



Belgian Association
of Stock Exchange
Members

Circular Letter

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To: Members ABMB

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Basel III, info meeting 24 February 2010 and Quantitative Impact Study

Info meeting Basel III with CBFA, measuring impact for smaller banks and investment firms

As you know, the Basel Committee has recently proposed its measures to strengthen the capital and liquidity buffers of banks. The proposals can be found in detail through the following hyperlinks:

<http://www.bis.org/publ/bcbs164.pdf?noframes=1>

<http://www.bis.org/publ/bcbs165.pdf?noframes=1>

These measures will be implemented very soon in the Capital Requirements Directive and will thus be **applicable for all banks and investment firms**.

While the measures are expected to have their biggest impact on large banks, it is of importance that all institutions could define as soon as possible whether and to which extent they will be affected by the Basel III requirements.

The QIS exercise will be the opportunity to have a preliminary assessment of the impact of the Basel Committee proposals, including for smaller banks and investment firms. In order to harmonize this impact assessment for those institutions, Febelfin and CBFA organize an information session. Febelfin is pleased to invite you to this information session which will be held on 24th February 2010 at 14 o'clock at the Febelfin premises.

For organizational reasons we ask you to **confirm your presence** (maximum 2 persons per institution) **no later than Monday 22nd February 2010** at the Febelfin secretariat (patricia.fraeys@febelfin.be). The maximum number of subscriptions will be limited to 60 persons.

The CBFA will provide information about the guidelines for assessing the impact of the new Basel III requirements adapted to the needs of smaller banks and investment firms and this especially for the smaller institutions. This will include

- guidelines on RWA smoothing measures
- on capital calculation
- on leverage ratio
- on liquidity risk
- on trading risk and on securitization, for the purpose of the QIS-exercise.



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1. Quantitative impact study (QIS)

While the participation to the QIS is voluntarily, each institution has an interest in participating in order to learn the impact for itself.

- The QIS proposed is a simplified version of the one addressed to the larger institutions, created by the Basel Committee. The data asked for are specified below under point 3. The tables needed to make the estimates will be provided at the info meeting/distributed via Extranet afterwards.
- All contributions can be sent to didier.andries@febelfin.be
- **12 March cob:** institutions wishing to participate in the QIS and which have questions how to calculate the new requirements, can send their detailed questions to the CBFA and Febelfin secretariat: claire.renoirte@cbfa.be ; didier.andries@febelfin.be .
- **18 March cob:** institutions deliver, on an best efforts basis, their first impact indications to Febelfin (data, see point 3) (delta Δ with existing figures).

○ **GOAL 1 of the QIS exercise: steer the content of the lobby.**

- **30 April cob:** institutions deliver, on the basis of their response to the CBFA/Basel Committee, their impact figures to Febelfin (data, see point 3). **In participating to the QIS exercise, the institution accepts that its INDIVIDUAL figures will be shared with the CBFA.**

○ **GOAL 2 of the QIS exercise: measure the sector impact of Basel III**

2. Data to be delivered to Febelfin

- **In participating to the QIS exercise, the institution accepts that its INDIVIDUAL figures will be shared with the CBFA.**
- Except the sharing of data with the regulator, data received will be treated confidentially, no individual data will be published.
- Data are to be delivered on a solo (Belgium, where available) and on a consolidated group basis.
- Of the underlying data, the information about the capital, leverage ratio and the long term liquidity ratio will be of most importance for smaller institutions.

Quantitative data	Qualitative data
<p>(a) Capital ratios and (b) delta Δ with existing situation:</p> <ul style="list-style-type: none"> (i) core tier I, (ii) tier I, (iii) tier II, (iii) tier III (where available) <p>Taking into account the smoothing: (i) long term average and (ii) downturn</p>	<p>Definition of capital; Deductions of capital; Distributions of interest, dividends, bonuses</p>
<p>Leverage ratio: detail of table C, from 2006 till 2009 + core tier I and tier I <u>figures</u> (no ratio)</p>	
<p>Liquidity: NSF-ratio (amount of supplementary funding necessary, delta Δ)</p>	
<p>Trading book: new capital requirements, delta Δ with existing situation (including securitization <u>in</u> the trading book)</p>	
<p>Securitisation in the banking book: delta Δ with the existing situation</p>	