asset of”.

28. Rule 71A amended (off-balance sheet exposure—unsegregated collateral)

- (1) Rule 71A(2), Chinese text—

Repeal

“該風險承擔”

Substitute

“有關風險承擔”.

- (2) Rule 71A(2)(a)—

Repeal

“uses the BSC approach to calculate its credit risk for non-securitization exposures”

Substitute

“is a BSC AI”.

- (3) Rule 71A(2)(b)—

Repeal

“uses the STC approach, or a combination of the STC approach and IRB approach, to calculate its credit risk for non-securitization exposures”

Substitute

“is an IRB AI or an STC AI”.

29. Rule 75 amended (futures, forward or swap contract)

- (1) Rule 75(2)(c)—

Repeal

“securities or securities”

Substitute

“assets or asset”.

- (2) Rule 75(2)(c)(i)—

Repeal

“institution’s investment”

Substitute

“institution’s holding of interests”.

- (3) Rule 75(3)—

Repeal

“a security (*security A*)”

Substitute

“an asset (*asset A*)”.

- (4) Rule 75(3)—

Repeal

“security A in the underlying basket of securities or securities”

Substitute

“asset A in the underlying basket of assets or asset”.

- (5) Rule 75(3)—

Repeal

“value of the underlying basket of securities or securities”

Substitute

“value of the underlying basket of assets or asset”.

- (6) Rule 75(4)—

Repeal paragraph (a)

Substitute

“(a) the weight of an asset in a basket of assets is the ratio of the fair value of that asset to the aggregate fair value of all the assets in the basket of assets;”.

- (7) Rule 75(4)(b)—

Repeal

“a security in a securities index is the weight of the security in the securities”

Substitute

“an asset in an asset index is the weight of the asset in the asset”.

- (8) Rule 75(4)(c)—

Repeal

“a securities index”

Substitute

“an asset index”.

- (9) Rule 75(4)(c)(ii)—

Repeal

“securities”

Substitute

“assets”.

- (10) After rule 75(5)—

Add

“(5A) In subrules (2), (3) and (4)—

asset index (資產指數) means an index calculated by reference to a basket of assets.”.

30. Part 7, Division 5A added

Part 7, after Division 5—

Add**“Division 5A—Valuation of Cryptoasset-related Exposures****77A. Application of Division 5A**

- (1) This Division applies to the valuation of a CCR exposure or a non-CCR exposure of an authorized institution to a counterparty that arises from a cryptoasset, for determining the institution’s ASC exposure to the counterparty.
- (2) Despite the requirements relating to cryptoasset-related exposures set out in these Rules, the Monetary Authority may, by written notice given to one or more applicable authorized institutions, require an applicable authorized institution to value a cryptoasset-related exposure, or exposures belonging to a class of cryptoasset-related exposures, by a method specified in the notice, if the Monetary Authority, after taking into account the considerations set out in subrule (3), is satisfied on reasonable grounds that it is prudent to impose the requirement.
- (3) The considerations are—

- (a) the risks associated with the cryptoasset-related exposure or class of cryptoasset-related exposures;
 - (b) any risk mitigation measures taken by the institution to manage those risks and the risks associated with those measures;
 - (c) the financial soundness of the institution;
 - (d) the changes in market conditions or technological innovations;
 - (e) the stability and effective working of the financial system of Hong Kong; and
 - (f) any other factors that the Monetary Authority considers relevant.
- (4) An applicable authorized institution must comply with a notice given to it under subrule (2).
- (5) In this rule—
- applicable authorized institution*** (適用認可機構) means an authorized institution to which the Monetary Authority has given a written notice under section 359(2) of the Capital Rules.

77B. Valuation of cryptoasset-related exposure associated with risk of counterparty default

An authorized institution must, in respect of a cryptoasset-related exposure of the institution that is associated with the risk of default of a counterparty—

- (a) identify each specific counterparty or LC group to which the institution is exposed and in respect of which the institution is required to calculate regulatory capital for credit risk or

regulatory capital for market risk under the Capital Rules; and

- (b) value the exposure attributed to each counterparty or LC group identified under paragraph (a) in accordance with this Division.

77C. Valuation of certain group 1 cryptoasset-related exposures in banking book

- (1) This rule applies to a group 1 cryptoasset-related exposure in an authorized institution's banking book that falls within paragraph (a) of the definition of *cryptoasset-related exposure* in rule 2(1).
- (2) The institution must value the exposure—
 - (a) in the case of a group 1a cryptoasset-related exposure—in accordance with Division 5, in a manner consistent with the cryptoasset's non-tokenised equivalent traditional asset; and
 - (b) in the case of a group 1b cryptoasset-related exposure—
 - (i) if the institution is a BSC AI or an STC AI—subject to the modifications set out in rule 77F, in accordance with Subdivision 2 or 3 of Division 2 of Part 12 of the Capital Rules, as the case requires, in the same manner as the institution calculates its risk-weighted amount for credit risk of the exposure under the Capital Rules but without converting the exposure amount into a risk-weighted amount; and
 - (ii) if the institution is an IRB AI—in accordance with subparagraph (i) as if it were an STC AI.

77D. Valuation of certain group 1 cryptoasset-related exposures and group 2a cryptoasset-related exposures in trading book

- (1) This rule applies to a group 1 cryptoasset-related exposure or group 2a cryptoasset-related exposure in an authorized institution's trading book that falls within paragraph (a) of the definition of *cryptoasset-related exposure* in rule 2(1).
- (2) The institution must value the exposure—
 - (a) in the case of a group 1a cryptoasset-related exposure—in accordance with Division 5, in a manner consistent with the cryptoasset's non-tokenised equivalent traditional asset;
 - (b) in the case of a group 1b cryptoasset-related exposure—in accordance with Division 5, in a manner consistent with the cryptoasset's reference asset (within the meaning of section 363 of the Capital Rules);
 - (c) in the case of a group 2a cryptoasset-related exposure—at the gross jump-to-default risk amount calculated in accordance with rule 71C; and
 - (d) where the institution is exposed to the risk of default of the redeemer or the risk arising when intermediaries perform the redemption function in respect of the cryptoasset—
 - (i) if the institution is a BSC AI or an STC AI—subject to the modifications set out in rule 77F, in accordance with section 376 or 384 of the Capital Rules, as the case requires, in the same manner as the institution calculates its risk-weighted amount for credit risk of the exposure

- under the Capital Rules but without converting the exposure amount into a risk-weighted amount; and
- (ii) if the institution is an IRB AI—in accordance with subparagraph (i) as if it were an STC AI.

77E. Valuation of certain group 2b cryptoasset-related exposures

- (1) This rule applies to a group 2b cryptoasset-related exposure of an authorized institution that falls within paragraph (a) of the definition of *cryptoasset-related exposure* in rule 2(1).
- (2) The institution must value the exposure—
 - (a) at the gross jump-to-default risk amount calculated in accordance with rule 71C; and
 - (b) where the institution is exposed to the risk of default of the redeemer or the risk arising when intermediaries perform the redemption function in respect of the cryptoasset—
 - (i) if the institution is a BSC AI or an STC AI—subject to the modifications set out in rule 77F, in accordance with section 376 of the Capital Rules, in the same manner as if the institution were to calculate its risk-weighted amount for credit risk of the exposure under the Capital Rules but without converting the exposure amount into a risk-weighted amount; and
 - (ii) if the institution is an IRB AI—in accordance with subparagraph (i) as if it were an STC AI.

77F. Modifications for rules 77C, 77D and 77E

For rules 77C(2)(b)(i), 77D(2)(d)(i) and 77E(2)(b)(i), the modifications are—

- (a) if the exposure amount of a cryptoasset-related exposure is calculated under section 71(1) or 118(1) of the Capital Rules—application of the section is subject to rule 65(2);
- (b) in the case of an option contract on cryptoassets entered into by the institution and booked in its banking book—rule 68 applies; and
- (c) if the institution is required to calculate an add-on under section 380 of the Capital Rules—the institution may disregard the add-on calculated under that section.

77G. Valuation of default risk exposures in respect of derivative contracts or SFTs on cryptoassets

- (1) This rule applies to an exposure of an authorized institution that falls within paragraph (b) of the definition of *cryptoasset-related exposure* in rule 2(1).
- (2) The institution must value the exposure at the amount of the default risk exposure determined as follows—
 - (a) subject to paragraph (b)—in accordance with sections 10A and 10AB, and Parts 6A and 12 of the Capital Rules;
 - (b) if the institution uses any internal model based approach to calculate the amount of the default risk exposure in respect of its derivative contracts on a group 1a cryptoasset or group 1b cryptoasset for calculating its capital adequacy

ratio under the Capital Rules—by using the SA-CCR approach.

77H. Valuation of exposures in respect of cryptoasset that references securitization transaction or CIS

- (1) This rule applies to an exposure of an authorized institution that falls within paragraph (c) of the definition of *cryptoasset-related exposure* in rule 2(1).
- (2) The institution must value the exposure—
 - (a) for the risk of default of the securitization transaction or CIS referenced by the cryptoasset—in accordance with rule 71; and
 - (b) if applicable, for any other risk of default identified by the institution—in accordance with rule 77C(2)(b), 77D(2)(d) or 77E(2)(b), as the case requires.

77I. Application of rules 67 and 67A to cryptoasset-related exposures

- (1) Rule 67 applies to a non-CCR exposure arising from a cryptoasset underlying a specified SFT as if the reference to Division 5 in rule 67(2)(b) were a reference to Division 5A.
- (2) Rule 67A applies to a transaction in a cryptoasset entered into by an authorized institution as if a reference to securities in that rule were a reference to cryptoassets.”.

31. Rule 79 amended (on-balance sheet netting)

Rule 79(1), after “exposure”—

Add

“(other than a group 1 cryptoasset-related exposure)”.

32. Rule 80 amended (recognized collateral)

- (1) Rule 80(2)—

Repeal

“uses the BSC approach to calculate its credit risk for non-securitization exposures”

Substitute

“is a BSC AI”.

- (2) Rule 80(4)—

Repeal

“uses the STC approach, or a combination of the STC approach and IRB approach, to calculate its credit risk for non-securitization exposures”

Substitute

“is an IRB AI or an STC AI”.

- (3) Rule 80(4)(b)(i)—

Repeal sub-subparagraph (A)

Substitute

“(A) any applicable haircuts determined in accordance with sections 90, 91 and 92 of the Capital Rules; and”.

- (4) Rule 80(4)(b)(ii)—

Repeal sub-subparagraph (B)

Substitute

“(B) any applicable haircuts determined in accordance with sections 90, 91 and 92 of the Capital Rules; and”.

33. Rule 85 amended (meaning of *connected party*)

- (1) Rule 85(4), definition of *relative*, paragraph (a)—

Repeal

“, grandparent or great grandparent”.

- (2) Rule 85(4), definition of *relative*—

Repeal paragraphs (c) and (h).

- (3) Rule 85(4), Chinese text, definition of 親屬, paragraph (i)—

Repeal

“女；”

Substitute

“女。”

- (4) Rule 85(4), definition of *relative*—

Repeal paragraph (j).**34. Rule 87 amended (limit on exposure to connected party)**

Rule 87—

Repeal paragraph (c)**Substitute**

- “(c) in relation to each connected natural person of the institution, an ASCP exposure not exceeding the lower of—

- (i) \$20,000,000; and
- (ii) 5% of the amount of the institution’s Tier 1 capital.”.

35. Part 9, Division 5 repealed (transitional and savings provision (financial facility provided to employee))

Part 9—

Repeal Division 5.

36. Schedule 1 repealed (table for calculation)

Schedule 1—

Repeal the Schedule.

Eddie YUE
Monetary Authority

7 July 2025

Explanatory Note

These Rules amend the Banking (Exposure Limits) Rules (Cap. 155 sub. leg. S) (*principal Rules*).

2. The main purposes of these Rules are to—
 - (a) refine the principal Rules to ensure their continued effectiveness, as informed by implementation experiences and industry feedback; and
 - (b) provide new provisions on the prudential treatment of cryptoasset exposures under the large exposures framework, as a consequence of the concurrent proposal to introduce a new capital framework for the prudential treatment of cryptoasset exposures under the Banking (Capital) (Amendment) Rules 2025.
3. These Rules come into operation on 1 January 2026, concurrently with the Banking (Capital) (Amendment) Rules 2025.