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By post & email: baselcommittee@bis.org

Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland

Dear Sirs

Consultative Document on Pillar 3 Disclosure Requirements for Remuneration
("Consultative Document")

We refer to the above Consultative Document published by the Basel Committee on Banking Supervision (BCBS) in December 2010. On behalf of our members, we write to provide our views for the consideration of the BCBS.

We support, in principle, the direction put forth in the Consultative Document for a wider scope of disclosure to put the spirit of "sound compensation practices" and "market discipline" in place. With this in mind, we would like the BCBS to reconsider the following disclosure requirements with which we have concerns:

1. In view of the differences in terms of level of soundness, risk management profile and remuneration practices across different types of banks and in different regions, the disclosure requirements should be more principle-based and from a macro perspective to allow flexible adaptation by financial institutions (FIs) based on their own situations in accordance with the local statutory or regulatory disclosure requirements. Specifically,
 - Paragraph 11 (d) (disclosure of main performance metrics) – Since performance metrics may vary among individuals, we suggest that it will be sufficient for FIs to provide a description of performance metrics in general.
 - Paragraph 11 (i) (disclosure of the number and total amount of remuneration's adjustments performed to reflect weak performance metrics) – As variable remuneration may not be determined through a pure mechanical process but may involve management discretion and judgement, we believe that a figure may not be available for such an adjustment performed.

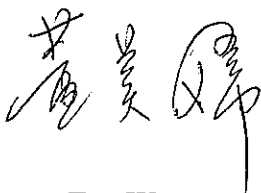
Chairman Bank of China (Hong Kong) Ltd
Vice Chairmen The Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank (Hong Kong) Ltd
Secretary Eva Wong Mei Seong

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副主席 香港上海匯豐銀行有限公司
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秘書 黃美嫦

2. We suggest that disclosure of specific data is not the only solution to foster market discipline and facilitate effective risk management. Specifically:
- Paragraph 11(i), 1st point (disclosure of total bankwide remuneration) – The requirement appears to be very broad. It should be sufficient for the scope of disclosure to be confined mainly to the remuneration of those material risk takers.
 - Paragraph 11(h) (disclosure of the numerical values corresponding to the measures used to take account of the key risk included in risk adjustment methodologies) – Due to sensitivity, we suggest that FIs should be required to provide relevant numerical values only if such information is publicly available in the market.
3. Additionally, we would like to seek clarification on the following:
- Definition of “remuneration” – does it cover benefits-in-kind or just cash remuneration (in the form of cash or equity)?
 - Definition of “value of remuneration awards” and “remuneration expenses”.
 - Paragraph 11(a), 2nd point (relevant external consultants) – whether it is required to include all relevant external consultants irrespective of the scope of advice they provide and whether their advice is taken.
 - Paragraph 11(c), 4th point (how these measures have changed over the past 3 years) – we suggest that this should not be applicable in the first 3 years of implementing a new remuneration policy/system.

We hope you would find our above comments useful.

Yours faithfully



Eva Wong
Secretary

cc: Hong Kong Monetary Authority (Attn: Ms Karen Kemp)
Financial Services and the Treasury Bureau (Attn: Miss Natalie Li)