

Post-RCAP follow-up report: China

Reference RCAP report: Assessment of Basel III capital regulations in China, September, 2013

Status as of: 31 December 2015

This follow-up report provides an overview of where the jurisdiction has taken, or plans to take, further actions to address findings raised in the RCAP assessment report. The report is based on self-reporting and the reported actions have not been reviewed by the Basel Committee.

Part A¹

Post-RCAP follow up: Changes applied to local regulations of the Basel Framework relating to risk-based capital standards (RCAP-Capital)			
(1) Issue and/or relevant Basel paragraph number(s)	(2) Detailed description of finding (please indicate as precisely as possible the finding as identified in the relevant RCAP assessment report)	(3) Detailed reference to the domestic legislation/regulation that addresses the finding	(4) Summary description of amendment or rectification made
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¹ To be completed only for those findings where action has been initiated/taken. Any plans for addressing other findings may be indicated in Part B.

Part B

In the RCAP China report, three follow-up issues were raised by the assessment team:

1. Credit risk SA: different approach to risk weighting of claims on domestic banks and PSEs, eligibility criteria for collateral and the treatment of past-due loans in relation to the Chinese provisioning rules;
2. Pillar 2: no requirement for supervisors to assess deviations from the reference definition of default; and,
3. Pillar 3: missing requirements regarding detailed disclosure of relevant data about credit quality, securitisation and remuneration.

For credit risk SA and Pillar 3 disclosure requirements, CBRC is of the view that recent or ongoing policy developments should constitute the basis for member jurisdictions to make further amendments to their national rules accordingly. With regard to the findings relating to Pillar 2, CBRC is of the view that the assessment of deviations from the reference definition of default has been the de facto supervisory practice in CBRC, though the wording of this requirement is not explicitly expressed in the Capital Rules in China. CBRC has indicated its intent to adjust the wording in the next round of amendments to the Capital Rules.