



**SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT**  
**Basel II Framework: Rules and Guidelines – Market Discipline Disclosure Requirements (Pillar 3)**

| No.                              | Section   | Comments from the Private Sector   | Authority's Response   | Consequent Amendments to the Proposed Measure  |
|----------------------------------|---|--|--|--|
| <b>SECTION-SPECIFIC COMMENTS</b> |   |  |  |  |
| 1.                               | <b>LIQ1 and LIQ2</b>  | LIQ2 on page 42 which provides for "semi-annual" submissions should be consistent with LIQ1 on page 40 and indicate "quarterly" submissions.   | <p>The LIQ2 template on page 42 represents the net stable funding ratio ("NSFR"). The semi-annual reporting requirement is as recommended in the Basel Framework.</p> <p>Banks may choose to report more frequently, but the Authority requires, at a minimum, semi-annual reporting of the LIQ2 template for group (a) banks.</p>   | No amendment required.   |
| 2.                               | <b>Paragraph 31</b><br>Disclosures under Pillar 3 must be validated. The bank's board and senior management must attest to the reliability of the information disclosed. The board of directors and senior management are responsible for establishing and maintaining an effective internal control structure over the disclosure of financial information, including Pillar 3 | <p>The change only allows for the choice of both internal and external audit or external audit only. Both of these options increases the timeframes and costs of production of these Pillar 3 filings. Will CIMA consider replacing the "/or" with "and/or" (or simply "or") giving the Banks the ability to choose ("deem suitable") the internal audit vs the external audit option? This would allow for cost savings by each of the filing banks.</p> <p>If not, will CIMA defer the periodic external audit requirement for a</p> | <p>The Authority would like to clarify that the intention of the queried section is meant to establish the options that banks have for reviewing their Pillar 3 disclosure.</p> <p>In this regard, the Authority has amended the document to reflect the intent that banks are required to have Pillar 3 disclosures reviewed as part of internal or external audit reviews.</p> | <p>The last sentence of paragraph 31 has been amended to read as follows:<br/> <i>The Authority expects that Pillar 3 disclosures will also be periodically included in internal or external audit reviews, as deemed suitable by banks.</i></p> |

| No. | Section   | Comments from the Private Sector   | Authority's Response | Consequent Amendments to the Proposed Measure |
|-----|---|--|----------------------|---|
|     | <p>disclosures. The Pillar 3 reports must be subject to the same level of internal review and internal control processes as the information provided by banks for their financial reporting. The Authority expects that Pillar 3 disclosures will also be periodically included in internal and/or external audit reviews, as deemed suitable by banks.</p> | <p>period of say "three to five" years postimplementation of Pillar 3 requirements and then periodically thereafter (i.e. say once every three to five years)? This will provide Banks the time to formalise their internal controls around their Pillar 3 filings and be prepared for external audit while minimizing the additional costs of regulatory reporting.</p> |                      |   |