

## BANKS

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## Regulatory Insight

To receive your monthly copy, please register at [www.moodysanalytics.com/regulatoryinsight](http://www.moodysanalytics.com/regulatoryinsight).

### Key Developments at a Glance

This newsletter provides information about key developments in banking regulations worldwide. New articles are sorted by country and associated with keywords.

#### KEY DEVELOPMENTS

Liquidity Risk and Stress Testing are the two major themes this month.

- » U.S. regulators have proposed rules (NPR) concerning the implementation of the Basel III Liquidity Coverage Ratio (LCR) in the U.S. The rules become effective in 2015 with a two-year phase-in period. "U.S. Basel III Advanced banks" (with total assets over 250 B U.S. \$), their consolidated subsidiaries (with total assets over 10 B U.S. \$), and non-bank SIFIs must comply with a LCR ratio generally in line with the BCBS proposal. Main differences are on High Quality Assets (HQLAs) classification and eligibility in the ratio numerator (e.g., eligibility rules do not rely on external ratings but on the U.S. Basel III Credit Risk Standardized approach risk weights; RMBS are not eligible) and the phase-in period is reduced by two years (2017 vs. 2019). Smaller U.S. institutions (with total assets over 50 B U.S. \$) will have to comply with a "simplified" LCR ratio, calibrated based on a 21-day liquidity stress scenario instead of 30 days. China regulators have published an updated liquidity risk regulation in line with the latest January 2013 BCBS LCR proposal, and EU EBA is progressing in unifying the HQLAs definition for EU. BCBS has realized a comprehensive survey on current Liquidity Risk stress testing best practices.
- » U.S. regulators have updated the stress testing reporting templates for DFAST (FRY-16, DFAST 14A, DFAST 10-50) and CCAR (FRY-14 A/Q/M). ECB is starting the EU Asset Quality Review (AQR) exercise and is preparing its 2014 stress test exercise. As part of the AQR, new reporting requirements have been finalized by EBA for non-performing exposures and forbearance (submission starts in October 2014). EBA also published the final reporting templates for assets encumbrance (submission starts in June 2014 for largest EU institutions) and drafted public disclosures requirements (Pillar 3) concerning Leverage Ratio. Bank of England has published a discussion paper on a proposed stress-testing framework for the UK banking system, and PRA is defining an updated version of the Firm Data Submission Framework (FDSF) reports.
- » UK PRA is confirming the application of Basel III CRD IV (including COREP & FINREP) for Investment Firms. Swiss regulators have updated Basel III rules and reporting templates. CPSS/IOSCO is consulting on quantitative disclosure standards for central counterparties, and FSB has published its Fourth Progress Report on the Implementation of the G-20 Data Gaps Initiative.

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## International

### Key Developments

#### Revised Guidance on Key Elements in Supervisory Review Process of Institutions Offering Islamic Financial Services

- IFSB

October 28, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

IFSB revised the guidance it issued on the Key Elements in the Supervisory Review Process (SRP) of Institutions Offering Islamic Financial Services (IIFS) in December 2007 (also referred to as IFSB-5).

This document aims to revise and replace IFSB-5 in setting forth guidance on key elements in the SRP for IIFS, excluding Islamic insurance institutions and Islamic collective investment schemes. IFSB also considered the specificities of IIFS and the lessons learned from the crisis, while complementing the existing international standards on SRP, particularly those of the BCBS. This document takes a risk-based approach to the SRP and addresses the supervisory implications of various categories of risks that IIFS face in their operations.

This document represents the views of IFSB on IFSB standards that the IIFS are expected to observe and the practices that supervisory authorities are expected to apply. The areas addressed include the following:

- » Regulatory capital requirements
- » Internal capital adequacy assessment process
- » Risk management, including enterprise risk management
- » Corporate and Shari`ah governance
- » Securitization exposures
- » Concentration risk and counterparty credit risk
- » Assessment of the rate of return risk in the banking book
- » Sound stress testing practices
- » Islamic windows operations
- » Consolidated and home-host supervision, and supervisory colleges
- » Transparency and market discipline

Comments Due Date: January 10, 2014

Effective Date: N/A

First Reporting Date: N/A

Links:

News: <http://www.ifsb.org/exposure.php>

Proposed Rule:

[http://www.ifsb.org/exposure.phpifsb.org/docs/ED16\\_Revised%20Standard%20on%20Supervisory%20Review%20Process%20%20\(Final-28%20October%202013\).pdf](http://www.ifsb.org/exposure.phpifsb.org/docs/ED16_Revised%20Standard%20on%20Supervisory%20Review%20Process%20%20(Final-28%20October%202013).pdf)

Keywords: SRP, Islamic Banking

### Liquidity Stress Testing: a Survey of Theory, Empirics and Current Industry and Supervisory Practices

- BCBS

October 23, 2013

Type of Information: Research

The Research Task Force Workgroup on Liquidity Stress Testing (RTF-LST) had a mandate to draft a survey on the current practices in the area of liquidity stress testing and identify gaps and suggest ways forward, where possible. The report is intended for:

- » Micro-prudential line supervisors
- » Staff of supervisory institutions involved with liquidity stress tests
- » Macro-prudential regulators and supervisors
- » Risk managers in banks, given their role in measuring their institution's liquidity risk profile and enforcing risk limits

The key messages from the report can help in future efforts to develop more guidance on liquidity stress-testing. An annex to the survey offers a more detailed review of academic literature pertaining to liquidity stresses.

Links:

Survey Report: [http://www.bis.org/publ/bcbs\\_wp24.pdf](http://www.bis.org/publ/bcbs_wp24.pdf)

Annex: [http://www.bis.org/publ/bcbs\\_wp25.pdf](http://www.bis.org/publ/bcbs_wp25.pdf)

Keywords: Liquidity Risk, Stress Testing, LCR

### IMF Participation in Regulatory Oversight Committee of Global Legal Entity Identifier System

- IMF

October 22, 2013

Type of Information: Report

This IMF-published report describes the global Legal Entity Identifier (LEI) system, recommending and proposing the implementation of a global LEI system that will uniquely identify parties to financial transactions. It proposes IMF's participation in the LEI Regulatory Oversight Committee (ROC) as an observer, a decision that is proposed for adoption by the Executive Board.

The report presents the following information:

- » Describes background to, and governance structure of, the global LEI System
- » Discusses implications of IMF participation in the ROC as an observer
- » Sets out a proposed decision for approval by Executive Board

Link: <http://www.imf.org/external/np/pp/eng/2013/083013.pdf>

Keyword: LEI

### Report on Second IOSCO Hedge Fund Survey

- IOSCO

October 21, 2013

Type of Information: Report

As of September 2012, IOSCO's second hedge fund survey is part of its efforts to support the G20 initiative to mitigate risk associated with hedge fund trading. The report gathers data from hedge fund advisers and managers, with the following aims:

- » Present the survey results
- » Provide an overview of the hedge fund industry
- » Facilitate exchange of consistent and comparable data among relevant regulators to develop an internationally consistent approach for risk measurement

This report details the following:

- » *Qualifying funds*: U.S. and UK are two predominant regions where managers and advisers are located
- » *Assets under management (AuM)*: Funds surveyed represented U.S.\$ 1.94 trillion in net AuM
- » *Fund domiciliation*: Funds are usually domiciled in offshore jurisdictions to avail benefits of more favorable tax and regulatory regimes, with the Cayman Islands being the predominant domicile
- » *Investment strategy*: Single most represented strategy among active funds is equity-oriented, with macro-oriented and multi-strategy funds also being significant
- » *Leverage and market exposure*: Survey describes how firms use financial leverage to increase their market exposure and aims to better understand and capture the systemic risk
- » *Liquidity risk*: Under the current market conditions, few funds need to restrict investor liquidity

Links:

Media Release: <http://www.iosco.org/news/pdf/IOSCONEWS303.pdf>

IOSCO Hedge Fund Survey: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD427.pdf>

Keywords: Hedge Fund, Shadow Banking

### Disclosure Requirements for Islamic Capital Market Products

- IFSB

October 17, 2013

Type of Information: Report

This report was developed from proceedings of the high-level roundtable on Disclosure Requirements for Islamic Capital Market Products on September 18, 2012 in Kuala Lumpur, Malaysia. It is hoped that the proceedings of the roundtable will help strengthen knowledge in the area of Islamic capital market (ICM) and will provide stakeholders with a better understanding of issues covering the disclosure requirements for ICM instruments.

The report focuses on the following issues:

- » Comparative evaluation of regulatory and best practices on disclosure of ICM products
- » Emerging issues from inadequate disclosure requirements for ICM products
- » Importance of strong disclosure regime in facilitating cross-border investments and development of ICM products and services

As part of the Islamic financial system, ICM plays an important role in offering various modes of financing and investment opportunities to individuals and corporations. In widening the acceptability and global appeal of the ICM, efforts need to be focused on developing an effective disclosure regime for its products. In line with this, IFSB conducted this research on the disclosure requirements by capital market regulators in various jurisdictions.

Link: <http://www.ifsb.org/docs/Disclosure%20Requirements%20for%20ICM%20Products-final%2017102013.pdf>

Keywords: Islamic Banking, Regulatory Reporting

### Update on Basel III Regulatory Consistency Assessment Programme

- BCBS

October 15, 2013

Type of Information: Regulation

Regulatory Status: Monitoring

BCBS published an update on the Basel III Regulatory Capital Assessment Programme (RCAP), previously published in April 2012. The RCAP monitors the timely adoption of Basel III standards and assesses the consistency and completeness of the adopted standards. This exercise is aimed at regulators, supervisors, and financial stability authorities, and will help them evaluate progress on Basel III implementation and identify areas for improvement. RCAP performs both jurisdictional and thematic assessments.

This report contains the updated procedures and processes for conducting jurisdictional assessments under the RCAP. The RCAP methodology:

- » describes the complete assessment program
- » introduces the RCAP questionnaire, which member jurisdictions complete ahead of the assessment and update regularly

The current focus of RCAP is on the Basel standards for risk-based capital. The report will be updated after the program's scope expands to include all aspects of the Basel III framework.

Links:

Report: <http://www.bis.org/publ/bcbs264.pdf>

RCAP Questionnaire: <http://www.bis.org/bcbs/rcapq.pdf>

Keyword: RCAP, Basel III

### Public Quantitative Disclosure Standards for Central Counterparties

- CPSS

October 15, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

CPSS and IOSCO jointly published a consultative document on the public quantitative disclosure standards for central counterparties (CCPs).

These proposed standards, along with the disclosure framework published in December 2012, are intended to support the objectives of enabling stakeholders, including authorities, participants, and the public to:

- » compare CCP risk controls, including financial condition and financial resources to withstand potential losses
- » clearly, accurately, and fully understand the risks associated with a CCP
- » assess a CCP's systemic importance and its impact on systemic risk
- » understand and assess the risks of participating in CCPs

To ensure that risks related to the use of CCPs are properly understood, CCPs must make relevant information publicly available, as stated in the CPSS-IOSCO Principles for financial markets infrastructure, published in April 2012.

Comments Due Date: December 13, 2013

Effective Date: N/A

First Reporting Date: N/A

Links:

Report: <http://www.bis.org/publ/cpss114.htm>

Disclosure Framework: <http://www.bis.org/publ/cpss106.htm>

Principles for FMI: <http://www.bis.org/publ/cpss101.htm>

Keywords: CCP, Regulatory Reporting, FMI

### Securities Markets Risk Outlook 2013-14

- IOSCO

October 15, 2013

Type of Information: Report

The IOSCO report on the risk outlook for securities markets identifies and assesses potential systemic risks from the perspective of securities markets. The report also highlights the opportunities and challenges facing securities regulators worldwide.

This annual Risk Outlook fulfills the following functions:

- » Informs the Board and other members of IOSCO about potential systemic risks to securities markets
- » Supports global risk identification and mitigation efforts by the G20/FSB/IMF and other relevant global organizations
- » Presents the key issues and potential systemic risks being discussed by market participants, securities experts, and regulators worldwide
- » Assists national regulators in implementing IOSCO's new principles on:
  - identifying, assessing, and mitigating systemic risks (Principle 6)
  - reviewing the regulatory perimeter (Principle 7)

The main risks the report identifies and analyzes are related to low interest-rate environment, collateral management, derivatives markets, and capital flows of emerging markets.

Links:

Report: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD426.pdf>

Reference Document: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD323.pdf>

Keywords: Systemic Risk

#### Fourth Progress Report on Implementation of G20 Data Gaps Initiative

- FSB

October 14, 2013

Type of Information: Report

The report describes progress made by the G20 economies on closing information gaps under the FSB and IMF G20 Data Gaps Initiative (DGI), as a prerequisite for enhanced policy analysis.

The report also describes progress since November 2012 and future implementation plans, and includes the following key messages:

- » Considerable progress made across the full range of the DGI recommendations
- » Feedback of experts indicating a strong support for, and a growing sense of ownership among, G20 economies in the DGI
- » Need to maintain momentum behind the initiative and provide adequate resources for statistical work. This ensures complete implementation and timely provision of comparable economic and financial statistics
- » Strengthening of collaboration among national agencies and continued international cooperation, collaboration, and consultation essential for the success of the initiative

Implementation of a significant portion of the recommendations is expected to be completed by the end of 2015. The report seeks the endorsement of G20 Finance Ministers and Central Bank Governors for the action plans and timetables presented, including the presented key milestones.

Links:

Report: [http://www.financialstabilityboard.org/publications/r\\_131014.pdf](http://www.financialstabilityboard.org/publications/r_131014.pdf)

List of G-SIBs: [http://www.financialstabilityboard.org/publications/r\\_121031ac.pdf](http://www.financialstabilityboard.org/publications/r_121031ac.pdf)

Keywords: DGI, G-SIB, G-SIFI

#### Global Financial Stability Report

- IMF

October 09, 2013

Type of Information: Report

The Global Financial Stability Report examines risks facing the global financial system as it undergoes a series of transitions toward greater financial stability.

The report explains that progress in global regulatory reform has been achieved over the past six months but further coordinated efforts are needed in a number of areas. Focus on implementing the agreed measures in a timely and consistent manner remains a high priority. Other key priority areas include:

- » Strengthening prudential supervision through measures such as securing resources and independence of supervisors
- » Restoring confidence in bank balance sheets
- » Developing and implementing effective domestic and cross-border resolution regimes
- » Facilitating implementation of over-the-counter derivatives reforms through further cross-border coordination
- » Enhancing monitoring of shadow banking

Data constraints remain a key challenge for proper monitoring and supervision of shadow banking at the global level. The FSB will address data constraints by developing standards for data collection on securities financing markets and information-sharing processes for shadow banking entities in 2014.

Link: <http://www.imf.org/External/Pubs/FT/GFSR/2013/02/pdf/text.pdf>

Keywords: Basel III, Shadow Banking

### Progress Report on Implementation of Basel Regulatory Framework

- BCBS

October 09, 2013

Type of Information:  
Regulation

Regulatory Status:  
Monitoring

BCBS published an updated progress report on the implementation of Basel regulatory framework for each member jurisdiction of the Basel Committee. This report updates the Committee's August 2013 report to G20 leaders on implementation of the Basel regulatory framework.

The report provides a high-level overview of the Basel Committee's progress in adopting Basel II, Basel 2.5, and Basel III, as of the end of September 2013. It focuses on the status of domestic rule-making processes to ensure that the capital standards are transformed into national law or regulation according to the internationally agreed timeframes.

The report contains a table outlining the following:

- » Adoption status of risk-based capital requirements
- » Requirements for global and domestic systemically important banks
- » Liquidity coverage and leverage ratios by the Committee member jurisdictions

Link: <http://www.bis.org/publ/bcbs263.pdf>

Keywords: Basel III, Basel III Monitoring

### ROC Endorses Three Pre-LOUs

- LEIROC

October 03, 2013

Type of Information:  
Statement

ROC has decided to endorse three pre-local operating units (LOUs)—WM Datenservice, CICI Utility, and INSEE—so that the codes they issue or have issued may be used for reporting and other regulatory purposes in the various jurisdictions represented in the ROC. This is in response to the endorsement request by ROC members—BaFin (Germany), CFTC (U.S.) and French Treasury (France)—sponsoring the three pre-LOU candidates.

On July 27, the ROC released a set of principles designed to guide decision-making for the creation of an interim system for the LEI, until the Global LEI Foundation (GLEIF) operating the Central Operating Unit (COU) takes over operational governance of the system. This system will provide that the pre-LEIs (LEIs compliant with various ROC principles) issued by pre-LOUs that have been endorsed by the ROC will be acceptable by ROC authorities requiring the use of a common identifier.

ROC also stated that improvement will be necessary as the system moves from the early start-up period to full operational deployment. Therefore, additional guidance can be expected from the ROC, and later from the GLEIF operating the COU. All endorsed pre-LOUs and prospective pre-LOUs will be required to follow this guidance.

Link:

Statement and Endorsed Pre-LOUs: <http://www.lei.org>

Keywords: LEI

### Thematic Review of Implementation of Principles 6 and 7 of the IOSCO Principles for Securities Regulation

- IOSCO

September 30, 2013

Type of Information: Report

The Assessment Committee of IOSCO published a review of the implementation of principles 6 and 7 of the IOSCO Objectives and Principles of Securities Regulation (IOSCO Principles).<sup>1</sup> The review aimed to understand the current state of implementation of Principles 6 and 7<sup>2</sup> and to identify and share good practices on the implementation of these principles in the IOSCO members' jurisdictions.

The report describes the review process and discusses key findings and high-level recommendations directed at IOSCO, its members, and those assessing the implementation of these principles. The review found that the 31 participating jurisdictions made significant efforts to implement these principles. It also identified that further work is needed to develop processes to manage and mitigate systemic risks, although good progress has been made in developing processes and procedures to identify systemic risks.

Link: <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD424.pdf>

Keywords: Systemic Risk

<sup>1</sup> IOSCO Principles: An agreed set of high-level global standards that outline the basis of effective and robust securities regulation.

<sup>2</sup> Principle 6: Requires regulators to have or contribute to a process to monitor, mitigate, and manage systemic risk, appropriate to their mandate.

Principle 7: Requires regulators to have or contribute to a process to review the perimeter of regulation regularly.

## Europe

### European Union

#### Key Developments

##### Final Draft Technical Standards on Asset Encumbrance

- EBA

October 30, 2013

Type of Information: Regulation

Regulatory Status: Final Rule

EBA has published its final draft for implementing technical standards (ITS) on reporting for asset encumbrance. These ITS will be part of the EU Single Rulebook in banking. They provide reporting templates and instructions intended to ensure harmonized reporting of asset encumbrance across institutions.

These ITS consist of three parts:

- » Legal text outlining both the frequency and the proportionality criteria in the reporting
- » Detailed definition of asset encumbrance, reporting templates, instructions, and extensive information to assist institutions in the implementation of their reporting activities on asset encumbrance
- » Data point model<sup>3</sup> and validation rules providing a structured representation of the requested data

The final standards have been sent to the European Commission for adoption as EU Regulations, which will be directly applicable throughout the EU.

Comments Due Date: N/A

Effective Date: June 30, 2014, for large institutions with assets >€30 billion

December 31, 2014, for all other institutions

First Reporting Date: N/A

Link: <http://www.eba.europa.eu/-/eba-publishes-final-draft-technical-standards-on-asset-encumbrance>

Keywords: CRD IV, ITS, Regulatory Reporting

##### Revised FAQs on Prudent Valuation QIS

- EBA

October 30, 2013

Type of Information: Report

EBA published an updated list of FAQs on the Prudent Valuation Quantitative Impact Study (QIS), amending the version published on October 03, 2013. Changes and/or clarifications to the FAQs are marked in red in the Excel document.

Links:

News Release: <http://www.eba.europa.eu/-/revised-faqs-on-prudent-valuation-q-1>

Excel Document: <http://www.eba.europa.eu/documents/10180/336425/FAQ+on+Prudent+Valuation+30-10-2013.xlsx>

Keywords: CRD IV, QIS

##### First Risk Dashboard on EU Banking Sector

- EBA

October 29, 2013

Type of Information: Report

EBA published its first risk dashboard, summarizing the main risks and vulnerabilities in the banking sector in the European Union. The dashboard looks at the evolution of Key Risk Indicators (KRIs) from 56 banks across the EU and points to significant improvements, particularly in terms of strengthened capital base. However, asset quality remains the main source of concern, and the ratio of impaired loans and past due loans (more than 90 days) to total loans was found to have increased. In addition, profitability has shown some signs of recovery, but return on equity remains at low levels.

The risk dashboard is based on the Q2 2013 data and is part of the regular risk assessment conducted by EBA and complements the Risk Assessment Report.

Link: <http://www.eba.europa.eu/-/eba-publishes-risk-dashboard-of-eu-banking-sector>

Keywords: AQR, KRI

<sup>3</sup> The data point model contains all of the relevant technical specifications necessary for developing information technology reporting formats, as well as common dictionaries of terms that can be used in the institutions' databases.

**Final Rule Conferring Specific Tasks on European Central Bank on Policies Related to Prudential Supervision of Credit Institutions**

- EC

October 29, 2013

Type of Information:  
Regulation

Regulatory Status: Final Rule

EC has published the final rule conferring specific tasks on ECB regarding policies related to the prudential supervision of credit institutions, with a view to contribute to the safety and soundness of credit institutions and the stability of the financial system within the Union and each Member State.

The regulation (Article 6.1) states that ECB shall carry out its tasks within a single supervisory mechanism (SSM) composed of the ECB and national competent authorities. The ECB shall be responsible for effective and consistent functioning of the SSM. In addition, article 6.4 states that a credit institution or financial holding company or mixed financial holding company shall not be considered less significant, unless justified by particular circumstances to be specified in the methodology, if any of the following conditions are met:

- » Total value of its assets exceeds EUR 30 billion
- » Ratio of its total assets over the GDP of the participating Member State of establishment exceeds 20%, unless the total value of its assets is below EUR 5 billion
- » Following a notification by its national competent authority that it considers such an institution of significant relevance with regard to the domestic economy, the ECB takes a decision confirming such significance following a comprehensive assessment by the ECB, including a balance-sheet assessment (BSA), of that credit institution

After November 03, 2013, ECB shall publish, by means of regulations and decisions, the detailed operational arrangements for implementation of the tasks conferred on it by this regulation.

Comments Due Date: N/A

Effective Date: November 04, 2013

First Reporting Date: N/A

Link: <http://www.eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=L:2013:287:0063:0089:EN:PDF>

Keywords: Balance Sheet Assessment, SSM

**Consultation on Use of Legal Entity Identifiers**

- EBA

October 28, 2013

Type of Information:  
Regulation

Regulatory Status: Proposed Rule

EBA has published a recommendation on the use of legal entity identifiers (LEIs). With this recommendation, EBA supports the adoption of the LEI system, proposed by the FSB and endorsed by the G20, aimed at achieving a unique, worldwide identification of parties to financial transactions.

The recommendation states that competent authorities request that all institutions under their supervisory remit obtain a pre-LEI code, giving priority to the banks included in the sample identified in the EBA Decision No. xx/2013. The competent authorities are also advised to request that the information they provide to the EBA concerning institutions and financial institutions contains pre-LEI codes.

The global LEI system is not yet fully operational but a number of entities, sponsored by national authorities, have already begun to issue LEI-like identifiers (pre-LEIs) to satisfy the local reporting requirements.

Comments Due Date: November 18, 2013

Effective Date: January 01, 2014

First Reporting Date: N/A

Link: <http://www.eba.europa.eu/-/eba-consults-on-the-use-of-the-legal-entity-identifier-lei>

Keyword: LEI

### Impact of LCR and Uniform Definitions of Liquidity

- EBA

October 24, 2013

Type of Information: Report

EBA presented the findings from preliminary work done for the reports on uniform definitions of high-quality liquid assets (HQLAs) and impact of LCR. EBA is mandated to produce this by December 31, 2013 for the European Commission as per Article 509 (3) of the CRR. The presentation begins by examining the background and rationale for liquidity regulation. It then details the methodology adopted and preliminary outcomes for establishing the uniform definitions of HQLA. Finally, it covers the LCR impact assessment report, including the possible interactions with capital requirements.

As a part of its regulatory work on liquidity, EBA is scheduled to publish the following reports:

- » 31/12/2013: Reports on impact on LCR and definition of HQLA
- » 01/01/2014: ITS on additional liquidity monitoring metrics; GL on retail deposits subject to different outflows
- » 31/03/2014: ITS on currencies with narrow central bank eligibility and on currencies with insufficiency of liquid assets; RTS specifying derogations and conditions of their application and on additional collateral outflows on derivatives contracts
- » 1/01/2015: RTS on criteria for intra-group outflows
- » 31/12/2015: Report on NSFR

European Commission can take into account the reports submitted by EBA for drafting the delegated act, which must be adopted by June 30, 2014 and will be applicable from January 1, 2015.

Link: <http://www.eba.europa.eu/documents/10180/416332/Liquidity+public+hearing+30+October+-+presentation.pdf>

Keywords: CRD IV, LCR, NSFR, Basel III, Liquidity Risk

### Draft Technical Standards on Disclosure for Leverage Ratio

- EBA

October 24, 2013

Type of Information: Regulation

Regulatory Status: Proposed Rule

EBA published a consultation on draft ITS on disclosure for leverage ratio under Article 451(2) of Regulation (EU) No 575/2013. These standards:

- » aim to harmonize disclosure of leverage ratio across the EU by providing institutions with uniform templates and instructions
- » will be a part of the EU single rulebook in the banking sector
- » include all items that are relevant for disclosure under the provisions in the CRR and are aligned, as much as possible, with the Basel disclosure framework

The disclosure framework consists of four templates:

- » *LRSum table*: Reconciles figures of the leverage ratio denominator with those reported under the relevant accounting standards
- » *LRCom table*: Among others, provides a breakdown of the leverage ratio denominator by exposure category
- » *LRSpl table*: Provides a further breakdown of the leverage ratio denominator by counterparty group
- » *LRQua table*: Provides qualitative information on leverage risk

Comments Due Date: N/A

Effective Date: January 01, 2015

First Reporting Date: N/A

Links:

Press Release: <http://www.eba.europa.eu/-/eba-consults-on-draft-technical-standards-on-disclosure-for-leverage-ratio>

Consultative Report:

<http://www.eba.europa.eu/documents/10180/459196/EBA+CP+2013+41+%28Draft+CP+on+draft+ITS+on+disclosure+of+leverage+ratio%29.pdf>

Keywords: CRD IV, ITS, Leverage Ratio, Basel III, Regulatory Reporting, Pillar 3

### ECB Starts Comprehensive Assessment in Advance of Supervisory Role

- ECB

October 23, 2013

Type of Information:  
Statement

ECB announced details of the comprehensive assessment to be conducted to prepare for assuming full responsibility for supervision, as a part of the single supervisory mechanism. It will be conducted in collaboration with the national competent authorities (NCAs) of the Member States that participate in the single supervisory mechanism, and will be supported by independent third parties at all levels at the ECB and at the NCAs. The exercise intends to do the following:

- » Enhance quality of information available on the condition of banks
- » Identify and implementing necessary corrective actions, if and where needed
- » Assure all stakeholders that banks are fundamentally sound and trustworthy

The assessment will be based on a capital benchmark of 8% Common Equity Tier 1, drawing on the definition of the Capital Requirements Directive IV/Capital Requirements Regulation, including transitional arrangements, for both the AQR and the baseline stress test scenario. The assessment will consist of the following closely interlinked elements:

- » *Supervisory risk assessment*: to review—quantitatively and qualitatively—key risks such as liquidity, leverage, and funding
- » *Asset quality review (AQR)*: to enhance transparency of bank exposures
- » *Stress test*: to present forward-looking view of the banks' shock absorption capacity under stress

The comprehensive assessment commencing in November 2013 will:

- » take 12 months to complete
- » conclude with an aggregate disclosure of outcomes, at the country and bank levels, along with any recommendations for supervisory measures
- » be published before ECB assumes its supervisory role in November 2014

Link: <http://www.ecb.europa.eu/press/pr/date/2013/html/pr131023.en.html>

Keywords: SSM, AQR, Stress Testing

### Draft Technical Standards Related to Liquidity Requirements

- EBA

October 22, 2013

Type of Information:  
Regulation

Regulatory Status: Proposed  
Rule

EBA has released the following three consultations on draft technical standards related to liquidity requirements:

- » Draft ITS on currencies for which the justified demand for liquid assets exceeds their availability
- » Draft Regulatory Technical Standards (RTS) on derogations for eligible currencies
- » Draft ITS listing the currencies with an extremely narrow definition of central bank eligibility

Comments Due Date: December 22, 2013

Effective Date: March 31, 2014

First Reporting Date: N/A

Link: <http://www.eba.europa.eu/-/eba-consults-on-draft-technical-standards-related-to-liquidity-requirements>

Keywords: Liquidity Risk, ITS, RTS, LCR, Basel III

### Final Draft of Technical Standards on Non-performing Exposures and Forbearance Reporting Requirements

- EBA

October 21, 2013

Type of Information:  
Regulation

Regulatory Status: Final Rule

EBA released its final technical standards on reporting requirements for non-performing exposures and forbearance, under article 99(4) of Regulation (EU) No 575/2013.

The agency also issued recommendations for undertaking AQRs of asset classes considered to be high risk. EBA recommends competent authorities to apply, as much as possible, the common definitions on non-performing exposures and debt forbearance.<sup>4</sup> These definitions apply to the following:

- » *Non-performing exposures*: All loans and debt securities on balance sheets, except those held for trading
- » *Forbearance*: Some off-balance-sheet exposures

The common definitions and reporting templates, provided in these standards, allow supervisors to assess the level of forbearance activities and non-performing loans on a comparable basis across the EU. More harmonized AQRs, based on more comparable data, will help in the following ways:

- » Address uncertainties about EU banks' asset quality in the current context
- » Support ongoing and future monitoring of levels and changes in asset quality

The final standards will be sent to the European Commission for adoption as EU Regulations, which will be applicable throughout the EU.

Comments Due Date: N/A

Effective Date: October 31, 2014

National authorities to notify of compliance by December 23, 2013

Remittance date for supervisory reporting templates is December 31, 2014

First Reporting Date: N/A

Links:

Press Release: <http://www.eba.europa.eu/-/eba-publishes-final-draft-technical-standards-on-npls-and-forbearance-reporting-requirements>

Final Draft: <http://www.eba.europa.eu/documents/10180/449824/EBA-ITS-2013-03+Final+draft+ITS+on+Forbearance+and+Non-performing+exposures.pdf>

Recommendations: <http://www.eba.europa.eu/documents/10180/449802/EBA-Rec-2013-04+Recommendations+on+asset+quality+reviews.pdf>

Keywords: AQR, Balance Sheet Assessment, SSM, Regulatory Reporting

### Macro Stress Testing Framework for Assessing Systemic Risks in Banking Sector

- ECB

October 11, 2013

Type of Information:  
Research

This paper presents the main features of the top-down macro stress testing framework developed by ECB and illustrates the application of this framework for various policy analyses. This framework is used regularly for forward-looking bank solvency assessments.

The use of macro stress tests to assess bank solvency has developed rapidly over the past few years. ECB has developed this framework to support safeguarding of financial stability and its financial sector-related work in the context of EU/IMF Financial Assistance Programs, and looking ahead to the establishment of the Single Supervisory Mechanism.

The framework consists of four pillars:

- » Macro-financial scenario design
- » Models to translate scenarios into impacts on banks
- » Solvency calculation module
- » Module for contagion and feedback analysis

The paper also provides examples and descriptions of how the framework is used in regular financial stability analysis. In addition, it describes how the tool can be used in the context of challenging results from the bottom-up stress tests.

Link: <http://www.ecb.europa.eu/pub/pdf/scpops/ecbocp152.pdf>

Keywords: SSM, Stress Testing, Systemic Risk

<sup>4</sup> The proposed definitions of non-performing and forbearance exposures rely on the existing concepts of default and impairment but provide for specific harmonization features. In particular, the definition of non-performing exposures focuses on a 90-day past due threshold, while the definition of forbearance focuses on concessions extended to debtors that face, or may face, difficulties in meeting payments. Forborne exposures can be identified in both the non-performing and the performing portfolios.

**2013 List of Financial Conglomerates**

- EBA

October 08, 2013

Type of Information: Report

The Joint Committee of European Supervisory Authorities (ESAs) published the 2013 list of identified financial conglomerates.

This latest list shows 75 financial conglomerates with the head of group in an EU/EEA country, two with the head of group in Switzerland, two with the head of group in the U.S., and one with the head of group in Australia.

Links:

Press Release: <http://www.eba.europa.eu/-/the-joint-committee-of-the-esas-publishes-list-of-financial-conglomerates>

List: <http://www.eba.europa.eu/documents/10180/15736/JC+2013+055+%28List+of+Identified+Financial+Conglomerates+2013%29>

Keywords: Financial Conglomerates

**Revised Deadlines for Delivery of EBA Technical Standards CRR**

- EBA

October 07, 2013

Type of Information: Statement

EBA notified the revised guidelines for the following technical standards after approval from the European Commission:

- » Article 105(14) CRR– RTS on prudent valuation: June 1, 2014
- » Article 28(5) CRR– RTS on multiple distribution for own funds: April 1, 2014
- » Article 36(2) CRR– RTS on specific deductions from own funds: January 1, 2014
- » Article 73(7) CRR– RTS on broad market indices for own funds: January 1, 2014
- » Article 84(4) CRR– RTS on calculation of minority interests for own funds: January 1, 2014
- » Article 100 CRR– ITS on asset encumbrance reporting: November 1, 2013

Revised mandates were introduced for the EBA, following the finalization of the CRDIV/CRR and their corrigenda. These legal texts set deadlines for various provisions, including some EBA technical standards, for which the publication was due within a month from their entry into force. Hence, EBA requested a deadline extension for the concerned technical standards.

Link: <http://www.eba.europa.eu/-/revised-deadlines-for-the-delivery-of-eba-technical-standards>

Keyword: ITS, Roadmap, RTS, CRD IV, Basel III

**ESMA Work Program for 2014**

- ESMA

October 03, 2013

Type of Information: Report

ESMA has published its work program for 2014.

Regarding the single rulebook, its primary objectives relate to the revision of Markets in Financial Instruments Directive (or MiFID) and Market Abuse Directive (or MAD), legislation for European investment funds, work on corporate finance (prospectus directive, transparency directive and corporate governance), and implementation of the Credit Ratings Agency III legislation.

Its other primary tasks are in the following areas:

- » Financial stability (financial market surveillance, economic research)
- » Convergence (corporate reporting, peer reviews, international cooperation, etc.)
- » Financial consumer protection
- » Supervision (credit rating agencies, trade repositories)

Link: [http://www.esma.europa.eu/system/files/2013-1355\\_esma\\_2014\\_work\\_programme.pdf](http://www.esma.europa.eu/system/files/2013-1355_esma_2014_work_programme.pdf)

Keywords: Roadmap, Single Rulebook

### Interaction of Liquidity Regulations and Monetary Policy

- ECB

October 03, 2013

Type of Information: Speech

Benoît Cœuré, member of the Executive Board of the ECB, delivered a speech on liquidity regulation and monetary policy implementation.

He highlighted how the new set of liquidity requirements is expected to impact the monetary policy. He stated that further work is being carried out on interaction between the LCR and the central bank facilities to ensure that the LCR responds appropriately to the provision and withdrawal of liquidity support by central banks. In this context, it has been proposed that central banks provide a committed liquidity facility (CLF) to banks faced with a scarcity of HQLA. CLF gives the capacity to borrow HQLA from the central bank, with banks paying an upfront fee for a determined amount of CLF commitment.

He said that CLF can also be potentially useful in jurisdictions without structural scarcity of HQLA, like Australia. CLF will allow banks to meet the LCR ratio at all times, although with time-varying reliance on private-market HQLA and on the CLF. To encourage the drawdown of private-market HQLA, central banks can reduce pricing of the CLF during crisis time.

Link: <http://www.ecb.europa.eu/press/key/date/2013/html/sp131003.en.html>

Keywords: Liquidity Risk, LCR, Committed Line Facility

### EBA Work Program for 2014

- EBA

October 02, 2013

Type of Information: Report

EBA published its work program for 2014, describing its main objectives, deliverables, and priorities in the coming year. The program will focus on the following three areas:

- » *Regulatory policy:* EBA will continue to play a central role in development of the Single Rulebook in banking. The focus will be on credit and market risks, on the prudential areas of liquidity and leverage, and on recovery and resolution.
- » *Oversight activities:* Focus will be on identifying, analyzing, and addressing key risks in the banking sector in the EU. The EBA will also continue to monitor capital levels and capital plans
- » *Consumer protection:* EBA will work toward fulfilling its mandates under the Mortgage Credit Directive, the proposed Bank Account Package, and the proposed review of the Payment Services Directive, along with initiatives such as the self-placement of financial instruments.

Links:

News Release: <http://www.eba.europa.eu/-/eba-issues-work-programme-for-2014>

Report: <http://www.eba.europa.eu/documents/10180/425836/EBA+2014+Work+programme.pdf>

Annexure: <http://www.eba.europa.eu/documents/10180/425836/EBA+2014+Work+Programme+-+Annex.pdf>

Keywords: Roadmap, Single Rulebook

### Clarification on Reporting Requirements for Alternative Fund Managers

- ESMA

October 01, 2013

Type of Information: Regulation

Regulatory Status: Proposed Rule

ESMA has published final guidelines on the reporting obligations for alternative investment fund managers (AIFMs).

The guidelines are related to the Alternative Investment Fund Managers Directive (AIFMD) and require AIFMs—including hedge funds, private equity funds, and real estate funds—to regularly report certain information to national supervisors. ESMA is also publishing some technical supporting material (a consolidated reporting template, detailed IT guidance for filing of the XML, and the XSD schema) to facilitate the reporting to regulators.

The guidelines will be translated into the official languages of the EU. National competent authorities have two months from the date of the translation publication on ESMA's website to confirm to ESMA whether they comply or intend to comply with the guidelines by incorporating them into their supervisory practices.

Comments Due Date: N/A

Effective Date: Dependent on the national authorities

First Reporting Date: N/A

Links:

Press Release: [http://www.esma.europa.eu/system/files/2013-1368\\_press\\_release\\_aifmd\\_reporting\\_guidelines.pdf](http://www.esma.europa.eu/system/files/2013-1368_press_release_aifmd_reporting_guidelines.pdf)

Reporting Guidelines: [http://www.esma.europa.eu/system/files/2013-1339\\_final\\_report\\_on\\_esma\\_guidelines\\_on\\_aifmd\\_reporting\\_for\\_publication\\_clean.pdf](http://www.esma.europa.eu/system/files/2013-1339_final_report_on_esma_guidelines_on_aifmd_reporting_for_publication_clean.pdf)

Reporting Template: <http://www.esma.europa.eu/content/Consolidated-AIFMD-reporting-template>

Technical Reporting Guidance: <http://www.esma.europa.eu/content/AIFMD-reporting-IT-technical-guidance>

XML Reporting Documents: <http://www.esma.europa.eu/content/AIFMD-Reporting-XML-documents-V10>

Keywords: Regulatory Reporting, Investment Fund

### Final Draft on Regulatory Technical Standards on Prudential Filters Applied to Own Funds

- EBA

September 30, 2013

Type of Information: Regulation

Regulatory Status: Final Rule

EBA published the final draft of RTS specifying the criteria for defining close correspondence between the fair value of an institution's covered bonds and the fair value of its assets for the purpose of calculating regulatory capital requirements. These RTS come under Article 33 of Regulation (EU) 575/2013 and will be part of the Single Rulebook aimed at enhancing regulatory harmonization in the EU.

The regulation addresses prudential filters applied to own funds (cash flow hedges and changes in the value of own liabilities). It also sets out requirements related to unrealized gains and losses on liabilities valued at fair value, resulting from changes in the own credit standing of the institution.

The final standards have been sent to the European Commission for adoption as EU Regulations.

Comments Due Date: N/A

Effective Date: Twentieth day following its publication in the Official Journal of the European Union.

First Reporting Date: N/A

Link:<http://www.eba.europa.eu/-/eba-publishes-final-draft-technical-standards-on-close-correspondence-for-own-issued-covered-bonds>

Keywords: Regulatory Capital, RTS, Single Rulebook, CRD IV, Basel III

## Russia

### Key Developments

#### Russian Federation: 2013 Article IV Consultation and Selected Issues

- IMF

October 21, 2013

Type of Information: Report

IMF has released a report on Russia in context of the 2013 Article IV consultation with the Russian Federation.. Key relevant conclusions of the report, prepared by an IMF staff team, are as follows:

- » Recently adopted amendments to the banking law are welcome and the remaining Financial Sector Assessment Program (FSAP) recommendations should be adopted swiftly
- » Basel III should be adopted without delay, while IRB should be implemented when both banks and supervisors are ready

The mission supported plans to introduce new capital requirements exceeding Basel III minimum requirements (e.g., 5.5 percent core capital vs. 4.5 percent under Basel III), given the GDP volatility, weak creditor rights, and difficulties in identifying non-performing assets and provisioning practices. Staff urged the Central Bank of Russia (CBR) to resist calls to advance implementation of the internal ratings-based (IRB) approach before appropriate supervisory and bank-level internal procedures and controls are in place.

The staff recommended the following:

- » Implementing IRB framework with at least a three-year implementation period, as advised under the Basel framework
- » Introducing floors under the new capital requirement
- » Raising minimum nominal capital requirements

IMF also released a report on the selected issues in the country; the report explains that the legislation on consolidated supervision (expected to be adopted shortly) will empower CBR to supervise complex financial holding companies. Therefore, the planned creation of a mega-supervisor through the merger of the CBR and the Federal Service for Financial Markets may improve the framework for monitoring systemic risks; however, the existing weaknesses in the supervisory framework for non-bank financial institutions must be addressed.

Links:

Report on Russian Federation: <http://www.imf.org/external/pubs/ft/scr/2013/cr13310.pdf>

Selected Issues Report: <http://www.imf.org/external/pubs/ft/scr/2013/cr13311.pdf>

Keywords: Basel III, FSAP, Macro Prudential Policy

## Switzerland

### Key Developments

**FINMA Makes Changes in its Circulars to Implement Basel III Regime** Toward implementation of the Basel III regime, FINMA has made changes to certain aspects of four of its circulars. The amended circulars are as follows:

-FINMA

October 28, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

- » 08/19: Credit risks – banks
- » 08/20: Market risks – banks
- » 08/22: Capital adequacy disclosures – banks
- » 13/1: Eligible equity capital – banks

In addition, disclosure requirements—based on data as of December 31, 2013—have been slightly amended, particularly with regard to the countercyclical capital buffer. The accompanying explanatory report (in German and French) details the changes and illustrates how the disclosure requirements are to be implemented.

Comments Due Date: N/A

Effective Date: January 01, 2014 (Transition until June 30, 2014)

First Reporting Date: N/A

Link: <http://www.finma.ch/e/aktuell/Pages/aktuell-anpassungen-finma-rs-umsetzung-basel-iii-20131028.aspx>

Keywords: Basel III, Regulatory Capital, Countercyclical Capital Buffer

**Capital Adequacy Reporting Forms for Basel III**

-SNB

October 03, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

SNB has issued an advanced notification releasing the capital adequacy reporting forms for Basel III.

The capital adequacy reporting is required on the following bases:

- » On the basis of a single institution
  - Excepting branches of foreign banks and securities dealers, all banks and securities dealers as defined by the Banking Act of 8 November 1934 and the Stock Exchange Act of 24 March 1995, are required to report.
  - The Liechtenstein banks are excluded from this reporting.
- » On a consolidated basis:
  - The proprietary companies of financial groups or financial conglomerates dominated by banks or security traders, which are subject to group and conglomerate supervision by Swiss Financial Market Supervisory Authority (FINMA), are required to report data and comply with capital adequacy reporting regulations on a consolidated basis.
  - Proprietary companies of subsidiary finance groups are also required to report data in accordance with Article 11 Capital Adequacy Ordinance, unless they have been exempt from this obligation by FINMA.

Comments Due Date: N/A

Effective Date: For single institution, March 31, 2014

For consolidated reporting, June 30, 2014

First Reporting Date: N/A

Link: <http://www.snb.ch/en/emi/BASEL3>

Keywords: Basel III, Regulatory Capital, Regulatory Reporting

## United Kingdom

### Key Developments

#### Paper on Implementation of CRD IV for Investment Firms: CP 13/12

- FCA

October 10, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

FCA has published a consultation paper presenting the proposed changes to the FCA Handbook as a result of the transposition of CRD IV in relation to reporting, remuneration policies, and the interaction between CRD IV and AIFMD/UCITS.

The proposals do not apply to credit institutions (banks and building societies) or investment firms supervised by the PRA but apply to the following FCA-authorized firms:

- » Investment firms subject to the CRD insurance contracts
- » Management companies, as defined under the UCITS Directive
- » AIFMs

Among other issues, the paper presents reporting proposals for Prudential Sourcebook for Investment Firms (IFPRU), resulting from the introduction of frameworks for Common Reporting (COREP) and Financial Reporting (FINREP) in CRD IV. The introduction of these frameworks will change the way IFPRU investment firms report prudential supervisory information to the FCA.

Comments Due Date: November 10, 2013

Effective Date: January 01, 2014 (January 01, 2014 for COREP; July 01, 2014 for FINREP)

First Reporting Date: N/A

Links:

News: <http://www.fca.org.uk/news/cp13-12-crd-iv-for-investment-firms>

Report: <http://www.fca.org.uk/static/documents/consultation-papers/cp13-12.pdf>

Keywords: CRD IV, COREP, FINREP, Basel III, Regulatory Reporting, Investment Firms

#### Proposed Changes to PRA Rules

- PRA

October 03, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

PRA released an occasional consultation paper, CP8/13, which proposes miscellaneous and minor changes to the PRA rules. These include further rule amendments related to CRD IV and material on the PRA's proposals to create a Rulebook.

Changes relate to the following:

- » Close links and controllers' report
- » Mortgage lenders and administrators' return
- » Removal of the designated investment exchange regime
- » Interim prudential sourcebook for insurers and the interim prudential sourcebook for friendly societies
- » FSCS protection for large unincorporated associations' deposits
- » Related-party transactions
- » CRD IV consequential and minor amendments
- » Remuneration
- » Initial capital exemption for small credit institutions
- » The online rulebook

With regard to CRD IV, the paper proposes administrative consequential amendments that do not reflect any policy change. Most incorporate or update cross-references to the CRR, the Directive, and the use of relevant new defined terms. It also introduces the process for accepting applications for various CRR discretions and for assistance with regard to automated scheduling of FINREP returns.

Comments Due Date: November 1, 2013

Effective Date: January 1, 2014 (final rules are expected by December 2014)

First Reporting Date: N/A

Link: <http://www.bankofengland.co.uk/pr/Pages/publications/ocp813.aspx>

Keywords: CRD IV, Basel III, Regulatory Reporting, COREP, FINREP

<b>FAQs on CRD IV for Investment Firms</b>	FCA, which is responsible for prudentially regulating investment firms subject to CRD IV, released a set of FAQs that offer an overview of the CRD IV requirements for investment firms.
- FCA	CRD IV will come into effect on January 01, 2014.
October 03, 2013	<i>Links:</i>
<i>Type of Information: Report</i>	FAQs: <a href="http://www.fca.org.uk/firms/markets/international-markets/eu/crd-iv/faqs">http://www.fca.org.uk/firms/markets/international-markets/eu/crd-iv/faqs</a>
	CRD IV for Investment Firms: <a href="http://www.fca.org.uk/news/cp13-06-capital-requirements-for-investment-firms">http://www.fca.org.uk/news/cp13-06-capital-requirements-for-investment-firms</a>
	<i>Keywords: CRD IV, FAQ, Basel III, COREP, FINREP, Investment Firms</i>
<b>Framework for Stress Testing the UK Banking System</b>	BOE, under the guidance of the Financial Policy Committee (FPC) and the PRA Board, published a discussion paper on the main features of the proposed stress-testing framework for the UK banking system. The features include the expected coverage of institutions, the considerations on scenario design, and the approach to modeling the impact of scenarios on bank profitability and capital ratios.
-BOE	
October 01, 2013	The proposed framework aims to provide a quantitative, forward-looking assessment of the capital adequacy of the UK banking system and individual institutions within it. The paper discusses how the outputs of these annual stress tests can be used to inform policy decisions by the FPC and PRA Board, along with options on disclosure of stress test results.
<i>Type of Information: Regulation</i>	
<i>Regulatory Status: Proposed Rule</i>	The paper also discusses the importance of AQR and the information it reveals about performance of a portfolio in a stress scenario, thus helping to evaluate the impact of an adverse scenario. Moreover, AQR can help design stress scenarios by identifying risks that should subsequently be explored either through common or idiosyncratic scenarios.
	<i>Comments Due Date: January 10, 2014</i>
	<i>Effective Date: N/A</i>
	<i>First Reporting Date: N/A</i>
	<i>Link: <a href="http://www.bankofengland.co.uk/financialstability/fsc/Documents/discussionpaper1013.pdf">http://www.bankofengland.co.uk/financialstability/fsc/Documents/discussionpaper1013.pdf</a></i>
	<i>Keywords: Stress Testing, AQR, FDSF</i>
<b>Reform of International Banking: Some Remaining Challenges</b>	Paul Tucker—Deputy Governor Financial Stability, BOE—delivered a speech at the Oliver Wyman Institute Conference in London, enumerating some of the remaining issues that standard-setters and regulators need to address as they complete the reform of international banking.
-BOE	
October 01, 2013	He stated that the Basel Capital Accord could usefully be changed over time so that it has distinct components for going-concern and gone-concern requirements. He emphasized that from a resolution perspective, the distribution of loss-absorbing capacity (the sum of going-concern and gone-concern loss absorbency) is crucial. Additionally, from the regulatory and supervisory perspectives, he highlighted the lack of an international standard requiring a banking group to ensure a sensible distribution of equity (and debt) within the group.
<i>Type of Information: Speech</i>	
	He also said that the international standards on banking will need to catch up, stating that it must be possible to make running repairs to the regime where fault lines are exposed. Stress testing banks, CCPs, and, in time, other intermediaries, can help expose those fault lines and to calibrate macro- and micro-prudential policy.
	<i>Link: <a href="http://www.bankofengland.co.uk/publications/Documents/speeches/2013/speech682.pdf">http://www.bankofengland.co.uk/publications/Documents/speeches/2013/speech682.pdf</a></i>
	<i>Keywords: Basel III, Regulatory Capital, Stress Testing</i>

## Middle East & Africa

## Americas

### United States of America

#### Key Developments

##### **Federal Agricultural Mortgage Corporation Funding and Fiscal Affairs: Farmer Mac Capital Planning**

- Farm Credit Administration

October 31, 2013

Type of Information: Regulation

Regulatory Status: Final Rule

The final rule amends regulations governing operational and strategic planning of the Federal Agricultural Mortgage Corporation (Farmer Mac). The rule revises the current capital adequacy planning requirements to place more emphasis on the quality and level of Farmer Mac's capital base and to promote best practices for capital adequacy planning and stress testing.

"Total Risk-Weighted Assets" means a risk-weighting approach that is appropriate—given Farmer Mac's business activities—and consistent with the broadly accepted banking practices and standards (for example, one of the frameworks of the BCBS or similar U.S. regulations).

The final rule:

- » Establishes minimum supervisory standards for the capital planning process, including stress testing
- » Describes how the Farmer Mac board of directors (board) and senior management should implement the process
- » Requires Farmer Mac to notify FCA about certain capital distributions before making them

Comments Due Date: N/A

Effective Date: N/A

First Reporting Date: N/A

Link: <http://www.gpo.gov/fdsys/pkg/FR-2013-10-31/pdf/2013-25892.pdf>

Keywords: Basel III, Dodd-Frank Act

##### **OCC and FDIC Propose Rule to Strengthen Liquidity Risk Management**

- FDIC/OCC

October 30, 2013

Type of Information: Regulation

Regulatory Status: Proposed Rule

OCC and FDIC have proposed a rule to strengthen the liquidity risk management of large banks and savings associations. The rule proposed by OCC and FDIC is substantively the same as the proposal approved by FED on October 24, 2013. The proposed rule does not apply to community banks.

That proposal, which was developed collaboratively by the three agencies, is applicable to the following organizations:

- » Banking organizations with \$250 billion or more in total consolidated assets
- » Banking organizations with \$10 billion or more in on-balance sheet foreign exposure
- » Systemically important, nonbank financial institutions that do not have substantial insurance subsidiaries or substantial insurance operations
- » Bank and savings association subsidiaries thereof that have total consolidated assets of \$10 billion or more (covered institutions).

The proposed rule is generally consistent with the Basel Committee's LCR standard, but is more stringent in some respects, such as the range of assets that will qualify as HQLAs and the assumed rate of outflows of certain types of funding.

Comments Due Date: January 01, 2014

Effective Date: January 01, 2015

First Reporting Date: N/A

Links:

OCC News Release: <http://www.occ.gov/news-issuances/news-releases/2013/nr-ia-2013-169.html>

Financial Institution Letter: <http://www.fdic.gov/news/news/financial/2013/fil13052.html>

Keywords: Liquidity Risk, LCR, Basel III

### Uniform Agreement on Classification and Appraisal of Securities Held by Depository Institutions

- U.S. Agencies

October 29, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

The U.S. agencies have issued a joint agreement to depository institutions, revising the 2004 Uniform Agreement on the Classification of Assets and Appraisal of Securities Held by Banks and Thrifts.

The revisions replace references to credit ratings with alternative standards of creditworthiness consistent with sections 939 and 939A of the DFA. Accordingly, this agreement applies creditworthiness standards adopted in 2012 to the classification of securities, and removes the reliance on credit ratings as a determinant of classification.

The document also presents examples to demonstrate the appropriate application of these standards to the classification of securities. This agreement should be used by depository institutions to assist and facilitate the classification of investment securities.

Comments Due Date: N/A  
Effective Date: N/A  
First Reporting Date: N/A

Links:

Supervisory Letter: <http://www.federalreserve.gov/bankinforeg/srletters/sr1318.htm>

Report: <http://www.federalreserve.gov/bankinforeg/srletters/sr1318a1.pdf>

Keywords: CRA, Dodd-Frank Act

### Implementing the Supervisory Formula Approach for Securitization Exposures

- FED/OCC

October 28, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

OCC and FED have issued a guidance on the supervisory expectations for:

- » determining capital requirements on the underlying exposures ( $K_{IRB}$ ) input to the Supervisory Formula Approach (SFA)
- » flexibility afforded to banking organizations when dealing with data limitations under the advanced approaches risk-based capital rule

Comments Due Date: N/A  
Effective Date: N/A  
First Reporting Date: N/A

Links:

FED: <http://www.federalreserve.gov/bankinforeg/basel/files/bcc1307.pdf>

OCC: <http://www.occ.treas.gov/topics/capital-policy/gaa-2013-1-securitization-guidance.pdf>

Keywords: Basel III, Dodd-Frank Act, SFA, Securitization

### Policy Statement on Principles for Development and Distribution of Annual Stress Test Scenarios

- OCC

October 28, 2013

Type of Information: Policy  
Statement

The policy statement presents the general processes and factors that OCC will use in development and distribution of stress-test scenarios for the annual stress test required by the DFA. The OCC will annually determine scenarios that are appropriate to use for each annual stress test.

OCC will distribute stress-test scenarios to covered institutions by November 15 of each year. However, as a part of the supervisory process, OCC expects covered institutions to have a stress-testing framework that incorporates validation or other type of independent review aimed at ensuring the integrity of stress-testing processes and results.

Comments Due Date: N/A  
Effective Date: November 27, 2013  
First Reporting Date: N/A

Link: <http://www.gpo.gov/fdsys/pkg/FR-2013-10-28/pdf/2013-25421.pdf>

Keyword: DFAST, Stress Testing

### Revisions to Approved Information Collection: DFAST 14A

- OCC

October 26, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

OCC has published the revised templates and instructions for DFAST 14A reporting.

Comments Due Date: N/A  
Effective Date: January 05, 2015  
First Reporting Date: N/A

Link: <http://www.occ.gov/tools-forms/forms/bank-operations/dfast-14a-templates-20131026.zip>

Keywords: DFA, DFAST, Regulatory Reporting, DFAST 14A

### Proposed Rule on Implementation of Minimum Liquidity Standards

- U.S. Agencies

October 24, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

The proposed rule intends to strengthen the liquidity positions of large financial institutions by implementing a quantitative liquidity requirement consistent with the LCR standard established by BCBS.

The proposed rule will apply to the following organizations:

- » All internationally active banking organizations. Generally, BHCs, certain SLHCs, and depository institutions with more than \$250 billion in total assets or more than \$10 billion in on-balance sheet foreign exposure, and to their consolidated subsidiaries that are depository institutions with \$10 billion or more in total consolidated assets
- » Companies designated for supervision by the Board by the FSOC under section 113 of the Dodd-Frank Act (DFA) that do not have significant insurance operations, and to their consolidated subsidiaries that are depository institutions with \$10 billion or more in total consolidated assets

FED is also proposing, on its own, a modified LCR standard that is based on a 21-calendar-day stress scenario rather than a 30-calendar-day stress scenario for BHCs and SLHCs without significant insurance or commercial operations that each has \$50 billion or more in total consolidated assets. The rule is generally consistent with the Basel Committee's LCR standard, with these exceptions:

- » Its proposed transition period is shorter than the transition period included in the Basel agreement
- » It is more stringent in several areas, including the range of assets that will qualify as HQLA and the assumed rate of outflows of certain kinds of funding

Comments Due Date: January 31, 2014

Effective Date: Transition begins January 01, 2015 (with full compliance by January 01, 2017)

First Reporting Date: N/A

Links:

Press Release: <http://www.federalreserve.gov/newsevents/press/bcreg/20131024a.htm>

Proposed Rule: <http://www.federalreserve.gov/aboutthefed/boardmeetings/FR-notice-lcr-20131024.pdf>

Keywords: Liquidity Risk, LCR, Basel III

### Annual Stress Test Reporting Template and Documentation for Covered Banks with Consolidated Assets of \$10 to \$50 Billion

- FDIC

October 24, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

FDIC issued a notice describing the reports and information required to meet the reporting requirements under Section 165(i)(2) of the DFA for covered banks with consolidated assets of \$10 billion to \$50 billion.

The data collected through these templates will be used to assess the reasonableness of the covered bank's stress-test results and provide forward-looking information to the FDIC regarding a covered bank's capital adequacy. The covered banks with consolidated assets of \$10 billion to \$50 billion must report capital and risk-weighted assets for the entire nine-quarter planning horizon, using the regulatory capital rules applicable on the "as of" date of each report for the initial submission.

FDIC coordinated with FED and OCC to develop templates for the reports, which all covered institutions are required to complete and submit electronically through Reporting Central, the FED's electronic reports submission application.

Comments Due Date: November 25, 2013

Effective Date: March 31, 2014 (using financial information as of September 30, 2013)

First Reporting Date: N/A

Links:

Federal Register Notice: <http://www.gpo.gov/fdsys/pkg/FR-2013-10-24/pdf/2013-25015.pdf>

Financial Institution Letter: <http://www.fdic.gov/news/news/financial/2013/fil13049.html>

Instructions for Preparation: [http://www.fdic.gov/regulations/laws/federal/2013/2013-10-15\\_notice.pdf](http://www.fdic.gov/regulations/laws/federal/2013/2013-10-15_notice.pdf)

Reporting Central: <http://www.frbervices.org/centralbank/reportingcentral>

Keywords: Dodd-Frank Act, DFAST, Stress Testing, DFAST 10-50, Regulatory Reporting

**Company-run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Consolidated Assets of \$10 to \$50 Billion**

- OCC

October 22, 2013

Type of Information: Regulation

Regulatory Status: Proposed Rule

OCC published the proposed reporting requirements for company-run annual stress tests for covered institutions with consolidated assets of \$10 billion to \$50 billion, under Section 165(i)(2) of the DFA.

The agency has proposed two separate reporting templates:

- » DFAST 10-50, for covered institutions with consolidated assets of \$10 billion to \$50 billion
- » DFAST 14A, for covered institutions with consolidated assets of \$50 billion or more

Although general reporting categories are the same (income statement, balance sheet, and capital), the level of granularity for individual reporting items is less for institutions with consolidated assets of \$10 billion to \$50 billion. For instance:

- » For commercial and industrial lending, fewer details are required
- » Accounting for provisions by category is not required
- » Supplemental schedules on areas such as retail balances, securities and trading, operational risk, and pre-provision net revenue, are not required

OCC has worked closely with the FED and FDIC to make the agencies' respective rules consistent and comparable, to minimize duplication of effort, and to allow for a unified results submission process.

Comments Due Date: November 21, 2013

Effective Date: N/A

First Reporting Date: N/A

Links:

Federal Register Notice: <http://www.gpo.gov/fdsys/pkg/FR-2013-10-22/pdf/2013-24721.pdf>

Reporting Templates: <http://www.occ.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>

Keywords: Dodd-Frank Act, DFAST, DFAST 14A, DFAST 10-50, Regulatory Reporting

**Remarks on Strategy Under Dodd-Frank Act for Resolution of Large, Systemically Important Financial Institutions**

- FDIC

October 13, 2013

Type of Information: Speech

Martin J. Gruenberg, Chairman of FDIC, addressed the Volcker Alliance Program and spoke about FDIC's progress in developing a resolution strategy for large, systemically important financial institutions (SIFIs).

He spoke on the following issues:

- » Progress toward international cooperation and coordination
- » FDIC and BOE's draft common approach to SIFI resolution
- » Development of joint papers with FINMA (Switzerland) and BAFIN (Germany)
- » Establishment of FDIC and EC joint working group to focus on resolution and deposit insurance issues
- » Work on memorandum of understanding with Japan and China on resolution cooperation

His key statements included the following:

- » "Title I of the Act [DFA] requires all bank holding companies with assets over \$50 billion, as well as non-bank financial companies designated as systemic...to prepare resolution plans, or 'living wills.'"
- » "Title II of the Act provides the FDIC with a back-up authority to place a failing SIFI, including a consolidated [BHC or NBFC] deemed to pose a risk to the financial system, into an FDIC receivership, should an orderly resolution under the Bankruptcy Code not be possible."
- » "The Resolution Steering Group of the FSB... [which] developed the first international standards for cross-border resolution, the Key Attributes of Effective Resolution Regimes... is now in the process of developing a methodology for their implementation."

Link: <http://www.fdic.gov/news/news/speeches/spoct1313.pdf>

Keywords: Dodd-Frank Act, G-SIFI, Recovery and Resolution Plan

### Final Rule on Risk-based and Leverage Capital Requirements for Banking Organizations

- FED/OCC

October 11, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

This final rule of OCC and FED revises their risk-based and leverage capital requirements for banking organizations. The rule consolidates the following three separate notices of proposed rulemaking that the OCC, FED, and FDIC published in the Federal Register on August 30, 2012, with selected changes:

- » The Basel III Notice of Proposed Rulemaking
- » The Standardized Approach Notice of Proposed Rulemaking
- » The Advanced Approaches Notice of Proposed Rulemaking

The final rule:

- » Implements a revised definition of regulatory capital, a new common equity tier 1 minimum capital requirement, a higher minimum tier 1 capital requirement, and a supplementary leverage ratio for advanced approaches banks
- » Incorporates these new requirements into the agencies' prompt corrective action (PCA) framework
- » Amends methodologies for determining risk-weighted assets for all banking organizations
- » Introduces disclosure requirements for top-tier banking organizations domiciled in the United States with \$50 billion or more in total assets
- » Adopts changes to the agencies' regulatory capital requirements that also meet requirements of sections 171 and 939A of the DFA
- » Codifies the agencies' regulatory capital rules into a harmonized integrated regulatory framework

Comments Due Date: N/A

Effective Date: January 01, 2014 for advanced approaches banks that are not SLHCs  
January 01, 2015 for other covered banking organizations

First Reporting Date: N/A

Link: <http://www.gpo.gov/fdsys/pkg/FR-2013-10-11/pdf/2013-21653.pdf>

Keywords: Basel III, Dodd-Frank Act

### Bank Accounting Advisory Series: September 2013 Edition

- OCC

October 10, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

OCC published the September 2013 edition of the Bank Accounting Advisory Series, which expresses the current views on accounting topics relevant to national banks and federal savings associations.

The report contains OCC's interpretations of generally accepted accounting principles and regulatory guidance based on the facts and circumstances presented. This edition:

- » Incorporates FASB updates that have become effective through September 2013
- » Fine-tunes some existing entries, as a part of the annual review process
- » Does not include any new or revised questions to reflect (Basel III) changes in the new regulatory capital rule

Link: <http://www.occ.gov/publications/publications-by-type/other-publications-reports/baas.pdf>

Keyword: Accounting

### Managing Sensitivity to Market Risk in a Challenging Interest Rate Environment

- FDIC

October 08, 2013

Type of Information:  
Statement

FDIC published a financial institution letter emphasizing the importance of prudent interest-rate-risk oversight and risk-management processes in FDIC-supervised institutions to ensure that these institutions are prepared for a period of rising interest rates.

The letter highlighted the importance of developing a comprehensive asset-liability and interest-rate risk management program. It stated that interest-rate risk management should be viewed as an ongoing process requiring effective measurement and monitoring, clear communication of modeling results, conformance with policy limits, and appropriate steps to mitigate risk.

The letter applies to all FDIC-supervised banks and savings associations, including community institutions with total assets of less than \$1 billion.

Link: <http://www.fdic.gov/news/news/financial/2013/fil13046.pdf>

Keywords: Market Risk, Interest Rate Risk

### Public Sections of the Annual Resolution Plans

- U.S. Agencies

October 03, 2013

Type of Information: Regulation

Regulatory Status: Monitoring

FDIC and the FED released the public sections of the recently filed annual resolution plans for 11 firms. Each plan must describe the company's strategy for rapid and orderly resolution in the event of material financial distress or failure of the company.

The DFA requires that BHCs with total consolidated assets of \$50 billion or more and nonbank financial companies designated by the FSOC submit resolution plans.

As per regulation, resolution plans must be divided into a public section and a confidential section. The public sections of the plans are available on the FDIC and Board websites and can be sorted on submission date.

Links:

Press Release: <http://www.federalreserve.gov/newsevents/press/bcreg/20131003a.htm>

Public Sections – FDIC : <http://www.fdic.gov/regulations/reform/resplans/index.html>

Public Sections – FED: <http://www.federalreserve.gov/bankinforeg/resolution-plans.htm>

Keywords: Dodd-Frank Act, Recovery and Resolution Plan

### Current Technical Plan for 2013–2014: Joint FASB/IASB Projects

- FASB

October 02, 2013

Type of Information: Report

FASB published updates on the technical plan for 2013–2014 for the joint projects of FASB and IASB, including the updates for:

- » Insurance Contracts
- » Accounting for Financial Instruments

Classification and Measurement, along with Impairment, are expected to be finalized in H1 2014.

Link: <http://www.fasb.org/cs/ContentServer?c=Page&pagename=FASB%2FPage%2FSectionPage&cid=1218220137074>

Keywords: Accounting, Insurance

### Application of the Revised Capital Framework to the Capital Plan and Stress Test Rules: Regulations Y and YY

- FED

September 30, 2013

Type of Information: Regulation

Regulatory Status: Interim Final Rule

FED issued an interim final rule that amends the capital plan and stress test rules. In addition, the rule now requires a BHC with total consolidated assets of \$50 billion or more to estimate its tier 1 common ratio using the methodology currently in effect in 2013 under the existing capital guidelines (not the rules as revised on July 2, 2013). The rule also clarifies when a banking organization will estimate its minimum regulatory capital ratios using the advanced approaches for a given capital plan and stress test cycle.

The rule makes minor, technical changes to the capital plan rule to reflect the Board's current practice of publicly disclosing its decision to object or not object to a BHC's capital plan, along with a summary of the Board's analyses of that company. The rule provides that any disclosure will occur by March 31 of each calendar year, unless the Board specifies another date.

The board seeks comments on all aspects of the rule, particularly the following:

- » What, if any, additional transitional arrangements should the Board consider for future capital plan and stress test cycles?
- » What, if any, modifications should be made to the advanced approaches notification date?

Comments Due Date: November 25, 2013

Effective Date: September 30, 2013 (Next CCARs Q4 2013 through Q4 2015)

First Reporting Date: N/A

Link: <http://www.gpo.gov/fdsys/pkg/FR-2013-09-30/pdf/2013-23618.pdf>

Keywords: Dodd-Frank Act, CCAR

**Office of Management and Budget's Supporting Statement for the Annual Company-Run Stress-Test Projections (Agency Form FR Y-16)**

- FED

September 30, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

Under delegated authority from the Office of Management and Budget (OMB), the FED proposed implementation of a reporting form (FR Y-16; OMB No. 7100-0356) to collect data on the annual company-run stress-test projections. This proposed information collection is required under Section 165(i)(2) of the DFA and the Federal Reserve's final rule on annual company-run stress, published in the Federal Register on October 12, 2012 (77 FR 62396).

The respondent panel will include BHCs or SLHCs with average consolidated assets of between \$10 billion and \$50 billion, and any affiliated or unaffiliated state member bank (SMB) with average consolidated assets of between \$10 billion and \$50 billion, excluding SMB subsidiaries of covered companies. The initial respondent panel of "other financial companies" is expected to include 43 BHCs, eight SLHCs, and 11 SMBs. Respondents will be required to submit data by March 31 each year based on financial data as of September 30 of the prior year.

Banking agencies are committed to developing their own similar (if not identical) reporting templates for the institutions they supervise, with each agency planning to publish its own proposal in the Federal Register. The proposed annual FR Y-16 reporting form will collect data through three primary schedules:

- » Results Schedule (includes quantitative results of stress tests under the baseline, adverse, and severely adverse scenarios for each quarter of the planning horizon)
- » Scenario Variables Schedule
- » Contact Information Schedule

Comments Due Date: N/A

Effective Date: N/A

First Reporting Date: March 31, 2014

Links:

OMB Supporting Statement: [http://www.federalreserve.gov/reportforms/formsreview/FRY16\\_20130930\\_omb.pdf](http://www.federalreserve.gov/reportforms/formsreview/FRY16_20130930_omb.pdf)

Final Federal Register Notice: [http://www.federalreserve.gov/reportforms/formsreview/FRY16\\_20130930\\_ffr.pdf](http://www.federalreserve.gov/reportforms/formsreview/FRY16_20130930_ffr.pdf)

FR Y-16: [http://www.federalreserve.gov/reportforms/formsreview/FRY16\\_20130930\\_f.pdf](http://www.federalreserve.gov/reportforms/formsreview/FRY16_20130930_f.pdf)

Reporting Guidelines: [http://www.federalreserve.gov/reportforms/formsreview/FRY16\\_20130930\\_i.pdf](http://www.federalreserve.gov/reportforms/formsreview/FRY16_20130930_i.pdf)

Keywords: DFA, FRY-16, Regulatory Reporting

**Capital Assessments and Stress Testing Information Collection (Agency Forms FR Y-14A/Q/M)**

- FED

September 30, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

On June 25, 2013 the FED published a notice in the Federal Register (78 FR 38033) requesting public comment for 60 days to extend, with revision, the FR Y-14 information collection for September 30, 2013. The FED is extending the comment period on credit-score-related items for an additional 60 days from the publication of this Federal Register notice. This extension allows them to collect additional information regarding the use of credit scores and to further refine a response to this comment, which minimizes burden to respondents.

Seventeen substantive comments were received and addressed. Specifically, the FED has removed the requirement to submit or map to FICO scores in the schedules effective with data as of October 31, 2013. Beginning with the data as of October 31, 2013, for the FR Y-14M, and December 31, 2013, for the FR Y-14Q, respondents will have the option to continue reporting credit score items as in prior submissions, or to begin submitting other credit scores with sufficient supporting documentation describing the reported credit score.

Comments Due Date: November 29, 2013

Effective Date: March 31, 2014

Final Reporting Date: N/A

Links:

FederalRegisterNotice:

[http://www.federalreserve.gov/reportforms/formsreview/FRY14A\\_FRY14M\\_FRY14Q\\_20130930\\_ffr.pdf](http://www.federalreserve.gov/reportforms/formsreview/FRY14A_FRY14M_FRY14Q_20130930_ffr.pdf);

FormandInstructionsforFRY-14A:

<http://www.federalreserve.gov/apps/reportforms/reportdetail.aspx?sOoYJ+5BzDa2AwLR/gLe5DPhQFttuq/4>

InstructionsforFRY-14M:

<http://www.federalreserve.gov/apps/reportforms/reportdetail.aspx?sOoYJ+5BzDYnblw+U9pka3sMtCMopzoV>

InstructionsforFRY-14Q:

<http://www.federalreserve.gov/apps/reportforms/reportdetail.aspx?sOoYJ+5BzDZGwNsSjRJKDwRxOb5Kb1hL>

Keywords: CCAR, FRY-14, Regulatory Reporting

## Brazil

### Key Developments

#### **Brazil: 2013 Article IV Consultation and Selected Issues**

- IMF

October 23, 2013

Type of Information: Report

In context of the 2013 Article IV consultation with Brazil, IMF has released a report on Brazil.

The report concluded that Brazilian banks have progressed well toward implementation of Basel III in line or ahead of the international calendar. Authorities estimate that, over the medium term, the implementation will require additional capital for only a few banks. Implementation of new measures is expected to facilitate this process, including a revised law clarifying the status of deferred tax assets as direct claims on the government, enabling their inclusion in common equity tier 1 capital.

IMF also released a report on the selected issues in the country, which covers the following:

- » Macro-prudential policy measures
- » Challenges in implementing risk-weights on real estate loans
- » As additional macro-prudential tools, explicit limits on LTV and DTI ratios, calibrated across housing cycles

Links:

Report on Brazil: <http://www.imf.org/external/pubs/ft/scr/2013/cr13312.pdf>

Selected Issues Report: <http://www.imf.org/external/pubs/ft/scr/2013/cr13313.pdf>

Keywords: Basel III, FSAP, Macro Prudential Policy

## Asia Pacific

### China

### Key Developments

#### **Measures for Commercial Bank Liquidity Risk Management**

-CBRC

October 11, 2013

Type of Information: Regulation

Regulatory Status: Proposed Rule

CBRC has drafted an approach for liquidity risk management by commercial banks. This approach applies to the commercial banks, foreign-owned banks, and joint venture banks established in the People's Republic of China.

These measures are intended to further strengthen the liquidity risk management, maintenance, and safety and soundness of the banking system. The report addresses the following basic elements, which, according to the CBRC, should be part of the liquidity risk management system:

- » Effective liquidity risk management governance structure
- » Sound liquidity risk management strategies, policies, and procedures
- » Effective liquidity risk identification, measurement, monitoring, and control
- » Completeness of management information systems

Comments Due Date: November 11, 2013

Effective Date: January 01, 2014

Final Reporting Date: N/A

Keywords: Basel III, Liquidity Risk, LCR

## Hong Kong

### Key Developments

#### Approach for Recognition of External Credit Assessment Institutions

-HKMA

September 30, 2013

Type of Information:  
Regulation

Regulatory Status: Final  
Rule

HKMA has published a paper outlining its approach for recognition of external credit assessment institutions (ECAIs) for the purpose of the Banking (Capital) Rules, which guide implementation of the Basel capital framework in Hong Kong.

The approach draws on the current practices of certain international credit rating agencies, the relevant policy proposals of BCBS and other supervisory authorities, and the revised Code of Conduct Fundamentals for credit rating agencies (IOSCO CRA Code), issued by IOSCO in May 2008. The paper also covers the following:

- » Interpretation and application of the criteria for assessing whether an ECAI is eligible
- » Approach for mapping ECAIs' credit assessments to risk weights under the standardized (credit risk) approach, the standardized (securitization) approach, and the ratings-based method for securitization exposures
- » Application process and information required to support an application for recognition
- » Guidelines applicable to authorized institutions (AIs) regarding the nomination of ECAIs for determining risk-weights of AIs' exposures

Link: [hkma.gov.hk/media/eng/doc/key-functions/banking-stability/basel3/Recognition\\_of\\_External\\_Credit\\_Assessment\\_Institutions\(Revised\).pdf](http://hkma.gov.hk/media/eng/doc/key-functions/banking-stability/basel3/Recognition_of_External_Credit_Assessment_Institutions(Revised).pdf)  
Keywords: Basel III, CRA

## Singapore

### Key Developments

#### Amendments to Disclosure and Submission Requirements for Assessing G-SIBs and Point of Non-Viability Requirements

-MAS

October 04, 2013

Type of Information:  
Regulation

Regulatory Status:  
Proposed Rule

MAS released a consultation paper proposing amendments to the MAS Notice 637, incorporating disclosure and submission requirements for assessing G-SIBs.

The proposed requirements will allow BCBS to assess the systemic importance of Singapore-incorporated banks. It will require the banks to meet certain criteria to:

- » Make publicly available the 12 indicators used in BCBS assessment methodology for identifying G-SIBs
- » Submit to MAS the full set of data required by the BCBS data collection exercise to assess systemic importance of banks at a global level

Where a reporting bank has a leverage ratio exposure measure exceeding EUR 200 billion or has been designated by the BCBS as a G-SIB in the preceding financial year, the reporting bank shall disclose the indicators set out in Annexure 11A-A.

Comments Due Date: November 04, 2013

Effective Date: January 01, 2014

First Reporting Date: N/A

Links:

PressRelease: [mas.gov.sg/News-and-Publications/Consultation-Paper/2013/Consultation-Paper-on-Proposed-Amendments-to-MAS-Notice-637.aspx](http://mas.gov.sg/News-and-Publications/Consultation-Paper/2013/Consultation-Paper-on-Proposed-Amendments-to-MAS-Notice-637.aspx)

Proposed Rule:

[mas.gov.sg/~media/resource/publications/consult\\_papers/2013/4%20Oct%202013%20Consultation%20paper%20on%20Proposed%20Amendments%20to%20MAS%20Notice%20637.pdf](http://mas.gov.sg/~media/resource/publications/consult_papers/2013/4%20Oct%202013%20Consultation%20paper%20on%20Proposed%20Amendments%20to%20MAS%20Notice%20637.pdf)

Keywords: Basel III, G-SIB, Regulatory Reporting

## Glossary

AQR	Asset Quality Review
BCBS	Basel Committee for Banking Supervision
BOE	Bank of England
CBRC	China Banking Regulatory Commission
CCAR	U.S. Comprehensive Capital Analysis and Review
CCP	Central Counterparty
CPSS	Committee on Payment and Settlement Systems
COREP	EU Basel regulatory reports
CRD IV	EU Capital Requirements Directive IV
CRA	Credit Rating Agency
CRR	Capital Requirements Regulation
DFAST	U.S. Dodd-Frank Act Stress Test
DGI	Data Gaps Initiative
EBA	European Banking Authority
ECB	European Central Bank
ESMA	European Securities and Monetary Authority
FASB	Financial Accounting Standards Board
FCA	Financial Conduct Authority
FED	Board of Governors of the Federal Reserve System
FSOC	Financial Stability Oversight Council
FDIC	Federal Deposit Insurance Corporation
FDSF	UK Firm Data Submission Framework
FINREP	EU Financial Reports
FINMA	Swiss Financial Market Supervisory Authority
FMI	Financial Markets Infrastructure
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
G20	Group of 20
GFSR	Global Financial Stability Report
G-SIB	Global Systemically Important Bank
G-SIFI	Global Systemically Important Financial Institutions
HKMA	Hong Kong Monetary Authority
IFSB	Islamic Financial Services Board
IOSCO	International Organization of Securities Commissions
IMF	International Monetary Fund
ITS	Implementing Technical Standards
KRI	Key Risk Indicator
LCR	Liquidity Coverage Ratio
LEI	Legal Entity Identifier
LEIROC	Legal Entity Identifier Regulatory Oversight Committee
MAS	Monetary Authority of Singapore
NSFR	Net Stable Funding Ratio
OCC	Office of the Comptroller of the Currency
OFR	Office of Financial Research
PRA	UK Prudential Authority
RCAP	Regulatory Consistency Assessment Program
RTS	Regulatory Technical Standards
SFA	Supervisory Formula Approach
SNB	Swiss National Bank
SRP	Supervisory Review Process
SSM	EU Single Supervisory Mechanism
QIS	Quantitative Impact Study

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