



## Regulatory Consistency Assessment Programme (RCAP): summary of post-assessment follow-up actions

Number of material or potentially material findings rectified after an assessment

Based on published RCAP follow-up report

Table 1

Jurisdiction	RCAP-Capital				RCAP-LCR			
	Publication date	Grade	Material findings rectified / Total material findings	Potentially material finding rectified/ Total potentially material findings	Publication date	Grade	Material findings rectified /Total material findings	Potentially material findings rectified/ Total potentially material findings
Australia	Mar 14	C	0/3	0/1	-	-	-	-
Brazil	Dec 13	C	1/1	2/11	-	-	-	-
Canada	Jun 14	C	0/0	0/1	-	-	-	-
China	Sep 13	C	0/0	0/7	-	-	-	-
EU	Dec 14	MNC	0/7	0/1	-	-	-	-
Hong Kong SAR	Mar 15	C	0/1	0/0	Mar 15	C	0/0	0/0
India	Jun 15	C	0/0	0/0	Jun 15	LC	0/1	0/0
Japan*	Oct 12/ Dec 16	C	0/0	0/4	Dec 16	C	0/0	0/0
Mexico	Mar 15	C	0/0	1/3	Mar 15	C	0/0	0/0
Saudi Arabia	Sep 15	C	0/0	0/1	Sep 15	LC	0/1	0/0
Singapore	Mar 13	C	0/0	1/1	Dec 16	C	0/0	NA/1
South Africa	Jun 15	C	0/0	0/0	Jun 15	C	0/0	0/0
Switzerland**	Jun 13	C	1/6	4/13	-	-	-	-
US	Dec 14	LC	0/3	1/7	-	-	-	-

"NA" used where findings remain but the jurisdiction is not yet subject to post-assessment follow-up reporting.

Jurisdictions yet to be assessed are indicated with dashes. RCAP-SIB not included as it is not yet subject to post-assessment follow-up reporting.

\* Japan addressed the follow-up issues highlighted in its 2012 RCAP-Capital assessment. The remaining four findings related to the follow-up assessment in 2016, which is not yet subject to post-assessment follow-up reporting.

\*\* All outstanding material findings and the majority of the potentially material findings are related to the Swiss Standardised Approach (SSA), which is used by a minority of banks and will cease to exist after 2018.

### Australia

The Australian Prudential Regulation Authority (APRA) has addressed the majority of the findings raised during the assessment. APRA intends to review the findings relating to the application of the 1.06 scaling factor to specialised lending exposures under the Internal Ratings-Based (IRB) approach, as well as the recognition of retail treatment for mortgage regardless of the occupancy status of the borrower, once the Basel Committee's revision of the IRB framework and the standardised approach to the credit risk framework is completed.

## Brazil

The Central Bank of Brazil (BCB) has addressed the majority of the findings raised during the RCAP assessment, which identified only one material gap related to definition of capital. This gap will be eliminated at the end of the phase-in period.

In 2016, the BCB introduced the Basel II comprehensive approach for credit risk mitigation (CRM). The Assessment Team identified a potentially material deviation with respect to CRM, although it was not deemed currently material at the time of the assessment. In addition, the BCB has introduced complementary regulation on the countercyclical capital buffer (CCyB) in order to comply fully with the Basel III framework.

The remaining identified deviations, particularly those related to market risk and operational risk, will be addressed in the medium term once the Basel III reforms are completed.

## Canada

The Office of the Superintendent of Financial Institutions (OSFI) has addressed the majority of the findings raised during the assessment. OSFI intends to review the few remaining identified deviations as part of longer-term revisions to its Capital Adequacy Requirements (CAR) guideline resulting from the ongoing work on Basel III.

## China

The China Banking Regulatory Commission (CBRC) has not made any amendments since the 2016 post-RCAP follow-up report. The CBRC addressed most of the assessment findings through issuance of regulatory documents during the RCAP assessment. The three remaining follow-up issues raised in the RCAP China report are under review and will be included in the upcoming amendment of the Chinese Capital Rules following the finalisation of the ongoing Basel III reforms.

## European Union

The European Commission did not take any post-RCAP follow-up actions during 2016.

## Hong Kong SAR

The Hong Kong Monetary Authority (HKMA) has addressed the majority of the findings raised during the assessment. The HKMA may revisit the last material finding on its risk-based capital framework (on foreign exchange risk) when it implements the Basel Committee's revised minimum requirements for market risk that were published in January 2016.

There are no material or potentially material findings in the Liquidity Coverage Ratio (LCR) assessment report.

## India

The Reserve Bank of India (RBI) rectified all of the material and potentially material findings raised in the risk-based capital report during the RCAP assessment in 2015. All other findings were assessed as non-material, and hence no further action was warranted.

In the case of the LCR assessment report, following the issuance of the amendments to the Indian LCR rule during the RCAP review, one material finding remains with regard to the definition of high-quality liquid assets (HQLA).

## Japan

There was no remaining material or potentially material finding in the risk-based capital report published in 2012. Notwithstanding, the 2012 RCAP assessment excluded an assessment of the capital conservation and countercyclical buffers, which were assessed alongside the RCAP-LCR assessment conducted in 2016.

Based on the follow-up assessment on the implementation of the Basel III loss absorbency and capital buffers standards in Japan, the Assessment Team identified four potentially material gaps between the Basel buffer framework and the Japanese buffer framework. The Japanese authorities are in the process of rectifying one of the potentially material findings by revising Supervisory Guidelines to describe the process for adjusting the CCyB rate and the pre-announcement period (12 months) for raising the CCyB.

## Mexico

The Mexican authorities have addressed the majority of the risk-based capital findings raised during the assessment. The Mexican authorities have further rectified the finding on the CCyB requirements by issuing the final regulation on CCyB in April 2016.

There were no remaining material or potentially material findings in the LCR assessment report.

## Saudi Arabia

The Saudi Arabian Monetary Authority (SAMA) has addressed the majority of the risk-based capital and LCR findings raised during the assessment.

There was one remaining potentially material finding in the risk-based capital report related to the application of the 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 the future.

In the case of the LCR, one material finding remains with regard to the definition of HQLA.

## Singapore

The Monetary Authority of Singapore has no update to report, as the deviations identified in its published RCAP assessment reports have been addressed.

## South Africa

The South African Reserve Bank rectified all of the material and potentially material findings raised in the risk-based capital and LCR report during the RCAP assessment in 2015.

## Switzerland

All findings related to the Swiss International Approach identified as being material by the RCAP report that FINMA agreed to address based on formal regulation have been duly implemented. All outstanding

material findings and the majority of the potentially material findings are related to the Swiss Standardised Approach (SSA), which is used by a minority of banks and will cease to exist after 2018.

## United States

The US agencies adopted a rule and published working papers in 2015 that addressed findings related to the IRB framework raised during the assessment. Two of the three identified material deviations are expected to be of limited materiality after, first, the 2014 adoption of the revised Basel securitisation framework, which allows the use of alternatives to external ratings, and, second, in relation to the implementation of the 2016 fundamental review of the market risk standard. The final identified deviation, relating to counterparty credit risk, is expected to have an immaterial impact.