PRESENTS

CAPITAL ADEQUACY FRAMEWORK BASED ON BASEL III

What's new and what are remaining

Background

BIS issued "Basel III: A global regulatory framework for more resilient banks and banking system" in 2010 in order to strengthen global capital and liquidity rules with the goal of promoting more resilient banks and revised it in 2011.

Thereafter, BCBS formulated six frameworks relating to Basel III.

- Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools,
- Guidance for national authorities operating the countercyclical capital buffer,
- Basel III: the net stable funding ratio,
- Basel III leverage ratio framework and disclosure requirements,
- Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement; and
- A framework for dealing with domestic systemically important banks

The reform was a response to financial crisis 2008 and to improve the banking sectors ability to absorb the loss on a going concern basis.

The fundamental reasons of crisis were:

- Excessive on and off balance sheet leverage
- Erosion of level and quality of capital
- Insufficient liquidity buffers in banks

The reforms in capital accord were made to addresses the lessons learned for the financial crisis and make banks to absorb losses and includes but not limited to:

- Tightening of capital ratios and strengthening of quality of capital
- Introduction of Buffer Capital requirement and non-risk based leverage ratio
- Introduction of liquidity rules
- Systematically Important Financial Institutions measure
- Changes in Counterparty risk measurement etc.

Accordingly, NRB has issued directives to Commercial Banks to parallel run the New Capital Adequacy Framework designed based on Basel III requirement. The parallel run shall start from the monthly reporting of Poush End and shall continue till end of fiscal year. Thereafter it will become effective.

The program titled as "Capital Adequacy Framework based on Basel III" What's new and what are remaining is designed to impart knowledge on New Capital Adequacy Framework and remaining upcoming frameworks based on Basel III.

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Program Details

Level (Low/Mid/Senior/ High)	Senior/Mid level
Duration (in Days)	2 Day
Target Audience	Bankers assigned with the responsibility of Basel II & III reporting to NRB, accounting and financial reporting, credit administration, bond/long term instruments issue requirement compliance etc.
Program Takeaways	After attending the session, the participant will be able to: • Understand fundamental reasons of banking crisis 2008 and necessity of pronouncement of Basel III • have in depth knowledge on elements of capital, their quality, consistency and target ratios under New Capital Adequacy Framework • imparted on Loss Absorbency characteristic of element of capital: Going concern Vs Gone concern • understand the component of regulatory adjustment and the necessity of the adjustment: • understand Reporting requirement under New Capital Adequacy • understand minimum capital ratios and transitional period arrangement • understand buffer capital and macro prudential measure • understand requirement for non-risk based leverage ratio and liquidity coverage • understand objective of Buffer requirement, leverage ratio, LCR and NSFR
Contents	**Capital Adequacy Framework based on Basel III: An Overview**
	Sub contents: • Quality, consistency and transparency of Capital • Tightening of capital ratios • Buffer Capital requirement and non-risk based leverage ratio • Introduction of liquidity rules • Objective of Capital Conservation and Countercyclical Buffer • Liquidity requirement, leverage ratios and their objectives • Summary of Capital Adequacy Framework Key Elements
	Regulatory Capital, Its Component and Loss Absorbency
	Sub contents: • Elements of Regulatory Capital • Quality, consistency and transparency of Capital • Loss Absorbency characteristic of element of capital: Going concern Vs Gone concern • Buffer Capital requirement and its objective
	Basel III: Global Liquidity Standard and Monitoring Exercise
	Sub contents: • Liquidity coverage ratio , Net Stable Funding Ratio and Monitoring Tools • High Quality Liquid Asset and Net outflow • Available Stable Funding and Required Stable Funding • Weight Factor
	Leverage Ratio: Introduction of Non Risk based Backstop Measure
	Sub contents: • Leverage Ratio Requirement and Objective of Its Introduction • Capital Measure • Exposure Measure • Reporting requirement, transitional period and Migration to Pillar 1
	SIFI Measure under Basel III
	Sub contents: • Domestic systematically important Financial Institutions • Global systematically Important Financial Institutions • Additional Capital Buffer for Systematically Financial Institutions • Additional Liquidity Requirement for Systematically Important Financial Institutions
Program delivery	Lecture, Discussion/interaction, case-studies

Date & Time	19th and 20th February 2016 (9:30am to 5:00pm)
Facilitator/s	Details of Facilitator/s Jagdish Kumar is a gold medalist Chartered Accountant qualified from The Institute of Chartered Accountants of Nepal in 2009. He has post qualification experience of 6 years including the validation works of Basel II reporting to NRB as an internal auditor of Commercial Banks. Currently he is working as Assistant Director of Nepal Rastra Bank since last 4 years. He has served in different department of NRB and currently working in Banks and Financial Institutions Regulation Department, Policy & Planning Desk. He was an active member for the formulation of New Capital Accord based on Basel III formally known as Capital Adequacy Framework 2015. He has excellent working level knowledge on Basel II and policy level knowledge of Base III. He is a good speaker/instructor and has delivered different instructions on IFRS, NRFS and Corporate Governance and other banking related topics. He is also tutor of NFRS since last 4.5 years.

Terms and Conditions

Fee/ Charges :

1. Cancellation/ withdrawal of participants must be done 24 hours prior to start of the program. If participant does not attend the program without cancellation, full charge shall be levied to the client.