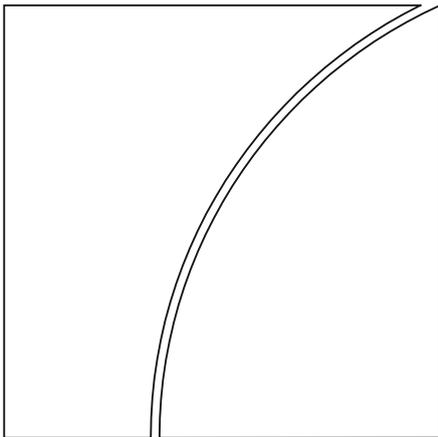


# Basel Committee on Banking Supervision

## Technical Amendment

### Finalisation of technical amendment and FAQs

March 2026



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## Introduction

To promote a consistent global implementation of the Basel Framework, the Basel Committee on Banking Supervision<sup>1</sup> regularly monitors and reviews issues that arise from the implementation of its standards. Where necessary, it publishes clarifications and interpretative guidance. In some instances, implementation issues can be clarified in the form of answers to frequently asked questions (FAQs), without any changes to the standard. On other occasions, the issue, though minor in effect, cannot be resolved unambiguously without an amendment to the text of the standard itself. In these cases, the Committee publishes the clarification as a proposed technical amendment (TA). Such amendments will be published for a short consultation period, typically for 45 calendar days.

In June 2025, the Committee issued a proposed TA for consultation related to the standardised approach to operational risk.<sup>2</sup> The TA sought to clarify the treatment of “rental income from investment properties” under the business indicator (BI), which is used as a key input in calculating operational risk capital requirements.

A submission was received from one respondent who expressed support for the proposed TA and suggested that similar changes should be made to the treatment of “interest expenses”. In response to this feedback, the Committee has incorporated additional amendments to Table 1 in OPE10. This document sets out the final revised standard which the Committee has agreed to implement by 1 April 2029. The revised text has also been incorporated into the consolidated Basel Framework (OPE – Calculation of RWA for operational risk). The Committee wishes to thank the respondent for their feedback on the consultative document.

In addition, the Committee has finalised a response to an FAQ on market risk and consequential amendments to related FAQs which have also been added to the Basel Framework and are set out in the annex for information.

### OPE10.2 (2023 version)

Under the standardised approach for operational risk, the BI is used as key input in calculating operational risk capital requirements. According to Table 1 of OPE10.2, which defines the components for the BI, “rental income from investment properties” is listed under the “typical sub-items” of “other operating income”. However, “rental income from investment properties” often results from operating leases. The description of “other operating income” states that “income from operating leases should be excluded”, while the description of the “interest income” component says that it “includes interest income from financial and operating leases and profits from leased assets”.

The different components of the BI reflect different risk profiles and volatility. For instance, “interest, lease and dividend income” might be less volatile than “services” income. Accurate categorisation of income into these components is crucial for calculating the correct BI value, which affects the business indicator component (BIC) and the internal loss multiplier (ILM) and, consequently, the overall capital requirement for operational risk.

To ensure that rental income and expenses from operating leases are appropriately captured in the BI, while not moving other types of expenses relating to leases to the “interest, lease and dividend” component, additional revisions have been incorporated in Table 1, with a view to ensuring greater

<sup>1</sup> The Basel Committee on Banking Supervision is the primary global standard setter for the prudential regulation of banks. It also provides a forum for cooperation on banking supervisory matters. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability.

<sup>2</sup> See BCBS <https://www.bis.org/bcbs/publ/d596.htm>.

consistency in the treatment of rental income and expenses. The text in red shows the changes to the current text of the Basel Framework.

Business indicator definitions Table 1

BI component	Income statement or balance sheet items	Description	Typical sub-items
Interest, lease and dividend	Interest income	Interest income from all financial assets and other interest income (includes <del>interest-rental</del> income from <del>financial and</del> operating leases and profits from leased assets)	<ul style="list-style-type: none"> <li>Interest income from loans and advances, assets available for sale, assets held to maturity, trading assets <del>and financial leases and operational leases</del></li> <li>Interest income from hedge accounting derivatives</li> <li>Other interest income</li> <li>Profits from leased assets</li> <li><b>Rental income from operating leases</b></li> </ul>
	Interest expenses	Interest expenses from all financial liabilities and other interest expenses (includes <del>interest expense from financial and operating leases rental expenses</del> , depreciation and impairment of <del>and losses from</del> , operating leased assets <del>and losses from leased assets</del> )	<ul style="list-style-type: none"> <li>Interest expenses from deposits, debt securities issued <del>financial leases, and operating leases</del></li> <li>Interest expenses from hedge accounting derivatives</li> <li>Other interest expenses</li> <li>Losses from leased assets</li> <li><b>Rental expenses, Depreciation and impairment of operating leased assets</b></li> </ul>
	Interest earning assets (balance sheet item)	Total gross outstanding loans, advances, interest bearing securities (including government bonds), and lease assets measured at the end of each financial year	
	Dividend income	Dividend income from investments in stocks and funds not consolidated in the bank's financial statements, including dividend income from non-consolidated subsidiaries, associates and joint ventures.	
Services	Fee and commission income	Income received from providing advice and services. Includes income received by the bank as an outsourcer of financial services.	Fee and commission income from: <ul style="list-style-type: none"> <li>Securities (issuance, origination, reception, transmission, execution of orders on behalf of customers)</li> <li>Clearing and settlement; Asset management; Custody; Fiduciary transactions; Payment services; Structured finance; Servicing of</li> </ul>

			securitisations; Loan commitments and guarantees given; and foreign transactions
	Fee and commission expenses	Expenses paid for receiving advice and services. Includes outsourcing fees paid by the bank for the supply of financial services, but not outsourcing fees paid for the supply of non-financial services (eg logistical, IT, human resources)	Fee and commission expenses from: <ul style="list-style-type: none"> <li>• Clearing and settlement; Custody; Servicing of securitisations; Loan commitments and guarantees received; and Foreign transactions</li> </ul>
	Other operating income	Income from ordinary banking operations not included in other BI items but of similar nature (income from operating leases should be excluded)	<ul style="list-style-type: none"> <li>• <del>Rental income from investment properties</del></li> <li>• Gains from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (IFRS 5.37)</li> </ul>
	Other operating expenses	Expenses and losses from ordinary banking operations not included in other BI items but of similar nature and from operational loss events (expenses from operating leases should be excluded)	<ul style="list-style-type: none"> <li>• Losses from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (IFRS 5.37)</li> <li>• Losses incurred as a consequence of operational loss events (eg fines, penalties, settlements, replacement cost of damaged assets), which have not been provisioned/reserved for in previous years</li> <li>• Expenses related to establishing provisions/reserves for operational loss events</li> </ul>
Financial	Net profit (loss) on the trading book	<ul style="list-style-type: none"> <li>• Net profit/loss on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities)</li> <li>• Net profit/loss from hedge accounting</li> <li>• Net profit/loss from exchange differences</li> </ul>	
	Net profit (loss) on the banking book	<ul style="list-style-type: none"> <li>• Net profit/loss on financial assets and liabilities measured at fair value through profit and loss</li> <li>• Realised gains/losses on financial assets and liabilities not measured at fair value through profit and loss (loans and advances, assets available for sale, assets held to maturity, financial liabilities measured at amortised cost)</li> <li>• Net profit/loss from hedge accounting</li> <li>• Net profit/loss from exchange differences</li> </ul>	

## Annex: FAQs that have been added to the Basel Framework

Set out below is one FAQ that has been added to the Basel Framework. Consequential amendments have also been made to related FAQs, which are included as marked-up versions below. FAQs are intended to clarify the intended interpretation of the standards and promote their consistent global implementation. As they do not change the standards themselves, they are issued in final form and are not subject to public consultation.

MAR21.99 (2023 version)

**FAQ2: When calculating curvature capital requirements for the CSR risk classes as described in MAR21.1(1b), (1c) and (1d), are banks allowed to floor the respective CSR curvature risk factors at zero when applying the downward shock to the CSR curvature risk factor?**

When calculating curvature capital requirements for the CSR risk classes in accordance with MAR21.5 that would result in a negative credit spread for  $CVR_k^-$ , banks may floor the CSR curvature risk factor to zero, after the application of the downward shock (ie  $x_k^{RW(Curvature)^-}$ ). When this approach is applied, banks must cap the risk weight ( $RW_k^{Curvature}$ ) as the difference between the level of the CSR curvature risk factor and zero in calculating  $RW_k^{Curvature} \times s_{ik}$ . However, banks must not cap the risk weight ( $RW_k^{Curvature}$ ) when calculating  $CVR_k^+$ .

### Consequential amendments to existing FAQs

MAR21.8 (2023 version)

**FAQ7: May risk weights be floored for interest rates ~~and credit instruments~~ when applying the risk weights for GIRR ~~or for CSR~~, given that there is a possibility of the interest rates being negative (eg for JPY and EUR curves)?**

No such floor is permitted in the market risk standard for GIRR.

MAR21.9 (2023 version)

**FAQ4: May risk weights be floored for ~~interest rates and credit instruments credit spreads~~ when applying the risk weights for GIRR ~~or for the CSR risk classes~~, given that there is a possibility of the ~~interest rates being negative (eg for JPY and EUR curves)?~~**

No such floor is permitted in the market risk standard for the CSR risk classes, except for CSR curvature under the conditions set out in the second FAQ under MAR21.99.

MAR21.10 (2023 version)

**FAQ2: May risk weights be floored for ~~interest rates and credit instruments credit spreads~~ when applying the risk weights for GIRR ~~or for the CSR risk classes~~, given that there is a possibility of the ~~interest rates being negative (eg for JPY and EUR curves)?~~**

No such floor is permitted in the market risk standard for the CSR risk classes, except for CSR curvature under the conditions set out in the second FAQ under MAR21.99.

MAR21.11 (2023 version)

**FAQ2: May risk weights be floored for ~~interest rates and credit instruments credit spreads~~ when applying the risk weights for GIRR ~~or for CSR~~ the CSR risk classes, given that there is a possibility of the ~~interest rates being negative (eg for JPY and EUR curves)?~~**

No such floor is permitted in the market risk standard for the CSR risk classes, except for CSR curvature under the conditions set out in the second FAQ under MAR21.99.