



## Regulatory Consistency Assessment Programme (RCAP) Summary of follow-up actions

This note summarises the follow-up actions taken or planned by member jurisdictions after the jurisdictional assessments to address material findings (MFs) and potentially material findings (PMFs) identified in their assessments. Details of individual measures are given in the follow-up jurisdiction-specific reports. Findings that were rectified during the jurisdictional assessment are not included in the assessment report and are not detailed here. As such, this note does not fully reflect the efforts made by member jurisdictions to address findings raised during the assessments, as most of these were addressed in the course of the assessments and therefore before the assessment reports were finalised.

### Argentina

The Central Bank of Argentina (BCRA) has addressed most of the findings raised during the RCAP assessment. One potentially material finding remains in the RCAP capital report and relates to the scope of application. However, the BCRA stresses that the risks associated with this finding could be overlooked, given that banking activity in Argentina is not carried out via complex structures. All other findings in the RCAP-Capital assessment report were assessed as non-material.

No material or potentially material findings were raised in the RCAP Liquidity Coverage Ratio (LCR) assessment report.

### Australia

The Australian Prudential Regulation Authority (APRA) has addressed most of the findings raised during the RCAP assessment. Some remaining findings in the RCAP capital report are no longer relevant as a result of revisions to the Basel III capital framework, and the APRA will review any outstanding findings as part of its implementation of the final Basel III reforms.

The potentially material finding raised in the RCAP LCR report and relating to the definition of high-quality liquid assets (HQLA) was acknowledged as an interpretive issue, and the treatment by the APRA was considered as appropriate.

### Brazil

The Central Bank of Brazil (BCB) has addressed most of the findings raised during the RCAP assessment. The only material finding in the RCAP capital report (goodwill deduction) was adjusted at the end of the phase-in period in January 2018. In 2018, the BCB addressed other findings through the implementation of the standardised approach for measuring counterparty credit risk exposures (SA-CCR). Other outstanding findings, particularly those related to market risk and operational risk, will be reviewed by the BCB as part of its implementation of the final Basel III reforms.

No material or potentially material findings were raised in the RCAP LCR assessment report.

### Canada

The Office of the Superintendent of Financial Institutions (OSFI) has addressed most of the findings raised during the RCAP assessment. The OSFI intends to review the few remaining findings as part of longer-

term revisions to its Capital Adequacy Requirements (CAR) guideline resulting from the final Basel III reforms.

No material or potentially material findings were raised in the RCAP LCR assessment report.

## China

The China Banking and Insurance Regulatory Commission (CBIRC) has addressed most of the findings raised during the RCAP assessment. The remaining findings raised in the RCAP capital and RCAP G-SIB framework reports are still under review by the CBIRC, and some of these will be reviewed as part of its implementation of the final Basel III reforms.

No material or potentially material findings were raised in the RCAP LCR assessment report. One potentially material finding in the RCAP G-SIB requirement assessment report remains outstanding.

## European Union

Some findings raised in the RCAP capital report will be addressed through the adoption of the European Commission's proposals 2016/0360 and 2016/0364 to amend the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD), respectively. Other findings are no longer relevant as a result of revisions to the Basel III capital framework, and the European authorities will review any outstanding findings as part of their implementation of the final Basel III reforms.

One material finding and four potentially material findings remain in the RCAP LCR report. No material or potentially material finding was raised in the RCAP G-SIB requirement assessment report.

## Hong Kong SAR

The Hong Kong Monetary Authority (HKMA) has addressed most of the findings raised during the RCAP assessment. The HKMA may revisit the finding raised in the RCAP capital report relating to foreign exchange risk when it implements the 2019 Basel revised minimum requirements for market risk.

No material or potentially material findings were raised in the RCAP LCR assessment report.

## India

The Reserve Bank of India (RBI) has addressed all the material and potentially material findings raised in the RCAP capital assessment report during the RCAP assessment. All other findings were assessed as non-material, and no further action has been considered.

Following the issuance of the amendments to the Indian LCR rule during the RCAP assessment, one material finding remains with regard to the definition of HQLA in the RCAP LCR assessment report.

## Indonesia

To address some findings raised in the RCAP capital assessment report, the Indonesian authorities have published a draft regulation based on the revised securitisation framework and will publish a consultative document on market risk based on the revised market risk framework.

No material or potentially material findings were raised in the RCAP LCR assessment report.

## Japan

The Japanese Financial Services Agency (JFSA) has addressed one potentially material finding raised in the RCAP capital follow-up assessment report relating to the disclosure of the countercyclical capital buffer (CCyB). In 2018, the JFSA published a draft rule on that disclosure requirement, which is expected to be implemented from March 2019.

No material or potentially material findings were raised in the RCAP LCR or the RCAP G-SIB requirement assessment reports.

## Korea

The Financial Supervisory Service (FSS) of Korea has been addressing the material findings raised in the RCAP capital assessment report relating to the transitional arrangements and the definition of capital. Other findings may be considered as part of longer-term revisions to Korean banking regulations resulting from the final Basel III reforms.

No material or potentially material findings were raised in the RCAP LCR assessment report.

## Mexico

The Mexican authorities have addressed most of the findings raised in the RCAP-Capital report during the RCAP assessment

No material or potentially material findings were raised in the RCAP LCR assessment report.

## Russia

The Central Bank of the Russian Federation (CBR) has addressed most of the findings raised during the RCAP assessment. All remaining findings in the RCAP capital assessment report were assessed as non-material.

No material or potentially material findings were raised in the RCAP LCR assessment report.

## Saudi Arabia

The Saudi Arabian Monetary Authority (SAMA) has addressed most of the findings raised during the RCAP assessment. There was one remaining potentially material finding raised in the RCAP capital assessment report, related to the application of 0% risk weight for Gulf Cooperation Council (GCC) exposures. At present, these exposures are still not material, and SAMA does not expect these exposures to increase in future.

One material finding remains in the RCAP LCR assessment report and relates to the definition of HQLA.

## Singapore

The Monetary Authority of Singapore (MAS) has addressed the findings raised in the RCAP capital assessment report.

One potentially material finding remains in the RCAP LCR assessment report and relates to the scope of application of LCR, which is also subject to further clarification by the Basel Committee.

## South Africa

The South African Reserve Bank (SARB) has addressed all of the material and potentially material findings raised in the RCAP capital and RCAP LCR assessment reports during the RCAP assessment.

## Switzerland

The Financial Market Supervisory Authority (FINMA) has addressed all the material findings raised in the RCAP capital assessment report and relating to the Swiss International Approach (SIA). The other material and potentially material findings related to the Swiss Standardised Approach (SSA), which was used by a minority of banks and ceased to exist after 2018.

One material finding remains in the RCAP LCR assessment report and relates to the treatment of retail insured deposits. FINMA addressed the other findings through revisions to its liquidity regulation in December 2017. One potentially material finding was raised in the RCAP G-SIB requirement assessment report.

## Turkey

The Banking Regulation and Supervision Agency of Turkey (BRSA) has addressed all of the material and potentially material findings raised in the RCAP capital and RCAP LCR assessment reports during the RCAP assessment.

## United States

The US agencies have addressed the findings raised in the RCAP capital assessment report relating to the internal ratings-based (IRB) approach. Two of the three identified material findings are expected to be of limited materiality after (i) the adoption of the revised Basel securitisation framework, which allows the use of alternatives to external ratings, and (ii) in relation to the adoption of the revised Basel minimum requirements for market risk. The final identified finding, relating to counterparty credit risk, is expected to have an immaterial impact.

No material or potentially material findings were raised in the RCAP LCR and RCAP G-SIB requirement assessment reports.

## Material or potentially material findings raised in jurisdictional assessments

Number of material findings (MFs) or potentially material findings (PMFs)

Table 1

Jurisdiction	Risk-based capital			LCR			G-SIB requirements		
	Grade	MFs	PMFs	Grade	MFs	PMFs	Grade	MFs	PMFs
Argentina	Compliant (Sep 2016)	0	1	Compliant (Sep 2016)	0	0	–	–	–
Australia	Compliant (Mar 2014)	3	1	Compliant (Oct 2017)	1	0	–	–	–
Brazil	Compliant (Dec 2013)	1	11	Compliant (Oct 2017)	0	0	–	–	–
Canada	Compliant (Jun 2014)	0	1	Compliant (Oct 2017)	0	0	–	–	–
China	Compliant (Sep 2013)	0	7	Compliant (Jul 2017)	0	0	Compliant (Jun 2016)	0	1
European Union	Materially non-compliant (Dec 2014)	7	1	Largely compliant (Jul 2017)	1	4	Compliant (Jun 2016)	0	0
Hong Kong SAR	Compliant (Mar 2015)	1	0	Compliant (Mar 2015)	0	0	–	–	–
India	Compliant (Jun 2015)	0	0	Largely compliant (Jun 2015)	1	0	–	–	–
Indonesia	Largely compliant (Dec 2016)	3	6	Compliant (Dec 2016)	0	0	–	–	–
Japan	Compliant (Oct 2012 / Dec 2016)	0	4	Compliant (Dec 2016)	0	0	Compliant (Jun 2016)	0	0
Korea	Largely compliant (Sep 2016)	2	3	Compliant (Sep 2016)	0	0	–	–	–
Mexico	Compliant (Mar 2015)	0	3	Compliant (Mar 2015)	0	0	–	–	–
Russia	Compliant (Mar 2016)	0	0	Compliant (Mar 2016)	0	0	–	–	–
Saudi Arabia	Compliant (Sep 2015)	0	1	Largely compliant (Sep 2015)	1	0	–	–	–
Singapore	Compliant (Mar 2013)	0	1	Compliant (Dec 2016)	0	1	–	–	–
South Africa	Compliant (Jun 2015)	0	0	Compliant (Jun 2015)	0	0	–	–	–
Switzerland <sup>1</sup> (*)	Compliant (Jun 2013)	6	13	Compliant (Oct 2017)	1	/0	Compliant (Jun 2016)	0	1
Turkey	Compliant (Mar 2016)	0	0	Compliant (Mar 2016)	0	0	–	–	–
United States	Largely compliant (Dec 2014)	4	6	Compliant (Jul 2017)	0	0	Compliant (Jun 2016)	0	0

<sup>1</sup> The outstanding material and potentially material findings relate to the Swiss Standardised Approach (SSA), which was used by a minority of banks and ceased to exist after 2018.