

By **end of 2015** it is expected that the **BCBS** will have:

- Finalised the fundamental review of the trading book for approaches to **market risk**
- Commenced consultations on a more risk sensitive approach to **operational risk** and on revisions to standardised and IRB approaches to **credit risk**.

BCBS risk exposure **policy work that is currently open** but is expected to be finalised in 2016, include: interest rate risk in the **banking book**; review of the **credit valuation adjustment** framework; capital treatment for **STC securitisation**; and haircut floors for non-centrally cleared securities financing transactions. These policy initiatives will be underpinned by revisions to the Pillar 3 disclosure requirements that are expected to be released by the end of 2016.

Notes:

- We expect regulators and governments in the Asia Pacific region to announce further regulatory initiatives in the aftermath of the G20 summit; as international intentions are clarified.
- See page 14 for glossary of terms
- **Red text indicates deadline for industry or commencement of new requirements.**

Q1 2016 Jan-Mar

Q2 2016 Apr-Jun

Q3 2016 Jul-Sep

Q4 2016 Oct-Dec

2017

2018

2019 and beyond

- **G-SIIs to report HLA** to group-wide supervisors (Jan)
- **G-SIBs** must comply with BCBS **risk data aggregation and risk reporting principles** (Jan)
- BCBS QIS on **credit risk and operational risk**
- IOSCO to publish report on **interest rate benchmarks**
- IOSCO to begin follow-up review of **FX benchmark** providers
- FSB **shadow banking** publication on harmonisation of approaches to **re-hypothecation** of client assets and issues related to **collateral re-use**
- Phase in period for Basel III **HLA** requirements for **G-SIBs**.

- IOSCO report on further strengthening global framework to address **misconduct by firms and individuals** in professional markets
- BCBS to finalise treatment of **STC securitisations**
- IAIS to publish second **ICS and ComFrame consultation**
- CPMI-IOSCO to consult on **CCP resilience and recovery**
- FSB recommendations to address gaps or weakness identified during **shadow banking** peer reviews.

- BCBS/IOSCO **margin requirements** for non-centrally cleared **OTC derivatives** phase-in period starts
- FSB report on jurisdictions' planned steps to implement **OTC derivative trade reporting**
- FSB report on reforming **interest rate benchmarks**.

- **Basel III Pillar 3 revised disclosure** requirements take effect
- Joint BCBS, CPMI, FSB and IOSCO report on **interdependencies** between **CCPs and clearing members**
- FSB Resolution Steering Group to report on need for further guidance for **CCP resolution, prefunded financial resources and liquidity** in resolution
- FSB report on **misconduct** risks
- Possible CMC/FSB recommendations on strengthening **disincentives to misconduct through compensation**-related tools
- FSB recommendations on possible measures of **'collateral velocity'**
- **G-SII cohort 2015** must have systemic risk management plan and liquidity management/ planning (Dec).

- **Basel III** capital requirements for **equity investments** in funds. **CCP exposures and SA-CCR** effective (1 Jan)
- End of phase in period for BCBS **OTC derivatives (VM)** margin requirements (1 March)
- BIS Markets Committee to **finalise FX Code** and proposals to ensure greater adherence (May)
- **Approval of ICS v1.0** for confidential reporting
- National/regional authorities to begin reporting **securities financing data** to the global data aggregator in accordance with FSB standards
- FSB progress report on **compensation practices**
- **G-SII cohort 2016** must have systemic risk management plan and liquidity management/ planning (Dec).

- **Basel III securitisation framework and Pillar 1** (minimum capital) requirements in effect (1 Jan)
- **IFRS9** effective (1 Jan)
- BCBS **NSFR** becomes minimum standard (1 Jan)
- FSB **numerical haircut floors** framework to apply to non-bank-to-non-bank securities financing
- Jurisdictions must have removed legal barriers to full **reporting of OTC derivatives to TRs**
- Deadline to **cease masking** identifying data for **OTC derivative counterparties**
- Jurisdictions must have legal framework to permit authorities **access to TR held OTC derivatives data**
- Consultation on **ComFrame and ICS v.2**
- **G-SII cohort 2017** must have systemic risk management plan and liquidity management/ planning (Dec).

- **Basel III capital requirements** on CET1, capital conversion buffer, G-SIB buffer, countercyclical capital buffer, min T1 ratio and min total capital ratio fully implemented (1 Jan 2019)
- **Basel III** liquidity requirements on **LCR and large exposures** fully implemented (1 Jan 2019)
- **G-SIBs** required to meet min **TLAC** of **16% RWA** and **6% LRE** (1 Jan 2019)
- **G-SIIs'** to comply with **BCR and HLA** requirements (2019)
- Adoption of **ComFrame**, including **ICS v.2.0** (2019)
- Phase-in period ends for BCBS **margin requirements for OTC derivatives (IM)** (1 Sep 2020)
- **G-SIBs** required to meet min **TLAC** of **18% RWA** and **6.75% LRE** (1 Jan 2022)
- **Emerging market G-SIBs** to meet min **TLAC** of 16% RWA and 6% LRE by **2025** and 18% RWA and 6.75% LRE by **2028**.

During 2016

- IAIS to undertake **BCR field testing for Cohort 2015**
- IOSCO to consider plans for monitoring and reporting on implementation of **MMF** and **securitisation recommendations**
- FSB to work on **market liquidity** and **asset management risks**, including policy options to mitigate structural vulnerabilities.

Australia

- **Central clearing of OTC derivatives** commence for certain entities meeting A\$100 bn threshold (April)
- Legislation providing a **professional standards framework for financial advisers** and to **ban excessive card surcharges** and better **protect consumers using electronic payment systems**
- Legislation to reduce **disclosure requirements for 'simple' corporate bonds**
- Consultation on ASIC **product intervention powers** and **accountabilities** for financial product **issuers and distributors**
- APRA consultation on **recapitalisation frameworks, NSFR** leverage ratio and other prudential issues
- Government to consult on tools for **managing any future financial crisis**.

China

- CBRC policy framework for Basel III capital for equity investments in funds and for **CCPs, SA-CCR, securitisation framework, NSFR, Pillar 3 disclosure and large exposures**.

Hong Kong

- New rules for clearing of **OTC derivatives** to come into effect
- Large scale roll out of requirement that banks accept **e-Cheque deposits**.

Japan

- JFSA to publish a summary report reviewing progress with 2015-2016 strategic directions and priorities, which include: **FinTech, cyber security, algo trading**; intermediary prioritisation of **customers' interests**; enhancing skills of asset managers and institutional investors.

Singapore

- Basel III **D-SIBs capital conservation and counter-cyclical buffer** and **LCR disclosure** requirement to take effect (1 Jan)
- Basel III **liquidity** requirements extend to **merchant banks** (1 Jan)
- **Draft rules** to be issued on Basel III **NSFR** and **large exposures** requirements
- Consultation in progress or completed for draft rules on Basel III capital for equity investments in funds and for **CCPs, SA-CCR, securitisation framework**.

Australia

- **APRA to set capital standards and ratios** that ensure ADIs unquestionably strong
- **Legislation** giving ASIC the power to **ban individuals** from managing financial firms
- Legal effect given to the **Asian Region Funds Passport** initiative
- Consultation on strengthening **ASIC's enforcement tools** in relation to the financial services and credit **licensing regimes**
- ASIC review of remuneration arrangements in the mortgage broking industry
- Government to consider **technology neutrality** in financial sector regulation.

Hong Kong

- **Draft rules** for Basel III requirements re **capital for equity investments** in funds and for **CCPs, SA-CCR, pillar 3 disclosure and large exposures** to be published.

Singapore

- **VM and IM requirements** for non-centrally cleared derivatives planned to be effective for commercial banks **exceeding S\$4.8 tn** threshold (1 Sep 2016).

"We also have more to do to make sure that the Hong Kong regime remains aligned with those in the rest of the world and keeps pace with the evolving international regulatory agenda."

Ashley Alder, Chief Executive Officer, Securities and Futures Commission
ISDA Annual Asia Pacific Conference, Hong Kong 26 October 2015

Australia

- Draft rule on Basel III **large exposure** requirements (2017).
- APRA to ensure **banks** have appropriate **TLAC and leverage ratios** in place
- **Legislation** to enable **innovative disclosure** for financial products
- **Legislation** to improve the regulation of **managed investment schemes**
- ASIC review of **stockbroking remuneration** arrangements
- Rationalisation of life insurance and managed investment scheme **legacy products**

Hong Kong

- **Rules** on **OTC derivatives reporting** come into effect (early 2017)
- Draft rules for Basel III **securitisation framework** and **NSFR** requirements (2017).

Singapore

- **VM requirements** for non-centrally cleared derivatives planned to be effective for all commercial and merchant banks (1 Mar 2017)
- **IM requirements** for non-centrally cleared derivatives planned phase in period for all commercial and merchant banks **exceeding S\$13 bn** threshold (1 Mar 2017–1 Sep 2020).

"If Asia is to further integrate its financial markets and allow cross-border capital flows and financial services to flourish, a precondition is to build strong mutual trust and confidence amongst regulators and supervisors, and achieve, over time, further convergence and harmonization in regulation and supervisory practices across the region."

Masamichi Kono, Vice Minister for International Affairs, Financial Services Agency, Japan
Welcome Speech, Reception of the IMF Conference 'Asia Regional Conference on Banking Supervision and Regulation', Tokyo 14 September 2015