



# 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 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 SECTION-SPECIFIC COMMENTS 1. LIQ1 and LIQ2 LIQ2 on page 42 which provides for semi-annual submissions should be consistent with LIQ1 on page 40 and indicate quarterly submissions. 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. 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. No amendment required. 2. Paragraph 31 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 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 CMRAI 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. If not, will CMRAI defer the periodic external audit requirement for a 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. 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. The last sentence of paragraph 31 has been amended to read as follows: The Authority expects that Pillar 3 disclosures will also be periodically included in internal or external audit reviews, as deemed suitable by banks.

SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT Basel II Framework: Rules and Guidelines Market Discipline Disclosure Requirements (Pillar 3) August 2022 2 No. Section Comments from the Private Sector Authority's Response Consequent Amendments to the Proposed Measure 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. 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.