



Cayman Monetary Regulatory Authority International

At the forefront of financial regulation, the Cayman Monetary Regulatory Authority International (CMRAI) is dedicated to upholding the highest standards of financial oversight and compliance. Our mission is to safeguard the stability and integrity of the global financial system by ensuring that financial services operate within a framework of transparency, accountability, and excellence.

As a trusted partner to financial institutions worldwide, CMRAI provides rigorous supervision, innovative solutions, and strategic guidance to foster a secure and thriving financial environment. With decades of experience and a commitment to global standards, we stand as a pillar of trust and security in an ever-evolving financial landscape.

With a legacy of excellence in financial oversight, the Cayman Monetary Regulatory Authority International (CMRAI) is a beacon of trust in the international financial community. Our role extends beyond regulation; we are innovators, collaborators, and protectors of the global financial ecosystem. By fostering compliance, promoting best practices, and embracing technological advancements, CMRAI ensures that financial services remain resilient and adaptable in a dynamic global market.

Our comprehensive approach to regulation encompasses a deep understanding of financial risks and a proactive stance on emerging challenges. We are committed to empowering financial institutions with the tools and guidance necessary to navigate complex regulatory landscapes, thereby contributing to global economic stability and growth.

1 Cayman Monetary Regulatory Authority International SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Basel II Framework: Rules and Guidelines Market Discipline Disclosure Requirements (Pillar 3) Section Comments from Industry Authority's Response Consequent Amendments to the Proposed Measure GENERAL COMMENTS No clear definition is provided in the Proposed Pillar 3 Disclosure Requirements for "Group (a) Banks" and "Group (b) Banks". What is the distinction between these two groups of banks? The Authority noted this comment and amended the document for clarity. Paragraph 15 has been inserted to read as follows: The reporting frequency for applicable banks will be based on the grouping assigned by the Authority. Banks that are assigned to group (a) will report using the required frequencies as outlined in the table under paragraph 37, that is quarterly, semi-annually, or annually. Group (a) banks will be notified by the Authority of their designations. All other banks to which these rules and guidelines are applicable will be designated under group (b) and will report annually. The Authority, at its discretion, may change the grouping of banks and as such these entities will be notified. Consideration should be given to including disclosures that are currently in the audited financial statements in the ICAAP with reference to management of risk and capital. The disclosure requirements set out in these Pillar 3 rules and guidelines are as recommended by the Basel Committee on Banking Supervision (BCBS). Once the Authority has completed its Basel III framework implementation we will update No amendment required. SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Basel II Framework: Rules and Guidelines Market Discipline Disclosure Requirements (Pillar 3) 2 Section Comments from Industry Authority's Response Consequent Amendments to the Proposed Measure the disclosure requirements accordingly. At the moment the Authority modified the disclosure reports to accommodate the current Basel II framework and the liquidity and leverage components of Basel III that are in place. SECTION-SPECIFIC COMMENTS Paragraph 12 Banks must publish their Pillar 3 report as a standalone document and ensure that it is readily available to its users. The Pillar 3 report may be appended to, or form a discrete section of, a bank's financial reporting, but it must be easily identifiable to users. Banks must also make available on their websites an archive of past Pillar 3 reports. In reference to section 12, above excerpt, we would like to inform the authority that we are currently not publishing our audited financial statements to our website and would like to know if this will be a mandatory requirement for us to do so. We would like to confirm that we look forward to providing the prescribed Pillar 3 disclosures to our current financial reporting and will have an archived data available to our stakeholders and investors. The Authority is not requiring the publishing of financial statements. These rules and guidelines only require applicable banks to publish Pillar 3 disclosures as outlined in these rules and guidelines subject to section 18A of the Banks and Trust Companies Law (as amended). The reporting periods for the Pillar 3 disclosure reports should be in line with the reporting period of each entity's audited financial statements. Not applicable In addition to the query above, we would further like to know the Authority's plan to execute, or operationalize the information collection process to be able to align our current technologies to the requirements, if different from current reporting formats. For example, distribution and format of The Pillar 3 disclosure reports are not prudential filings to the Authority, but documents that should be made publicly available (on the website for reporting entities). The tables and templates are provided for those

disclosures that carry specific formats. Some disclosures allow flexibility in reporting as deemed suitable by each Not applicable

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Consequent Amendments to the Proposed Measure standard templates, file/data sharing process etc entity, using the guidance provided for the content.

Template OV1 Reference is made to the Counterparty Credit Risk Standardised Approach. The Counterparty Credit Risk Standardised Approach is a Basel 3 methodology that CMRAI has not implemented. Should this actually say "Standardised Method"? Will all banks therefore need to report their counterparty credit risk amounts in the fourth row of this table, titled "Of which: other OCR"? The Authority has amended the templates in these rules and guidelines to reflect the requirements under the Basel II framework to support the framework contained in the Rules and Guidelines issued for Pillar 1 and Pillar 2 published in February 2010 and February 2018. The OV1 template on page 13 has been revised to reflect the requirements under the Basel II framework. Row 16 of the table requires an amount for a Floor Adjustment. Does CMRAI have a Floor Adjustment that banks should adhere to? If not, should all banks simply leave this row blank? The Authority has amended the templates in these rules and guidelines to reflect the requirements under the Basel II framework to support the framework contained in the Rules and Guidelines issued for Pillar 1 and Pillar 2 published in February 2010 and February 2018. The floor adjustment requirement is no longer included. The OV1 template on page 13 has been revised to reflect the requirements under the Basel II framework.

Template CCR2 Please provide further details on the information required to be input in Template CCR2? CMRAI has not implemented the Counterparty Credit Risk Standardised Approach, thus should the Pillar 3 Disclosure The Authority has amended the templates in these rules and guidelines to reflect the requirements under the Basel II framework to support the framework contained in the Rules and Guidelines issued for Pillar 1 and Pillar 2 published in February 2010 and February 2018. The CCR2 template has been renamed to CCR3 and standard approach has been removed the title. The scope of application was amended to remove using the credit risk standardised approach to compute RWA for CCR exposures.

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Consequent Amendments to the Proposed Measure Requirements rather say the "Standardised Method" (which is a CMRAI methodology for CCR)? If this is the case, then in which Template should banks that use the Current Exposure Method report? The Authority has adjusted the table to require reporting of the CCR exposures by regulatory portfolio and risk weights, regardless of the methodology used to determine exposure.

Table LIQ1 In the Scope of Application section of Table LIQ1, reference is made to the NSFR, but this should probably make reference to the LCR. The Authority noted the commented and has amended the document as recommended. Amended to replace NSFR with LCR on page 39. Table LIQ1 & LIQ2 (NSFR/LCR), we acknowledge that data availability continues to be a challenge. For certain line items, our data is not captured in the manner that would allow for us to accurately fulfill some of the changes to the report. The effective date of the measure is September 1, 2021; reporting of Pillar 3

disclosures will correspond with the submission deadline for audited financial statements following this date. The Authority has taken this into consideration and has adjusted the implementation date of the measure to give applicable entities time to prepare. No amendment required. Table IRR On page 55, regarding Interest Rate Risk, the quantitative template was not provided, would the current information provided in the CAR report suffice? The rules and guidelines include a provision which allows reporting banks to present information in their preferred format. The Basel framework includes a template recommended for IRRBB disclosures. Banks may refer to this template for guidance, which can be found at [apter/DIS/70.htm?inforce=20191215](#) Not applicable