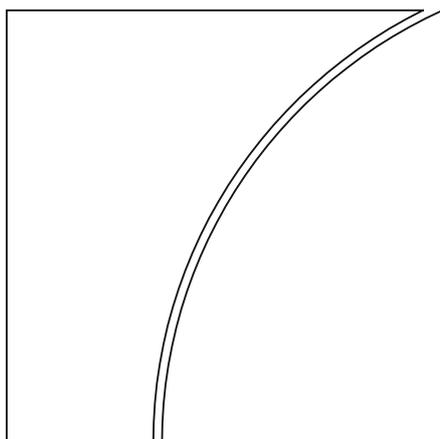


Basel Committee on Banking Supervision



Progress report on implementation of the Basel regulatory framework

April 2014



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Progress report on implementation of the Basel regulatory framework

Introduction

This report sets out the adoption status of Basel II, Basel 2.5 and Basel III regulations for each Basel Committee¹ member jurisdiction as of end-March 2014. It updates the Committee's previous progress reports published on semi-annual frequency since October 2011.² In addition, the report contains an overview of recently completed assessments on the consistency of domestic capital regulations with respect to the Basel III standards.

In 2012, the Basel Committee started the Regulatory Consistency Assessment Programme (RCAP) to monitor progress in introducing regulations, assess their consistency and analyse regulatory outcomes.³ As part of this programme, the Committee periodically monitors the adoption status of the risk-based capital requirements, the requirements for global and domestic systemically important banks, the Liquidity Coverage Ratio (LCR) and the leverage ratio by the Committee member jurisdictions. For jurisdictions that are not members of the Committee, the Financial Stability Institute of the Bank for International Settlements published the results of its survey on Basel III's adoption status in July 2013.⁴

Regarding the consistency of implementation, the Committee recently published the assessment reports on Australia, Brazil and China regarding their implementation of Basel III risk-based capital regulations, following similar assessments of Switzerland, Singapore and Japan, and preliminary assessments of the European Union and the United States (see Annex 1). The reports are available on the website of the Bank for International Settlements.⁵ Currently, assessments of Canada, the European Union and the United States are under way, and assessments of Hong Kong and Mexico will begin in the course of 2014.

Regarding the analysis of regulatory outcomes, the Committee published its second report on the measurement of risk-weighted assets in the trading book in December 2013. A report on the risk-weighting of banking book assets was published in July 2013.⁶

¹ The Basel Committee on Banking Supervision consists of senior representatives of bank supervisory authorities and central banks from Argentina, Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Indonesia, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The Committee's governing body is the Group of Central Bank Governors and Heads of Supervision, which comprises central bank governors and (non-central bank) heads of supervision from member countries. The Committee usually meets at the Bank for International Settlements (BIS) in Basel, Switzerland, where its permanent Secretariat is located.

² Previous progress reports are available at www.bis.org/bcbs/implementation/bpr11.htm.

³ See Basel Committee on Banking Supervision, *Basel III Regulatory Consistency Assessment Programme*, October 2013, www.bis.org/publ/bcbs264.htm.

⁴ See *FSI Survey - Basel II, 2.5 and III Implementation*, July 2013, www.bis.org/fsi/fsiop2013.htm.

⁵ The assessment reports are available at www.bis.org/bcbs/implementation/l2.htm.

⁶ The reports are available at www.bis.org/bcbs/implementation/l3.htm.

Status of adoption of Basel III standards

Scope

The Basel III framework builds on and enhances the regulatory framework set out under Basel II and Basel 2.5. The table attached here therefore reviews members' regulatory adoption of Basel II, Basel 2.5 and Basel III.

- Basel II, which improved the measurement of credit risk and included capture of operational risk, was released in 2004 and was due to be implemented from year-end 2006.⁷ The Framework consists of three pillars: Pillar 1 contains the minimum capital requirements; Pillar 2 sets out the supervisory review process; and Pillar 3 corresponds to market discipline.
- Basel 2.5, agreed in July 2009, enhanced the measurements of risks related to securitisation and trading book exposures.⁸ Basel 2.5 was due to be implemented no later than 31 December 2011.
- In December 2010, the Committee released Basel III, which set higher levels for capital requirements⁹ and introduced a new global liquidity framework.¹⁰ Committee members agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements.
- In November 2011, the Committee published the rules text that sets out the framework on the assessment methodology for global systemic importance and the magnitude of additional loss absorbency that global systemically important banks (G-SIBs) should have. The requirements will be introduced on 1 January 2016 and become fully effective on 1 January 2019. To enable their timely implementation, national jurisdictions agreed to implement by 1 January 2014 the official regulations/legislations that establish the reporting and disclosure requirements.
- In January 2013, the Basel Committee issued the full text of the revised Liquidity Coverage Ratio (LCR). The LCR underpins the short-term resilience of a bank's liquidity risk profile. The LCR will be introduced as planned on 1 January 2015 and will be subject to a transitional arrangement before reaching full implementation on 1 January 2019.
- In January 2014, the Basel Committee issued the final text of the Basel III leverage ratio framework and disclosure requirements following endorsement by its governing body, the Group of Central Bank Governors and Heads of Supervision (GHOS). Implementation of the leverage ratio requirements has begun with bank-level reporting to national supervisors of the leverage ratio and its components, and will proceed with public disclosure starting 1 January 2015.
- In January 2014, the Basel Committee issued proposed revisions to the Basel framework's Net Stable Funding Ratio (NSFR). In line with the timeline specified in the 2010 publication of the liquidity risk framework, it remains the Committee's intention that the NSFR, including any revisions, will become a minimum standard by 1 January 2018.

⁷ *International convergence of capital measurement and capital standards*, June 2006, www.bis.org/publ/bcbs128.htm.

⁸ *Enhancements to the Basel II framework*, July 2009, www.bis.org/publ/bcbs157.htm.

⁹ Basel III capital standard: *Basel III: A global regulatory framework for more resilient banks and banking systems*, June 2011, www.bis.org/publ/bcbs189.htm.

¹⁰ Basel III liquidity standard: *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*, January 2013, www.bis.org/publ/bcbs238.htm.

Methodology

The data contained in the following table are based on responses from Basel Committee member jurisdictions. The following classification is used for the adoption status of Basel regulatory rules:

1. Draft regulation not published: no draft law, regulation or other official document has been made public to detail the planned content of the domestic regulatory rules. This status includes cases where a jurisdiction has communicated high-level information about its implementation plans but not detailed rules.
2. Draft regulation published: a draft law, regulation or other official document is already publicly available, for example, for public consultation or legislative deliberations. The content of the document has to be specific enough to be implemented when adopted.
3. Final rule published: the domestic legal or regulatory framework has been finalised and approved but is still not applicable to banks.
4. Final rule in force: the domestic legal and regulatory framework is already applied to banks.

In order to support and supplement the status reported, summary information about the next steps and the implementation plans being considered by members are also provided for each jurisdiction.¹¹ In addition to the status classification, a colour code is used to indicate the implementation status of each jurisdiction.¹²

¹¹ Links to domestic implementation documents are available at the website of the Basel Committee: www.bis.org/publ/bcbs/b3prog_dom_impl.htm.

¹² **Green** = implementation completed; **Yellow** = implementation in process; **Red** = no implementation.

Overview table

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
Argentina	4	4, 1	4	4, 1	4, 1	1
	Final Pillar 3 rules came into force on 31 December 2013. Final rules for Pillar 1 credit risk and Pillar 2 came into force on 1 January 2013.	(4) Enhancements to the Basel II framework (July 2009): rules relating to securitisation came into force on 1 January 2013. (1) Revisions to the Basel II market risk framework (July 2009): market risk amendments to reflect Basel 2.5 are considered a lower priority given the limited activity in Argentina.	Final Pillar 3 rules came into force on 31 December 2013. Final rules for Pillars 1 and 2 came into force on 1 January 2013.	(4) Methodology for assessing banks' domestic importance already published. ¹³ (1) The higher loss absorbency requirement is expected to be published soon.	(4) Final rule for the supervisory reporting requirement published on 8 November 2013, in effect from 31 March 2014. ¹⁴ (1) Haircuts, caps on inflows and run-off rates within the ranges established in Basel III are expected to be published before 1 January 2015.	
Australia	4	4	4	3, 1	4	1
				(3) APRA has issued a D-SIB framework in December 2013, which requires the four identified D-SIBs to hold an additional	Final prudential standards were issued in December 2013 and in force. The suite of final reporting standards	The draft standards for the leverage and related disclosure requirements are expected to be published prior to June 2014.

¹³ See www.bcra.gov.ar/pdfs/marco/D_SIBs.pdf and www.bcra.gov.ar/pdfs/marco/D_SIBs_i.pdf.

¹⁴ See www.bcra.gov.ar/pdfs/comytexord/A5494.pdf and www.bcra.gov.ar/pdfs/comytexord/A5513.pdf.

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
				1 per cent in CET1 to meet Higher Loss Absorbency Capital requirements, effective from 1 January 2016. (1) No Australian bank is on the current list of G-SIBs, although four Australian banks fall under public G-SIB disclosure requirements. The draft standard for public G-SIB disclosures is expected to be released prior to June 2014.	and forms and instructions will be issued in March 2014.	
Brazil	4	4	4	1	1	1
				G-SIB disclosure requirements are expected to be issued in the 2Q 2014. D-SIB higher loss absorbency requirements are expected to be issued in the second half of 2014.	Draft regulation is expected to be issued in the 2Q 2014.	Draft regulation is expected to be issued in the 2Q 2014.
Canada	4	4	4	3, 4	2	1
			Requiring banks to meet an "all-in" basis – thereby meeting 2019 capital levels but	(3) Capital rules take effect in January 2016 (4) Final rules issued and additional	Public consultation complete – final guidance to be released in April 2014.	OSFI to retain current Asset-to-Capital Multiple until implementation. Draft guidance to be

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			phasing out non-qualifying capital instruments. ¹⁵	supervisory expectations and disclosure obligations in effect.		released in April 2014 that aligns domestic and international metrics.
China	4	4	4	4, 1	4	4, 1
				(4) D-SIB surcharge of 1% has been applied to the five largest Chinese banks since 2010. (1) The CBRC is reviewing the specific D-SIB supervisory framework.	<i>The Rule on Liquidity Risk Management of Commercial Banks</i> incorporates the domestic LCR requirement, which is consistent with the 2013 Basel III LCR standard and adopts the same phase-in period as well. <i>The Rule</i> (in Chinese) is published on CBRC's website on 19 Feb 2014. <i>The Rule</i> , together with the LCR requirement, has been in effect since 1 March 2014.	(4) A domestic leverage ratio requirement of 4% under Basel III framework has been in effect since 2012. (1) The CBRC will update the leverage ratio requirement within 2014 to adopt the revisions approved by the January GHOS.
Hong Kong SAR	4	4	4	1	2	1
			Final rules on minimum capital standards and	Rules on G-SIB / D-SIB requirements expected	Undertaking industry consultation on	Rules on disclosure of leverage ratio expected

¹⁵ Final rules for the credit valuation adjustment (CVA) issued on 10 December 2012 will come into force on 1 January 2014.

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			associated disclosure requirements took effect on 1 January 2013 and 30 June 2013, respectively. Rules on capital buffers expected to be issued in 2014.	to be issued in 2014 (in conjunction with rules on capital buffers). Began industry consultation on the proposed D-SIB framework in Hong Kong in Q1 2014.	implementation of LCR. Rules on LCR expected to be issued in 2014.	to be issued in 2014.
India	4	4	4	2, 4	2	2
			Final rules for the credit valuation adjustment (CVA) issued for implementation from 1 April 2014.	(2) Draft framework for dealing with D-SIBs published in December 2013. Final guidelines will be issued shortly. (4) There is no Indian bank in the list of G-SIBs. One Indian bank included in the sample of global banks for identification of G-SIBs has been issued instructions to make disclosures starting from the financial year ended March 31, 2014.	Draft guidelines issued in February 2012. Final guidelines on LCR are being formulated.	Guidelines issued in May 2012. Leverage Ratio is monitored quarterly with effect from June 2013 at a minimum of 4.5% on the basis of rules published in Basel III text on December 16, 2010. Revised guidelines incorporating amendments to leverage ratio framework and disclosure requirements proposed by the Basel Committee in January 2014 will be issued before December 2014.
Indonesia	4	2	4	2	1	2
		Basel 2.5 consultative paper has been issued in 2013 to seek the industry's comments despite the fact that securitisation exposures	Regulation on Basel III capital was issued in 2013 and has been effectively implemented starting January 2014.	Application of capital surcharge to D-SIBs has been stipulated in Basel III capital framework issued in 2013 and is planned to be imposed	The Indonesian authorities will issue a consultative document on LCR regulation in Q4-2014.	Proposed regulation on Leverage Ratio discussed in Basel III consultative paper was released in June 2012. The proposed Leverage Ratio

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
		are insignificant and prospects remain highly subdued for any material issuance. Furthermore, currently no bank adopts internal model approach for market risks.		starting January 2016. BI has developed a draft methodology of D-SIB framework in 2013. The final draft of methodology was not published but the methodology has been shared with relevant authorities. The Indonesian authorities will coordinate to discuss further follow up on D-SIB framework. A separate regulation will be issued to govern details of D-SIB framework such as an overview of a methodology to designate D-SIBs, details application of capital surcharge, etc		regulation in this consultative paper will be revised later in 2014 to align the proposed regulation with the 2014 Leverage Ratio framework.
Japan	4	4	4, 1	4, 1, 1	1	1
			(1) Rules covering capital conservation buffer and the countercyclical buffer not yet issued. Draft regulations expected in 2014/15.	(4) Rules requiring public disclosure of 12 indicators for assessing G-SIBs have been finalised and implemented. (1) Rules covering higher loss absorbency requirement for G-SIBs		

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
				not yet issued. Draft regulations expected in 2014/15. (1) Methodology of identifying D-SIBs and rules covering higher loss absorbency requirement for D-SIBs not yet finalised and issued. Draft regulations expected in 2014/15.		
Korea	4	4	4	4, 1	1	1
			Final rules on minimum capital standards and associated disclosure requirements took effect on 1 December 2013 and 31 December 2013, respectively	(4) Rules requiring public disclosure of 12 indicators for assessing G-SIBs have been finalized and implemented in December 2013. (1) D-SIB framework is currently being developed and not yet finalized.		
Mexico	4	4, 1	4, 1	1	1	1
		(1) Other than the Pillar 2 provisions, which have been partially implemented, the remaining aspects will be implemented in 2014.	(1) Rules on banks' exposure to central counterparties (CCPs) not yet issued.			
Russia	4, 2, 1	4, 1	4, 3, 1	4	2	2

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
	<p>(4) Simplified standardised approach for credit risk, simplified approach for market risk and the Basic Indicator Approach for operational risk implemented. Regulations on Pillar 3 information disclosure are in force starting from January 2014.</p> <p>(2) Draft regulation implementing IRB-approach for Pillar 1 credit risk capital requirements published in February 2014. Final rule is planned to be published in the first half of 2014.</p> <p>(1) ICAAP recommendations are implemented. Draft regulations for Pillar 2 are being developed. They are planned to be published during 2014.</p>	<p>(4) Regulations on Pillar 3 information disclosure are in force starting from 2014. Final regulation on the revised standardised approach for market risk in force since 1 February 2013.</p> <p>(1) ICAAP recommendations are implemented. Draft regulations for Pillar 2 are planned to be published during 2014.</p>	<p>(4) Regulation on capital definition and capital adequacy ratios implemented with effect from 1 January 2014.</p> <p>(3) Rules for CVA capital charge (under the standardised approach) published in November 2013. Starting from February 2014 Russian banks provide data on CVA to the Bank of Russia for monitoring purposes only. CVA capital charge to come in force as a prudential requirement starting from October 2014.</p> <p>(1) Rules on capital buffers not issued yet.</p>	<p>Regulation on methodology of identifying D-SIBs is in force starting from February 2014.</p>	<p>Draft regulation for LCR and reporting form on LCR were published for public consultation in January 2014.</p>	<p>Draft regulation on leverage ratio published in July 2013 with the parallel run period commenced in 3Q 2013.</p>
Saudi Arabia	4	4	4	2 (DSIBs)	4	3, 1
				<p>Draft D-SIB Framework has been sent out to banks for consultation.</p>	<p>Final circular #107020 on amended LCR issued on 10 July 2013 and in force.</p>	<p>(3) Leverage ratio is monitored quarterly at a minimum of 3% since January 2011 on the basis of BCBS document of December 2010.</p>

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
						(1) With regard to the BCBS document of January 2014 entitled "Basel III Leverage ratio framework and disclosure". It is planned to be implemented in January 2015 when public disclosures starts. Consequently, SAMA implementation circular will be issued during 2014 for full implementation in 2015. Any other adjustments to definition and calibration will be made by 2017.
Singapore	4	4	4	4, 1	1	4, 1
				(4) The public disclosure and submission requirements for assessing G-SIBs are implemented with effect from 1 January 2014 in MAS Notice 637. (1) The D-SIB requirements are currently being developed and will be implemented by 1 January 2016, in line with BCBS' phase-in	In final phase of industry consultation. Rules on local implementation of LCR expected to be finalised and published by mid-2014.	(4) MAS has published and implemented requirements on the calculation of the leverage ratio and reporting to MAS in MAS Notice 637, based on the rules published in the Basel III text dated 16 December 2010 (revised 1 June 2011). (1) The Basel rules on the Leverage Ratio were updated in January 2014. MAS will reference these revisions in the Basel

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
				timeline.		rules and implement them in our regulations by end 2014 to implement the disclosure requirement from 1 January 2015, in accordance with Basel's timeline.
South Africa	4	4	4	3	3, 1	3, 1
	The Regulations that contain the Basel II, Basel 2.5 and Basel III requirements are available at the website of the South African Reserve Bank. ¹⁶		The capital charge for credit valuation adjustment (CVA) risk on all ZAR-denominated OTC derivatives and non-ZAR OTC derivatives between domestic entities is zero-rated until 31 December 2014. ¹⁷	G-SIB/ D-SIB requirements are addressed in Regulations effected on 1 January 2013 and a subsequent directive specifies the application of the amended capital framework, including the G-SIBs / D-SIBs ¹⁸ requirements.	(3) LCR requirements are addressed in Regulations effected on 1 January 2013 and are being monitored. (1) Subsequent BCBS updates are being published in a directive. ¹⁹ BCBS timelines are adhered to.	(3) A 4% leverage ratio was defined in Regulations effected on 1 January 2013. The ratio is currently being monitored. (1) Subsequent BCBS updates are being published in a directive. BCBS timelines are adhered to.

¹⁶ www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblst=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5442.

¹⁷ This came about as a result of the extended absence of a domestic central counterparty for domestic OTC derivatives transactions.

¹⁸ The directive is available at www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblst=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5686.

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
				BCBS timelines are adhered to.		
Switzerland	4	4	4	4	4, 2	2
				Final rule in force for G-SIBs and D-SIBs.	(4) Published requirements for monitoring period for LCR in 1Q 2013. Published qualitative requirements for liquidity risk management in 1Q 2013. (2) Consultation of draft ordinance and circular ends in March 2014. Enactment planned for 2Q 2014.	Test reporting planned for 2014 based on BCBS-approval of revised Basel III leverage ratio. Swiss G-SIBs are required to fulfil a SIFI-Basel III leverage ratio since beginning of 2013.
Turkey	4	4	4	1	4	4
			Final regulations issued in September 2013 and came into force on 1 January 2014.		Final regulation issued. Reporting requirement is effective by April 2014 and regulatory limit will start from January 2015.	Final regulation issued. Reporting requirement is effective by January 2014 and 3% regulatory limit will start from January 2015.

¹⁹ The directive is available at www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblast=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=5626.

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
United States	4	4	4	1	2	4, 1
	US agencies announced on February 21, 2014, that eight of the largest bank holding companies and twelve subsidiary banks had been approved to exit parallel run. Those US institutions still in parallel run remain subject to Basel I capital requirements for risk-weighted assets.	Final market risk capital requirements, which incorporate Basel 2.5, became effective on 1 January 2013. Other Basel 2.5 revisions included as part of the final Basel III rule approved in July 2013 became effective 1 January 2014.	Final Basel III rule approved in July 2013, effective 1 January 2014.	US agencies currently anticipate issuance of a notice of proposed rulemaking and final rule to implement the G-SIB framework by year-end 2014.	US agencies issued a notice of proposed rulemaking with regard to the LCR in November 2013 and anticipate issuance of a final rule by year-end 2014.	(4) Leverage ratio included in final Basel III rule approved in July 2013 and effective 1 January 2014. Existing US leverage ratio remains in effect. Basel III leverage ratio reporting begins 1 January 2015, and compliance with minimum requirements begins 1 January 2018. (1) In early second quarter 2014, the U.S. agencies plan to propose changes to their supplementary leverage ratio to incorporate the January 2014 Basel Committee revisions to the leverage ratio framework for internationally active banks. The agencies would plan to finalise changes to the ratio as soon as possible after reviewing comments on the proposal.
European Union	4	4	4	3, 2	4, 1	4, 1
			Final Basel III rule approved in July 2013, effective 1 January	(3) Mandatory G-SIB and optional D-SIB buffers implemented	(4) Final liquidity reporting requirement	(4) Calculation and reporting requirements applicable since

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			<p>2014. Where necessary, detailed technical standards will be prepared by EBA and adopted by the Commission on a timely basis.</p> <p>The CRD requires national authorities to issue regulations implementing capital conservation buffer and countercyclical buffer. For national implementation status of these capital buffers, see respective EU jurisdictions below.</p>	<p>by Article 131 of Directive 2013/36/EU with date of application of 1 January 2016.</p> <p>(2) Technical standards detailing the G-SIB methodology are being consulted.</p> <p>For national implementation status of G-SIB and D-SIB requirements see respective EU jurisdictions.</p>	<p>issued.</p> <p>(1) Delegated act for the implementation of the LCR to be adopted by the Commission before 30 June 2014 for application in 2015 (cf Article 460 Regulation (EU) No 575/2013).</p>	<p>1 January 2014.</p> <p>Mandatory disclosure of leverage ratio applicable from 1 January 2015 (cf Articles 451 and 521 of Regulation (EU) No 575/2013).</p> <p>(1) Delegated act for the implementation of the leverage ratio as modified by the Basel Committee in January 2014 to be adopted by the Commission before the end of 2014 for application in 2015.</p>
Belgium	4	4	(EU: 4) (Nat: 2)	(EU: 3, 2) (Nat: 2)	(EU: 4, 1)	(EU: 4, 1)
			<p>(Follow EU process)</p> <p>National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV):</p> <p>In the context of the Basel III / CRD IV implementation, Belgian legislators have taken the opportunity to initiate a complete overhaul of the Belgian Banking Law. Work in this area is well</p>	<p>(Follow EU process)</p> <p>National adoption status of G-SIB / D-SIB requirements (CRD IV):</p> <p>In the context of the Basel III / CRD IV implementation, Belgian legislators have taken the opportunity to initiate a complete overhaul of the Belgian Banking Law. Work in this area is well advanced and the aim is to have this new law</p>	<p>(Follow EU process)</p>	<p>(Follow EU process)</p>

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			advanced and the aim is to have this new law finalised during the course of April 2014. This law implements the full spectrum of Basel III/CRD IV buffers.	finalised during the course of April 2014. This law implements the full spectrum of Basel III/CRD IV buffers.		
France	4	4	(EU: 4) (Nat: 4)	(EU: 3, 2) (Nat: 3)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV): Implemented by the text (Ordinance of 20 February 2014) published in the Official Journal on 21 February 2014. ²⁰	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): Implemented by the text (Ordinance of 20 February 2014) published in the Official Journal on 21 February 2014. ²¹	(Follow EU process)	(Follow EU process)
Germany	4	4	(EU: 4) (Nat: 4)	(EU: 3, 2) (Nat: 3)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV):	(Follow EU process)	(Follow EU process)

²⁰ The text is available at www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000028625279

²¹ The text is available at www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000028625279

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			and countercyclical capital buffer (CRD IV): Rules on capital conservation buffer and countercyclical capital buffer have been transposed into national law. The requirements entered into force on 1 January 2014 and will be phased in from 1 January 2016.	Rules on G-SIB / D-SIB as set out in CRD IV have been transposed into national law. The requirements entered into force on 1 January 2014 and will apply from 1 January 2016.		
Italy	4	4	(EU: 4) (Nat: 4)	(EU: 3, 2) (Nat: 3)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV): adopted.	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): adopted.	(Follow EU process)	(Follow EU process)
Luxembourg	4	4	(EU: 4) (Nat: 4)	(EU: 3, 2) (Nat: 2)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV): Capital conservation buffer adopted. (CSSF regulation 14-01). Draft law dealing with countercyclical capital	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): Draft law approved by the Government and submitted to the Parliament for approval.	(Follow EU process)	(Follow EU process)

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			buffer approved by the Government and submitted to the Parliament for approval.			
The Netherlands	4	4	(EU: 4) (Nat: 2)	(EU: 3, 2) (Nat: 3)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV): these buffers will most likely be implemented in Dutch law as per 1/7/2014.	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): the G/D-SIB framework has been implemented in Dutch law as per 1/1/2014. D-SIBs have been designated as such, but of course the buffers will only be phased-in as of 2016.	(Follow EU process)	(Follow EU process)
Spain	4	4	(EU: 4) (Nat: 2)	(EU: 3, 2) (Nat: 2)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV): Draft Law on supervision and solvency of credit institutions (already approved by the Government and submitted to the	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): Draft Law on supervision and solvency of credit institutions (already approved by the Government and submitted to the Parliament for	(Follow EU process)	(Follow EU process)

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			Parliament for approval). The Draft Law will be developed by a Royal Decree and a Banco de España Circular.	approval). The Draft Law will be developed by a Royal Decree and a Banco de España Circular.		
Sweden	4	4	(EU: 4) (Nat: 2)	(EU: 4) (Nat: 2)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV): National legislation is planned to be published soon and to come into force shortly thereafter.	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): National legislation is planned to be published soon and to come into force shortly thereafter.	(Follow EU process) The Basel Committee's December 2010 LCR is implemented in national regulation and in force. ²²	(Follow EU process)
United Kingdom	4	4	(EU: 4) (Nat: 2)	(EU: 3, 2) (Nat: 2)	(EU: 4, 1)	(EU: 4, 1)
			(Follow EU process) National adoption status of capital conservation buffer and countercyclical capital buffer (CRD IV):	(Follow EU process) National adoption status of G-SIB / D-SIB requirements (CRD IV): As for the capital conservation and the	(Follow EU process)	(Follow EU process)

²² The rule is available at <http://fi.se/Folder-EN/Startpage/Regulations/Regulatory-Code/FFFS-201206/>.

Country	Basel II	Basel 2.5	Basel III			
			Risk-based capital	G-SIB / D-SIB requirements	Liquidity (LCR)	Leverage ratio (disclosure requirements)
			<p>(2) Draft rules published in the summer (see PRA CP 5/13). As elements of the capital buffer framework require HM Treasury to designate the authority responsible for setting certain buffers and buffer rates in the United Kingdom, the PRA will make its final rules on buffers, in line with the CP proposals, once HM Treasury has made this designation. This is expected to take place shortly.</p>	<p>countercyclical buffers, HM Treasury must designate the authority responsible for setting the buffers for global and other systemically important institutions (G-SII and O-SII respectively). The identification and disclosure requirements for G-SIBs will be directly applicable following the completion of the EBA regulatory and implementing technical standards respectively. The UK D-SIB (O-SII) framework will be developed following the completion of the EBA guidelines on identification of O-SIIs. Where applicable to a firm, G-SII and O-SII buffers will be set by the PRA using its powers under s55M of FSMA to increase the size of the firm's combined buffer (see p6 of Appendix 2 of PRA CP5/13).</p>		

A revised version of this report was published in October 2014. <http://www.bis.org/publ/bcbs290.htm>

Number code: 1 = draft regulation not published; 2 = draft regulation published; 3 = final rule published; 4 = final rule in force. **Green** = regulatory adoption completed; **Yellow** = regulatory adoption in process; **Red** = no progress.

Annex 1: Assessments of consistency of capital regulations

The Committee's assessment programme of Basel III implementation remains on track. The Committee recently concluded assessments of the consistency of Australia, Brazil and China's capital regulations with the Basel III standards, and is currently assessing Canada, the European Union and the United States. The assessments of the European Union and the United States follow-up on previous preliminary assessments of draft rules conducted in 2012.

Jurisdictional assessments

So far, all assessments of jurisdictions with *final* rules (Australia, Brazil, China, Japan, Singapore and Switzerland) have been found to be "compliant" overall with the Basel minimum standards. This is due largely to the willingness and ability of the jurisdictions to issue rectifications of the deviations identified during the assessment process, which resolved about 50% of the initial findings uncovered by the RCAP expert teams.

Overview of jurisdictional assessments of Basel III risk-based capital regulations

Status	Jurisdiction	Publication date of assessment	Number of regulatory changes, amendments, clarifications made/proposed to be made by based on the assessment	Overall assessment grade
Completed assessments	Japan	Oct 2012	5	Compliant
	Singapore	Mar 2013	15	Compliant
	Switzerland	Jun 2013	22	Compliant
	China	Sep 2013	90	Compliant
	Brazil	Dec 2013	42	Compliant
	Australia	Mar 2014	14	Compliant

In a few areas of the Basel capital framework, similar findings have been observed across jurisdictions. However, on the whole, most material deviations appear to be idiosyncratic and driven by specific local circumstances, ie there seems no indication of a structural design problem of these Basel provisions, which is a positive outcome. Also, a deeper cross-check of these findings suggests that deviations typically represent deliberate choices made by the jurisdictions owing to various factors including legal requirements and local specificities. The impact of the Basel framework's complexity is felt foremost in the application of the overall framework and in the consistency of prudential outcomes.

The assessments also note areas where jurisdictions are *super-equivalent*²³ compared to the Basel minimum standards, which roughly account for about 30% of the number of deviations identified by the RCAPs, ie are less common than shortfalls from the minimum.²⁴ So far, no areas have been

²³ These are areas where the member jurisdiction has adopted stronger and more conservative requirements than what is required by the Basel framework. In making an evaluation of consistency and completeness, such aspects are not taken into account.

²⁴ There are also instances with a transition period tighter than that allowed under Basel III.

identified to be consistently super-equivalent vis-à-vis the Basel standards which suggests there are no Basel capital standards that generally lack conservatism or are calibrated too low in the collective judgement of the implementing authorities.

Besides the identification of deviations and super-equivalences, the RCAP process has uncovered a few areas that are subject to differences in interpretation. The Committee has initiated a process to provide clarifications. The assessments have also come across approaches that are not implemented by members in terms of rules and/or not used by banks. One example is that some member jurisdictions have not adopted the advanced Basel risk measurement approaches because of the relatively simple nature of the domestic banking activities.²⁵

Summary of recently concluded assessments of Basel III risk-based capital regulations

China

China's implementation of the Basel capital framework was found to be closely aligned with the Basel III global standards: 12 out of 14 assessed components were found to be "Compliant". The two components that were graded "Largely Compliant" pertain to the Standardised Approach for credit risk and Pillar 3. Although some differences with the Basel framework were found in these areas, none of the findings were judged to be material at this point. Therefore, the overall framework of China's capital regulation was graded "Compliant".

During the assessment, the CBRC issued four new regulatory documents that rectified a number of provisions that were initially identified as deviations from the Basel framework. These additional regulatory documents considerably improved the level of compliance with the Basel standards. The CBRC's response to the report expresses the strong commitment of the Chinese authorities to implement the global regulatory reforms.

Brazil

Brazil's implementation of the Basel capital framework was found to be closely aligned with the Basel III global standards: 11 out of 14 assessed components were found to be "Compliant". The three components that were graded "Largely Compliant" were the Standardised Approach for credit risk, minimum requirements for capital buffers and Pillar 2 (the Supervisory Review Process). Although some differences with the Basel framework were found in these areas, none of the findings were judged to be material at this point. Therefore, the overall framework of Brazil's capital regulation was graded "Compliant".

During the assessment, new regulatory documents were issued to rectify a number of provisions that were initially identified as deviations from the Basel framework. These additional regulatory documents improved considerably the level of compliance with the Basel standards, and demonstrate Brazil's strong commitment to implement the global regulatory reforms.

²⁵ Deeper insights into consistency in implementation of Pillar 2 standards are missing for the present. From an implementation angle, these could become sources of inconsistent implementation and can also have an impact on the efficacy of Pillar 1. National discretions that are intended to provide flexibility in implementing Basel standards taking into consideration specific situations will also contribute to differences in implementation across jurisdictions.

Australia

Australia's implementation of the Basel capital framework was found to be closely aligned with the Basel III standards: 12 out of 14 assessed components were found to be "Compliant". The two components that were graded "Largely Compliant" were the "Definition of Capital" and the "Internal Ratings-Based Approach for credit risk", where some differences exist vis-à-vis the Basel framework. The overall framework of Australia's capital regulation was graded "Compliant".

The assessment team noted that some aspects of Australia's capital regulations, such as those related to the definition and measurement of capital, are more rigorous than required under the Basel Framework. APRA has also implemented some aspects of the Basel III Framework ahead of the internationally agreed timeline and has also decided not to opt for the extended transition period for Basel Framework implementation.

Schedule of future RCAP assessments

RCAP assessments of Basel III risk-based capital regulations (2012–16)*

Basel Committee member jurisdiction	Assessment status	(Tentative) publication date of assessment report
European Union	Preliminary assessment	Published October 2012
United States	Preliminary assessment	Published October 2012
Japan	Completed	Published October 2012
Singapore	Completed	Published March 2013
Switzerland	Completed	Published June 2013
China	Completed	Published September 2013
Brazil	Completed	Published December 2013
Australia	Completed	Published March 2014
Canada	Underway	June 2014
European Union	Underway	September 2014
United States	Underway	September 2014
Hong Kong SAR**	Underway	March 2015
Mexico**	Underway	March 2015
India**	Planned	June 2015
South Africa**	Planned	June 2015
Saudi Arabia**	Planned	September 2015
Russia**	Planned	December 2015
Argentina**	Planned	March 2016
Turkey**	Planned	March 2016
Korea**	Planned	June 2016
Indonesia**	Planned	September 2016

* Assessments of implementation of Basel III standards relating to liquidity, leverage and GSIBs, and follow-up assessments on capital regulations, will start from 2015.

** The assessment will include the Basel III liquidity coverage ratio (LCR).