Basel III Implementation –

Standard Templates for Disclosures in relation to Leverage Ratio

Purpose

1. Section 6(1)(ab) of the Banking (Disclosure) Rules ("BDR") empowers the Monetary Authority ("MA") to specify the format, and the standard disclosure templates, to be used by an authorized institution ("AI") in presenting information required to be disclosed under the BDR.

2. The standard disclosure templates which the MA requires AIs to adopt for the purposes of disclosing their Leverage Ratios ("LR") and related information are attached.

3. The attached standard disclosure templates are substantially similar to those set out by the Basel Committee on Banking Supervision in its *Basel III leverage ratio framework and disclosure requirements* (issued in January 2014) ("the BCBS standard").

Application

4. The attached standard disclosure templates (i.e. the "Summary Comparison Table" and the "Leverage Ratio Common Disclosure Template") are required to be used by all locally incorporated AIs, except those that are

able to meet the exemption criteria outlined in section 3(7) or section 3(8) of the BDR, as the case requires.

5. AIs will be required to use the standard disclosure templates, in the manner described below, from the date of the publication of their first set of financial statements (interim or annual) relating to a balance sheet date on or after 31 March 2015.

6. In accordance with the expectation set out in the BCBS standard, for the purpose of enhancing comparability of disclosures across jurisdictions, AIs should not add, delete or change the definitions of any of the rows in the standard disclosure templates.

Summary Comparison Table

7. Set out at **Annex 1** is a "Summary Comparison Table" (together with accompanying Explanatory Note) that an AI is required to use in order to disclose a reconciliation of its balance sheet assets from its published financial statements to its LR exposure measures, applying values as at the end of the reporting period.

Leverage Ratio Common Disclosure Template

8. An AI is required to disclose, using the "Leverage Ratio Common Disclosure Template" in **Annex 2** (together with accompanying Explanatory Note), its LR exposure measure, applying values at the end of the reporting

period. The disclosure includes a breakdown of the main components of the LR exposure measure, viz., (i) on-balance sheet exposures; (ii) derivative exposures; (iii) securities financing transaction exposures; and (iv) other off-balance sheet exposures. In addition to the LR exposure, the AI is also required to disclose its Tier 1 capital, and the resulting LR (expressed as a percentage of Tier 1 capital to LR exposure) on the same template.

Supplementary disclosure requirements

9. An AI is required to supplement the disclosures on the two standard disclosure templates with the following disclosures:

(i) details of the source of any material[1] differences between its total on-balance sheet exposures (net of on-balance sheet derivative and SFT assets) as reported in its financial statements and its on-balance sheet exposures in line 1 of the Leverage Ratio Common Disclosure Template; and

(ii) an explanation of the key drivers of any material[1] changes in its LR observed from the end of the previous reporting period to the end of the current reporting period, whether these changes stem from changes in the capital measure (the numerator) and/or from changes in the exposure measure (the denominator).

[1] In determining the materiality, reference should be made to the principle laid down in paragraph 13.7 of the Supervisory Policy Manual module "Guideline on the Application of the Banking (Disclosure) Rules" (CA-D-1).

Medium of Disclosure

10. Under sections 24A(4) and 45A(4) of the BDR, an AI must include the standard disclosure templates in the interim or annual financial statements which it publishes. Alternatively, the interim or annual financial statements must include a direct link to the relevant sections of the AI's website where the full set of completed standard disclosure templates can be found. In this regard, an AI will be required to maintain a "Regulatory Disclosures" section on its website where all the information relating to the disclosure of the LR will be housed. The direct link to this page must be prominently displayed on the home page of the AI's website such that LR related disclosures will be easily accessible to market participants. In cases where disclosure requirements have been met through publicly available regulatory reports, the Regulatory Disclosures section of an AI's website will have to provide specific links to these reports.