Basel Committee
on Banking Supervision

Frequently asked questions on Basel III monitoring

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BANK FOR INTERNATIONAL SETTLEMENTS

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Frequently asked questions on Basel III monitoring

1. Introduction

This document provides answers to technical and interpretive questions raised by supervisors and banks during the Committee's Basel III monitoring. **The document intends to facilitate the completion of the monitoring questionnaire and is not to be construed as an official interpretation of other documents published by the Committee.**

Paragraph numbers given in the remainder of this document usually refer to *Basel III: A global regulatory framework for more resilient banks and banking systems* ("the Basel III standards"), the *Basel III leverage ratio framework and disclosure requirements* ("the Basel III leverage ratio framework"), *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools* ("the Basel III LCR standards"), *Basel III: The Net Stable Funding Ratio* ("the Basel III NSFR standards"), *Total Loss-Absorbing Capacity (TLAC): Principles and Term Sheet*, *Minimum capital requirements for market risk*, *Revisions to the securitisation framework, amended to include the alternative capital treatment for "simple, transparent and comparable" securitisations* as well as to the *TLAC holdings standard*[1] and the Committee's *Finalisation of post-crisis reforms*.[2]

In addition to the guidance for completing the monitoring template contained in this document, the Committee has published frequently asked questions (FAQ) as its official response to questions of interpretation relating to certain aspects of the Basel III standards. **Therefore, banks should also take into account the frequently asked questions on capital, counterparty credit risk, the Basel III leverage ratio and the net stable funding ratio (NSFR) published by the Committee.**[3]

Questions which have been added since the previous version of the FAQs are shaded yellow; questions which have been revised (other than updated cell references) are shaded red.

1 Basel Committee on Banking Supervision, *Basel III: A global regulatory framework for more resilient banks and banking systems (revised June 2011)*, June 2011, www.bis.org/publ/bcbs189.htm; Basel Committee on Banking Supervision, *Basel III leverage ratio framework and disclosure requirements*, January 2014, www.bis.org/publ/bcbs270.htm; Basel Committee on Banking Supervision, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, January 2013*, www.bis.org/publ/bcbs238.htm; Basel Committee on Banking Supervision, *Basel III: The Net Stable Funding Ratio, October* 2014, www.bis.org/bcbs/publ/d295.htm.

2 Basel Committee on Banking Supervision, *Basel III: Finalising post-crisis reforms*, December 2017, www.bis.org/bcbs/publ/d424.htm.

3 Basel Committee on Banking Supervision, *Basel III definition of capital – Frequently asked questions*, December 2011, www.bis.org/publ/bcbs211.htm; Basel Committee on Banking Supervision, *Basel III counterparty credit risk – Frequently asked questions*, December 2012, www.bis.org/publ/bcbs237.htm; Basel Committee on Banking Supervision, Basel Committee on Banking Supervision, *Basel III: The standardised approach for measuring counterparty credit risk: frequently asked questions*, August 2015, www.bis.org/bcbs/publ/d333.htm; Basel Committee on Banking Supervision, *Frequently asked questions on the Basel III leverage ratio framework*, April 2016, www.bis.org/bcbs/publ/d364.htm; Basel Committee on Banking Supervision, *Basel III – The Net Stable Funding Ratio: frequently asked questions*, July 2016, www.bis.org/bcbs/publ/d375.htm; Basel Committee on Banking Supervision, *Frequently asked questions on market risk capital requirements*, January 2017, www.bis.org/bcbs/publ/d395.htm.

2. General

1. In Section 2.1, it is mentioned that banks should calculate capital requirements based on the national implementation of the Basel II framework unless stated otherwise. Does this include deviations from the Basel capital framework if any?

   Answer: Yes. In some countries supervisors may have implemented additional rules beyond the Basel capital framework or may have made modifications to the framework in their national implementation, and these should be considered in the calculation of the capital requirements for the purposes of this exercise unless stated otherwise in the Instructions.

3. Definition of capital

3.1 General

1. Please clarify what data should be populated in panel E) Memo item: Investments in the capital or other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and below the threshold for deduction (D109:118, E109:118) in the "DefCap" worksheet.

   Answer: These cells refer to "Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital (excluding amounts held for underwriting purposes only if held for 5 working days or less)" and "below the threshold for deduction". Significant investments in those should be excluded from these cells.

2. Can banks choose whether or not to include the amounts related to defaulted assets in cells D8 and D9 of the "DefCap" worksheet?

   Answer: No. Banks in EU countries **must exclude** the amounts related to defaulted assets from cells D8 and D9 of the "DefCap" worksheet and report them separately in cells D10 and D11. Conversely, banks in non-EU countries **must include** these amounts in cells D8 and D9 and leave cells D10 and D11 empty.

3.2 TLAC

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3.3 TLAC holdings

1. Please clarify what data should be populated in column F of panel A): "RWA Impact pure" and the interaction with the "Requirements" sheet.

   Answer: The column F ("RWA Impact pure") in "TLAC holdings" works in the same way as column F in panels B2, C2 and D2 of the "DefCap" worksheet. This means that banks need to report the RWA marginal impact of moving from the national implementation of the TLAC holdings standard (column D: "2022 national implementation") to the treatment under the Basel standard (column E: "Basel III pure").[4]

[4] For further details, refer to the example reported in the Instructions (paragraph 4.2.3) for regulatory adjustments in the "DefCap" worksheet.

Where national implementation is still underway, banks have two options:

- Reporting in "TLAC holdings" the same amounts in columns D and E and zero in column F. This approach should be followed where it is likely that the national implementation will be aligned to the Basel framework. In this case, to avoid double counting, any impact on RWA deriving from the implementation of the Basel framework for the TLAC instruments needs to be included as a negative number in cell D30 in the "Requirements" worksheet;
- Reporting in "TLAC holdings" different data for the deductions of the TLAC instruments under the draft or final national rules (column D) and the Basel framework (column E) and in column F the marginal impact on RWA. This approach should be followed where national implementation has begun and where banks are able to provide data under the two different regimes (and compute the impact on RWA). In this case, banks are expected to include in the figures reported in cell D30 of the "Requirements" worksheet the RWA of TLAC instruments not yet deducted and not included in the "TLAC holdings" worksheet. This is in order to neutralise what under the current rules (excluding any rules on TLAC deductions) is under the RWA framework but will be deducted from the capital when the TLAC holdings standard is fully implemented.

4. Leverage ratio

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5. Liquidity

5.1 General

1. Deleted.

2. Section 2.2 of the instructions states: "Where information is not available, the corresponding cell should be left empty. No text such as "na" should be entered in these cells. However, leaving a cell empty could trigger exclusion from some or all of the analyses if the respective item is required."

   We would like to know which information is considered absolutely necessary to be reported so as not to be excluded from the most relevant analysis. At the moment, and given the short time to fill in the templates, we find it difficult to provide some of the breakdowns (eg operational deposits, distinction between non-transactional accounts with and without established relations and credit lines/ liquidity lines).

   Answer: All relevant breakdowns on the templates should be filled in on a "best-efforts" basis. Leaving a relevant row blank may distort the end result and may trigger exclusion from the analyses. If cells are not applicable, then they are known to be zero and thus a zero value should be entered in such cells.

5.2 LCR

Questions 3–27 removed.

5.3 NSFR

28. Where the template provides encumbrance terms greater than one year for assets with maturities less than one year, such as in row 150, is it simultaneously possible to have securities with maturities less than one year that are encumbered for greater than one year?

    Answer: It is technically possible to encumber assets for longer than their maturity. For example, a bank may transact a one-year repo against a basket of securities and pledge a security that matures in six months. The bank would therefore be required to replace matured covered assets. The same effect could occur in securitisations of revolving assets, such as credit card receivables. If a bank does not undertake this type of activity then it has nothing to report.

29. Regarding secured borrowing in lines 43 through 47, are repos, collateral lending and covered bonds included in this field?

    Answer: Yes, the definition of secured borrowing is the same as that used in the LCR: it defines secured funding as "those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution".

30. Regarding Section 6.2 and in particular Section 6.2.2, of the instructions, please provide additional guidance on how we should treat encumbrances that result from reasons other than pledging or secured funding transactions (ie tied positions).

    Answer: Encumbrance should be treated in the same manner regardless of the reason.

31. Where should data for insurance companies, investment companies, etc be reported?

    Answer: Data for these entities should be reported in rows 32 and 47 as they are funding from "other legal entities".

32. In what row should the market value of financial instruments be reported? Are the reported figures supposed to be net figures?

    Answer: Assuming that "financial instruments" means derivatives, they should be reported as outlined in Section 6.2.2 of the instructions.

33. Concerning reverse repos, the instructions say they should be treated as secured cash loans.

    - In which line(s) should they be reported? As loans depending on the counterparty? If so, this treatment does not seem to agree with paragraph 32 of the Basel III NSFR standards (if the bank will receive cash, then the RSF of the transaction would be 0%).

      Answer: Reverse repos should be reported as cash loans according to counterparty. Paragraph 32 is only applicable to assets on balance sheet. Most accounting standards do not result in such assets being recorded on a bank's balance sheet.

    - What distinction is made for the different underlying assets (Level 1, Level 2A, Level 2B, others)?

      Answer: Secured loans to financial institutions where such loans are secured against Level 1 assets (and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan) are reported separately from such loans secured by other collateral. See reporting instructions for additional detail.

    - What maturity should be considered for assigning the RSF factor, the maturity corresponding to the reverse repo or that of the underlying security?

      Answer: The maturity of the reverse repo (secured loan).

- How should reverse repo balances be reported if the collateral received in connection to the reverse repo has been re-hypothecated in a repo or similar transaction?

  Answer: If the collateral received in connection to a reverse repo has been re-hypothecated in a repo or similar transaction in which the firm intends to repurchase the collateral, the resulting cash inflows and outflows are assumed to offset and therefore should not be reported. In such cases the balances of the associated reverse repo should be reported as encumbered for the period of re-hypothecation or for the maturity of those balances, whichever is longer. For more information refer to Section 6.2.2 of the Basel III monitoring instructions.

- How should reverse repo balances be reported if collateral received in connection to the reverse repo has been sold outright rather than re-hypothecated in a repo or similar transaction?

  Answer: If the collateral received as a result of a reverse repo has been sold, the balances of the reverse repo should be reported as encumbered for a period equal to the entire maturity of the associated reverse repo.

34. How are assets excluded from Level 1 and Level 2 in the LCR because they do not meet the operational requirements (line 60 of the "LCR" worksheet) treated in the NSFR?

    Answer: The operational requirements which apply to the LCR are not relevant in the NSFR.

35. The current definition of line 251 (all other assets not included in the above categories) could potentially generate misleading results. A more granular approach would be beneficial for a better understanding and a more accurate reporting of balances.

    Answer: Firms can provide to their national supervisors explanatory notes detailing significant exposures in this category upon request.

36. Rows 163 to 168 refer to "residential mortgages of any maturity that would qualify for the 35% or lower risk weight under the Basel II standardised approach for credit risk". Among the "encumbered" classification, it would be useful for analysis purposes to insert a specific sub-category ("of which") with the self-securitisations.

    Answer: As this type of encumbrance is not treated differently from other types, no distinction is made in the template. Assets encumbered in self-issued or synthetic (own-name) securitisations should only be reported as encumbered if the securities have been encumbered outside of the reporting entity. For example, if the securities being held by the institution have not been pledged and are still available to raise funding, then the underlying assets can be reported as unencumbered.

37. Concerning derivatives liabilities/assets in lines 49 and 213, is there a reporting distinction for differences in maturity?

    Answer: No distinction is made for maturity.

38. Should the time buckets fit the generally binding accounting standards and include the upper bound (≤ 6 months, > 6 months and ≤ 12 months etc)?

    Answer: The standard is measured at one year or greater, and the semi-annual buckets were calibrated accordingly.

39. What is the applicable RSF for a plain vanilla reverse repo on a Level 1 asset? Is it 100% as we have to look at the long-term claim which is on the balance sheet or 5% for the collateral held

unencumbered? In the first case, is there any liquidity value considered in the NSFR for the Level 1 asset?

Answer: For the purpose of the Basel III monitoring exercise, a reverse repo of any asset for longer than one year is 100%. Therefore, no liquidity value is assigned to the borrowed asset.

40. Some mortgages and loans are only partially secured and are therefore separated into secured and unsecured portions with different risk weights under Basel II. How should these portions be treated in the "NSFR" worksheet?

Answer: Only the portion of the loan with the appropriate risk weight should be reported. The separate portion at a different risk weight should be reported in the row to which it relates. For purposes of Basel III monitoring reporting, institutions can assume that the secured portion of the loan applies to the longest dated (> one year) part of the loan, so long as it remains encumbered for that entire period.

41. Net known derivatives (payable or receivables) should be reported in the LCR as well as the NSFR. It is clear that any known (ie non-contingent) cash flow that will take place within 30 days on derivative positions should be included on a net basis (different lines if payable or receivable). However, should FX spot transactions (spot outright (an exchange between two currencies) and not forward contracts) be taken into account? If they should be included in "net know derivatives", are they treated the same if they have same day settlement or if settled with two-day lag (T+2)?

Answer: Known cash flows related to FX spot transactions should be included in the net known derivatives payable/receivable lines of the "LCR" worksheet, regardless of the settlement date (providing it is within the 30-day period).

42. How should the portion of amortising loans that comes due within one year be reported on the "NSFR" worksheet?

Answer: Per paragraph 26 of the Basel III NSFR standards, "for amortising loans, the portion that comes due within the one-year horizon can be treated in the 'less than a year' residual maturity category". Where possible, banks should allocate the amortising portion across the maturity time buckets on the "NSFR" worksheet.

43. When reporting assets posted as initial margin for derivative contracts or provided to contribute to the default fund of a CCP, should the term for which these assets are to be posted be considered when determining the appropriate line items to report balances?

Answer: All assets posted as initial margin for derivative contracts or provided to contribute to the default fund of a CCP should be reported without regard to the term they are to be posted, with the exception of balances reported in line 239. Initial margin balances reported in line 239 should be reported according to the residual maturity of associated derivative contract(s). Banks should not report assets posted as initial margin or provided as default fund contributions in their relevant asset categories as encumbered assets according to their remaining term of encumbrance. A Level 1 asset posted as initial margin for a period greater than one year, for example, should be included in balances reported in lines 232, 235 and 239 (as well as lines 237, 242 and 243, if applicable) but should not be reported in line 126. An asset posted as initial margin for a derivative contract or provided to contribute to the default fund of a CCP should continue to be reported in its relevant asset category and not with margin balances only if it is subject to a RSF factor greater than 85% when held unencumbered.

6. Monitoring of credit risk reforms

6.1 Worksheet "Credit risk (all banks)"

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6.2 Worksheet "Credit risk (IRB banks)"

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6.3 Worksheet "Securitisation"

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7. Operational risk

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8. Trading book

8.1 Worksheet "TB"

1. Deleted.
2. Deleted.
3. Deleted.
4. Deleted.
5. In panel C ("Trading desks"), how should a trading desk's hedging strategy be assessed in order to determine whether it is "well hedged"?

   Answer: This assessment should be done by the bank based on expert judgement. Where possible, a qualitative document explaining the approach should be provided.

8.2 Worksheet "TB IMA Backtesting-P&L"

1. For purposes of reporting, what source should be referenced for definitions of the terminology used in the worksheets "TB" and "TB IMA Backtesting-P&L"?

   Answer: For purposes of reporting, definitions of terminology used in the worksheets "TB" and "TB IMA Backtesting-P&L are intended to be consistent with definitions specified in the final market risk standard *Minimum capital requirements for market risk*.[5]

[5] Basel Committee on Banking Supervision, *Minimum capital requirements for market risk*, January 2016, www.bis.org/bcbs/publ/d352.pdf.

2. Which P&L (actual, hypothetical or risk-theoretical) must be applied in calculating the "p-values" as defined under the final market risk standard?

   Answer: Hypothetical P&L should be used in this instance.

3. Deleted.

4. Deleted.

5. Deleted.

8.3 Worksheet "TB risk class"

1. In panel B ("General interest rate risk"), for the second part (cells F82 to F93), should banks report a capital charge for the 34 listed currencies of panel B or for the whole portfolio?

   Answer: Capital charges reported in cells F82 to F93 should be consistent with data reported in cells F45 to EL78. Institutions should report the aggregate capital charge for each of the 34 currencies listed in cells B45 to B78.

2. Deleted.

3. Deleted.

4. Deleted.

5. Deleted.

6. Deleted.

7. Please clarify the reporting units to be used when reporting data in the "TB risk class" worksheet.

   Answer: In reporting weighted sensitivities and squared weighted sensitivities, the bank must use consistent units throughout the worksheet. For example, data that is reported in thousands means that, a weighted sensitivity value reported is obtained by dividing the actual number by 1,000, consequently, the squared value of that sensitivity must be divided by 1,000,000.

8. Deleted.

8.4 Worksheet "TB SA current"

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8.5 Worksheet "TB SA FRTB"

1. In the summary table and panels A through G, please confirm the calculations of total SBA and the total capital charges for each risk class are consistent with the FRTB.

   Answer: The formulas used in the template to generate the total SBA (row 16) and total capital charges per risk class (rows 20, 36, 52, 68, 84, 100, 116) have been corrected in a new version of the template. Banks have the option of using the revised version of the template to reflect these corrections. For banks that utilise an older version of the template, corrections to the calculations in those cells will be made upon receipt of the submission.

9. CVA

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10. Sovereign exposures

1. Panel D of the "Sovereign exposures" worksheet requires banks to provide the weighted to short ratio for their sovereign exposures in the trading book (column T). However, this column is greyed out. Should banks fill in this column?

   Answer: Yes, banks with sovereign exposures in the trading book should complete the relevant cells in column T of panel D. A revised version of the Basel III monitoring template (version 3.5.2) has been circulated which fixes this error. Banks with no sovereign exposures in the trading book are unaffected by the change made to the template and can continue to use one of the previous versions.

2. Panels D and E of the "Sovereign exposures" worksheet require banks to report their trading book "exposures". How should the latter be calculated?

   Answer: "Exposure amounts" and "trading book exposures" refer to the exposure at default.

3. Given net short positions should be reported as negative numbers in panel D of the "Sovereign exposures" worksheet, some of the checks in this panel may fail even though the data are correct. Should banks report zero instead of negative numbers?

   Answer: No. In case of net short positions any resulting error messages in panel D should be ignored.

4. How should the exposure value be calculated for sovereign exposures held in the trading book?

   Answer: "Exposure amounts" and "Trading book exposures" for panels D and E refer to exposures at default.

5. Panel C requires banks to report indirect exposures through collateral currently subject to a zero haircut – what does this refer to?

   Answer: This refers to instances where national supervisors have exercised the national discretion set out in paragraph 170 of the Basel II framework to apply a haircut of zero for repo-style transactions where the counterparty is a core market participant.

11. Survey

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Annex 1: Worksheet "TB" – closed form questions (panel D)

Default risk charge (DRC)	
Q-1	For the purpose of this QIS, is your bank able to calculate and report the default risk charge (DRC) under the FRTB standardised approach (SA)? • 1: Yes – bank is able to calculate the DRC consistent with the FRTB standard for all positions subject to this capital charge. • 2: No – bank is unable to calculate the DRC for all or some positions **or** the calculation is inconsistent with the FRTB standard (eg proxy use).
Q-2	If you selected "2: No" in Q-1, what did your bank report for SA DRC in this QIS? • 1: Used a proxy (please describe the methodology in a supplementary qualitative document). • 2: Reported zero because the relevant default risk does not exist or is deemed immaterial for the portfolio. • 3: Did not report a figure (ie left the cell blank).
Q-3	For the purpose of this QIS, is your bank able to calculate and report the default risk charge (DRC) under the FRTB internal models approach (IMA)? • 1: Yes – bank is able to calculate the DRC consistent with the FRTB standard for all positions subject to this capital charge. • 2: No – bank is unable to calculate the DRC for all or some positions OR the calculation is inconsistent with the FRTB standard. • 3: Not applicable – bank does not use IMA.
Q-4	If you selected "2: No" in Q-3, what did your bank report for IMA DRC in this QIS? • 1: Used a proxy (please describe the methodology in a supplementary qualitative document). • 2: Reported zero because the relevant default risk does not exist or is deemed immaterial for the portfolio. • 3: Did not report a figure (ie left the cell blank).
Expected shortfall (ES)	
Q-5	For the purpose of this QIS, does the ES value reported include only eligible risk factors (ie risk factors deemed non-modellable are excluded from the calculation) • 1: Yes – only those risk factors that are modellable per FRTB standard are included in the ES calculation. • 2: No – all risk factors currently included in the firm's VaR model are also included in the ES calculation regardless of eligibility per para 183(c) (please describe in a supplementary qualitative document).
Q-6	For the purpose of this QIS, is your bank able to calculate ES for FX - scenario 1 (ie allowing for triangulation of non-liquid currency pairs)? • 1: Yes – calculated ES directly using the shorter LH where relevant. • 2: No (eg scaled down ES for FX status quo due to technical limitations) (please describe the methodology in a supplementary qualitative document).
Q-7	For the purpose of this QIS, is your bank able to apply the liquidity-horizon adjustment defined in paragraph 181 (c) of the FRTB standard? • 1: Yes – bank is able to apply a liquidity-horizon adjustment consistent with the FRTB standard and reported accordingly. • 2: No – bank assumed a constant 10-day liquidity horizon for all risk factors. • 3: No – bank made other assumptions (please describe in a supplementary qualitative document).
Q-8	For the purpose of this QIS, is your bank able to calculate the **stressed** Expected Shortfall using a **reduced set** of risk factors ($ES_{R,S}$)? • 1: Yes – bank is able to calculate $ES_{R,S}$ consistent with the FRTB standard and reported accordingly. • 2: No – bank made other assumptions (eg full set of risk factors is used directly) (please describe in a supplementary qualitative document).

Q-9	For the purpose of this QIS, is your bank able to calculate the **current** Expected Shortfall using a **full set** of risk factors ($ES_{F,C}$)? • 1: Yes – bank is able to calculate $ES_{F,C}$ consistent with the FRTB standard and reported accordingly. • 2: No – bank made other assumptions (please describe in a supplementary qualitative document). • 3: Not applicable – bank calculated **stressed** Expected Shortfall directly using the full set of risk factors.
Q-10	For the purpose of this QIS, is your bank able to calculate the **current** Expected Shortfall using a **reduced set** of risk factors ($ES_{R,C}$)? • 1: Yes – bank is able to calculate $ES_{R,C}$ consistent with the FRTB standard and reported accordingly. • 2: No – bank made other assumptions (please describe in a supplementary qualitative document). • 3: Not applicable (ie bank calculated **stressed** Expected Shortfall directly using the full set of risk factors).
Q-11	For the purpose of this QIS, is the stressed period used different from the current period (ie $ES_{R,S} \neq ES_{R,C}$)? • 1: Yes. • 2: No (please describe in a supplementary qualitative document).
Q-12	For the purpose of this QIS, is the stressed period used to calculate stressed Expected Shortfall different from the period of significant financial stress used to calibrate SVaR? • 1: Yes. • 2: No.
Non-modellable risk factors and stressed expected shortfall capital add-on (SES)	
Q-13	For the purpose of this QIS, is your bank able to calculate the capital charge for non-modellable risk factors (NMRF) in the IMA? • 1: Yes – bank is able to calculate the SES for every NMRF consistent with the FRTB standard and reported accordingly. • 2: No – bank is unable to calculate the SES for every NMRF per the FRTB standard. • 3: Not applicable, because all risk factors are modellable (ie reported zero for all risk factors).
Q-14	If you selected "2: No" in Q-13, how did your bank report the figure for SES in this QIS? • 1: Used a proxy (please describe the methodology in a supplementary qualitative document and discuss how proxy values were allocated among risk classes). • 2: Did not report a complete figure (ie left some or all cells blank) (please describe the nature of the challenge in a supplementary qualitative document).
Q-15	If you selected "1: Used a proxy" in Q-14, please estimate the actual size of NMRF relative to the proxy: • 1: Actual amount of NMRF is **greater than** amount reported (please provide a detailed assessment for each risk class). • 2: Amount of NMRF reported is roughly correct. • 3: Actual amount of NMRF is **less than** amount reported (please provide a detailed assessment for each risk class).
Q-16	How confident is your bank regarding the accuracy of the figures reported in this QIS for the SES? • 1: Very confident (figures provided indicate a reasonable degree of the actual capital charge). • 2: Reasonably confident (subject to some uncertainty). • 3: Minimally confident (subject to significant uncertainty). **Note**: If your answer is either "2: Reasonably confident" or "3: Minimally confident", please describe the source of uncertainty in a supplementary document.
Q-17	For the purpose of this QIS, for modellable desks in Panel B3, is the combined set of products in scope for NMRF and ES identical to the set of products in scope for SbM? • 1: Yes. • 2: No (eg there are risks that are captured by the NMRF framework but are absent from the SbM calculation of a corresponding risk class). **Note**: If your answer is "2: No", please describe the source of misalignment in a supplementary document.

Q-18	For information purposes only, please provide an estimate of impact on the Equity risk class NMRF capital charge that would result assuming diversification effects for the following risk factors: spot, futures, forwards, dividends, repo rates and volatilities. • 1: No impact. • 2: Impact on Equity NMRF of less than 25%. • 2: Impact on Equity NMRF between 25% and 50%. • 3: Impact on Equity NMRF greater than 50%. **Note**: If possible, please provide a more precise approximate reduction in the remarks column. In all cases, please describe assumptions used in the assessment in a supplementary document.
Residual risk add-on (RRAO)	
Q-19	For the purpose of this QIS, is your bank able to calculate the residual risk add-on (RRAO) under the FRTB Standardised Approach (SA)? • 1: Yes – bank is able to calculate RRAO for every risk type (gap risk, correlation risk, etc) consistent with the FRTB standard and reported accordingly. • 2: No – bank is able to calculate the notional amount of products subject to RRAO, but unable to allocate the share of total RRAO to each risk type. • 3: No – bank is unable to calculate the notional amount of products subject to RRAO.
Q-20	If you selected "2: No" in Q-18, how did your bank report the figure for the residual risk add-on in this QIS? • 1: Assumed that all residual risks are with exotic underlying and applied a 1.0% multiplier to the notional. • 2: Assumed that no residual risks are with exotic underlying and applied a 0.1% multiplier to the notional. • 3: Reported zero because there is no residual risk (ie the notional amount is zero). • 4: Did not report a figure (ie left the cell blank).
TB IMA Backtesting-P&L	
Q-21	For the purpose of this QIS, is your bank able to calculate the 99% VaR for all trading desks? • 1: Yes – bank is able to calculate the 99% VaR and reported accordingly. • 2: No – (please explain the nature of the challenge in a supplementary qualitative document).
Q-22	For the purpose of this QIS, is your bank able to calculate the 97.5% VaR for all trading desks? • 1: Yes – bank is able to calculate the 97.5% VaR and reported accordingly. • 2: No (please describe the nature of the challenge in a supplementary qualitative document).
Q-23	For the purpose of this QIS, is your bank able to calculate the 97.5% ES for all trading desks? • 1: Yes – bank is able to calculate the 97.5% ES and reported accordingly. • 2: No (please describe the nature of the challenge in a supplementary qualitative document).
Q-24	For the purpose of this QIS, is your bank able to calculate p-values for all trading desks? • 1: Yes – bank is able to calculate p-values consistent with the FRTB standard and reported accordingly. • 2: Yes – bank is able to calculate p-values, but calculation reported deviates from the FRTB standard (please describe the nature of the deviation in a supplementary qualitative document). • 3: No – bank is unable to calculate p-values (please describe the nature of the challenge in a supplementary qualitative document).
Q-25	For the purpose of this QIS, is your bank able to calculate **Actual P&L** (APL) for all trading desks? • 1: Yes – bank is able to calculate APL consistent with the FRTB standard and reported accordingly. • 2: Yes – bank is able to calculate APL, but calculation reported deviates from the FRTB standard (please describe the nature of the deviation in a supplementary qualitative document). • 3: No – bank is unable to calculate APL (please describe the nature of the challenge in a supplementary qualitative document).

Q-26	For the purpose of this QIS, is your bank able to calculate **Hypothetical P&L** (HPL) for all trading desks? • 1: Yes – bank is able to calculate HPL consistent with the FRTB standard and reported accordingly. • 2: Yes – bank is able to calculate HPL, but calculation reported deviates from the FRTB standard (please describe the nature of the deviation in a supplementary qualitative document). • 3: No – bank is unable to calculate HPL (please describe the nature of the challenge in a supplementary qualitative document)
Standardised approach (SA)	
Q-27	For the purpose of this QIS, is your bank able to calculate all components of the SbM capital charge (Delta, Vega and Curvature) using full revaluation methodology? • 1: Yes – bank is able to calculate capital charge of all components precisely. • 2: No – bank is unable to calculate one or more sub-components for all or some positions OR the calculation relies on approximations (eg Taylor expansion). **Note**: If your answer is "2: No", please list risk classes affected and corresponding methodology in a supplementary qualitative document.
Q-28	For the purposes of reporting in "TB risk class" Panel G (Foreign exchange risk), did you report a non-zero value for "Other 2" bucket (ie any of the following cells: F301; I297:L297; N302:P301, U301:X301, AA301:AD301, AG301:AJ301)? • 1: Yes – bank reported non-zero value for "Other 2" bucket for delta, vega or curvature components of Panel G. • 2: No – bank reported non-zero value for "Other 2" bucket for delta, vega or curvature components of Panel G. **Note**: If your answer is "1: Yes", please list currency pairs in scope for "Other 2" bucket in the "Remarks" column.