



TOPICS:
MARKET RISK, SOVERIGN EXPOSURE, PILLAR 3

SOURCE:
 Bank for International Settlements

Basel Committee Finalises Revisions to Market Risk Disclosure Requirements and Voluntary Disclosure of Sovereign Exposures

Market Risk

- The **market risk disclosure** requirements include a **number of adjustments** to reflect the revised market risk framework introduced in Minimum capital requirements for market risk in January 2019:
 - the introduction of a **“traffic light” approach for capital requirements** as a consequence of the profit and loss attribution (PLA) test **for banks that use the internal models approach (IMA)**;
 - the introduction of the **simplified standardised approach (SSA)** as an alternative to calculate capital requirements for market risk.
- The revised market risk disclosure requirements **come into effect on 1 January 2023**.

Sovereign Exposures

- Voluntary disclosure standards for sovereign exposures set out three templates for banks when disclosing their sovereign exposures and risk-weighted assets.
- Disclosure templates which would require banks to disclose their **sovereign exposures and risk-weighted assets**:
 - **by jurisdictional breakdown;**
 - **by currency breakdown;**
 - **according to the accounting classification** of the exposures
- The implementation of these templates are **only mandatory when required by national supervisors**.

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