Consultation: Amendments to Capital Adequacy Module (Module CA)

Comments and Feedback
July 2024

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<tr><th>General Comments:</th><th></th><th></th></tr>
<tr><th>Comments</th><th>REF</th><th>CBB Response</th></tr>
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<td>
<u>Equities:</u>

The CBB proposed to increase the RW on Listed equities from 100% to 250%, which is equals to Unlisted equities, we suggest reducing the proposed RW on Listed equities from 250% to 150% or retain it at 100%, it should not be matched with the Unlisted equities given the transparency and RW of the Listed equities is much lower and more reliable.
Under “Investing in Properties”, we propose differentiating between the listed and the unlisted equities in properties companies, listed companies should be treated with lower RW compared to the unlisted ones.

<table>
<tr><th>Type of equity</th><th>Current RW</th><th>Proposed RW</th></tr>
<tr><td>Listed equities</td><td>100%</td><td>250%</td></tr>
<tr><td>Unlisted equities</td><td>150%</td><td>250%</td></tr>
<tr><td>Significant Investment in FI</td><td>250%</td><td>250%</td></tr>
<tr><td>Investment in Properties</td><td>200%</td><td>200%</td></tr>
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<u>Funds:</u>
<table>
<tr><th>Type of Funds</th><th>Current RW</th><th>Proposed RW</th></tr>
<tr><td>Investment in Associates</td><td>150%</td><td>1,250%</td></tr>
<tr><td>Funds</td><td>150%</td><td>1,250%</td></tr>
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<td>GR1</td>
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Agree to include a RW of 150% for listed equities (CA-3.2.26). CBB will allow grandfathering of existing positions for unlisted equities presently risk weighted at 150%, however, any new unlisted equity will attract 250% (CA-3.2.26).
Listed property companies will be at 150% as per (a) above.

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3. You have currently assumed the worst-case scenario of 1,250% RW for reporting Funds (FBA approach), however we propose using the LTA or MBA approach on certain funds given the following facts: o There are sufficient and frequent reporting provided by the Fund Manager to the Bank; o The Fund Manager provides sufficient and frequent information and data on the underlying exposures of the fund; and o Such information is verified by an independent third party i.e. Fund Administrator. 4. In addition, what is the formula for computing the capital charge under the standardized approach (SA)? 5. As stated in our response, we currently utilize the Bloomberg XVA module to compute the parameters such as the CVA and PFE. The Bloomberg XVA module utilizes a full Monte Carlo approach which is more accurate than the standardized method. Will we be able to continue to use the Bloomberg XVA module to compute these parameters (irrespective of using the SA for computing capital charge)?		3. LTA or the 'Funds treatment' is not applicable to investment in associated companies. For funds note the following: a. CM-2.3.29 provides an exemption from LTA/MBA/FBA requirements when the underlying exposure value is below 1 percent of total consolidated capital. b. Banks may accordingly set the internal limits to avoid LTA if such methodology is not feasible. c. The RWA will be changed from 1250% to 800% RW. The 800% RWA will only apply when neither the look through approach (LTA) nor the mandate-based approach (MBA) is feasible and the "fall back approach" (FBA) is used. 4. LTA and MBA are both standardised approaches. 5. Bloomberg can only be used provided the bank is able to demonstrate the methodology is not different from the Basel methodology and there is adequate audit trail, and the computations can be reperformed.
The BCBS allows flexibility in a number of areas for the exercise of national discretion, and we would suggest that allowing further time for additional comparison will also assist the CBB to assess where national discretion can and should be applied to maintain the competitiveness.	GR2	Areas of national discretion have been taken them into consideration.

Other areas of concern are summarized below: i. **Claims on Banks (CA 3.2.10)** The changes to the rating and rules applicable to risk weighting of banks are a material shift from current practice. An application of the rules could have far reaching and significant impact to the risk weighting and capital cost of existing and future banking relationships, and this will affect their ability to service and grow. We have three initial observations in this regard: **a) Transition / Grandfathering**: The CBB should ideally consider provision for a suitable period of transition and ability for grandfathering, where appropriate, to allow for a more orderly transition.		This is per the Basel framework which has become more risk sensitive. It also has introduced the Standardised Credit Risk Assessment Approach (SCRA) for unrated bank exposures for banks incorporated in jurisdictions that allow the use of external ratings for regulatory purposes. Licensees will have 12 months for implementation of the new requirements.
b) 300% Risk weight to banks not subject to prudential regulations is not consistent with BCBS: We believe this has no parallel with any other Central Bank regulations (including GCC Central Banks). Such a requirement can potentially affect the risk weighting applied to many banks that are operating in less developed markets and would potentially be detrimental to CBB licensed banks.		Agree to remove. Banks must monitor exposure limits to such counterparties.
c) Unrated banks: The criteria to determine the grading of “Unrated Banks” into A, B or C needs careful consideration for banks operating in less developed markets that do not have the same reporting and information publication standards. We request CBB to consider allowing banks to develop a suitably robust internal credit assessment framework with well-defined criteria to slot the unrated banks into their respective Grades of A, B or C.		Banks should develop appropriate policies, processes and tools to ensure that the exposures can be assessed using internal risk gradings/rating criteria.

ii. Off-Balance Sheet Items For CBB licensed banks having international operations, these proposals can fundamentally affect 'Trade Finance' products, with potential adverse impact on regional trade and commercial activity. For example, under Basel proposals unconditionally cancellable commitments could continue to have a CCF of 0% upon satisfaction of threshold conditions. We would suggest that the CBB incorporates this aspect into final regulations. This subject area would certainly benefit from a more detailed impact analysis and comparison of rules from across our network, with the ability to further explain any key points that may affect competitiveness and help maintain a level playing field for Bahrain based international banks.		The proposal the bank is referring to no longer exists in the current Basel Framework (Para 20.100). Banks may undertake an impact analysis during the consultation process.
iii. Specialised Finance CBB licensed banks having international operations with 'Specialised Finance' business proposition will also be affected on their project and asset financing activities, which are important for financing client infrastructure projects in GCC and other MENA markets. We would observe that, in general, Specialised Finance Vehicles (SPVs) are seldom rated on a stand-alone basis, while their sponsors or the UBOs are usually highly rated institutions. In the absence of a specific direct guarantee, where there is control exercised by the sponsors, we would like CBB to consider allowing use of the SPV's Sponsors'/UBO's/Parent's rating, subject to achieving suitable qualitative conditions and / or potential calibration or notching downward for structural sub-ordination.		Unless the sponsor who is highly rated has guaranteed, allowing the use of the SPV's Sponsors'/UBO's/Parent's rating would not be correct, since the risk to the holder is that of the underlying assets of the SPV.
iv. Real Estate Banks in Bahrain operating domestically and internationally will also be materially affected by the capital treatment of their Real Estate (RE) portfolios. We have two initial observations:		

a) **Transition / grandfathering:** While, on initial review, we believe the proposed changes are largely aligned to BCBS, we would encourage the CBB to consider suitable transition and grandfathering rules, given the longer-term nature of RE financing.		CBB will give banks 12 months to implement the new rules.
b) **Residential ADC Mortgages:** We would suggest that the threshold conditions for a lower risk weight of 100% for ADC exposures for residential real estate projects is aligned with the threshold conditions of other regulators and the exercise of national discretion, which will help to maintain a level playing field.		Agree to revise the wording of the rules to make it consistent with the Basel Framework.
v. Corporate SMEs Lending to both Corporate SMEs and MSMEs is an increasingly important objective for most regulators. In some markets the Central Banks have established specific credit targets for banks (a regional example being Egypt). The opportunities for expansion of the SME portfolios of domestic and banks based in Bahrain having international operations, should also be carefully considered.		Agreed, the rule is amended as per Basel and 85% RW applies to MSME exposures that do not meet the criteria under CA-3.2.18.
While the proposed CA Module amendments cover micro-SMEs, they do not appear to make any distinction for Corporate SMEs in line with the BCBS and other international regulators. We would request the CBB to consider an approach similar to other Central Banks to create a definition for Corporate SMEs that would also qualify for the 85% Risk weight. This would better maintain a level playing field internationally. For example, an appropriate Corporate SME turnover threshold could be set, calibrated to suitable levels for developed and developing markets.		The definition of MSMEs in the Rulebook will follow the definition of MOIC. For exposures in other geographies, the CBB will accept the definitions adopted by regulators in those jurisdictions for prudential capital purposes.

vi. Corporate Clients – Unlisted equity exposures / debt-equity swaps While the CBB has included Footnote 7 applicable to 3.2.26a that seeks to apply 400% risk weight to speculative unlisted equity exposures, it has not included the full text of Footnote 7 that covers the exceptions as noted in the Basel Framework. We suggest for the CBB to include the full text of Footnote 7 as set out in the Basel regulations for the exclusion from 400% risk weight for "investments in unlisted equities of corporate clients with which the bank has or intends to establish a long-term business relationship and debt-equity swaps for corporate restructuring purposes."		The footnote will restrict the scope to "Speculative unlisted equity exposures in unlisted companies that are invested for short-term for resale purposes or are considered venture capital or similar investments".
vii. External Credit Assessment Institutions (ECAI) The CBB currently recognises only four major rating agencies (S&P, Moody's, Fitch and Capital Intelligence) while noting that it may consider others that meet their criteria for recognition. We would like to submit that some of the regulators, such as the ECB, have allowed additional rating agencies for e.g., JCRA, DBS, Scope Ratings, IIRA etc. Furthermore, other leading regulators allow for the use of unsolicited ratings where these ECAIs do not exert pressure on the entities for an order for rating. Such institutions have been vetted and are in the approved list published by the ECB.		The CBB, like most global regulators include only the major Basel recognised ECAIs since others are located in different jurisdictions, where the regulators may oversee /recognise. If the bank should recommend additions to its list of ECAI, it may provide to the CBB the information required as described in CA-3.4.1.
viii. SA – CCR The new rules proposed on SA-CCR involve highly complex aspects of market risk modelling to compute risk weights. This will require significant further consideration to evaluate the implementation challenges on domestic and international bank's treasury operations, and also require a significant adaptation of		The SA-CCR require specific quantitative and modelling resources. The CBB is yet to finalise its approach to market risk and FRTB given the relatively smaller size of trading book/market risk exposures of our licensees.

policy, processes and IT systems. Assuming that the CBB intends to introduce rules on FRTB in the near future, we would suggest that the CBB defers changes to the SA-CCR to be introduced together with FRTB changes. This will be similar to the approach being taken in other jurisdictions, i.e. to allow banks to make one set of policy, process and system changes to cover both changes to the regulations. In addition to the above areas, we would also suggest that the CBB considers some additional general points before concluding the consultation as follows:		
i. **National discretion:** The BCBS allows flexibility in a number of areas for national discretion, and we would respectfully suggest that the CBB fully assesses where such a discretion can and should be applied to ensure all banks operating in Bahrain, particularly those with international operations, retain their competitive position and a level playing field with other regional and international players.		i. Areas of national discretion have already been considered.
ii. **Implementation timeframe:** To effect the significant changes in the proposed CP, banks will be required to implement significant updates to the current IT infrastructure. We would request the CBB to consider and publish the proposed implementation timeline for consideration before the consultation is concluded.		ii. The CBB will allow 12 months for implementation.
iii. Second round consultation period: Given the wide reaching and complex nature of the proposed changes, we would also suggest that the CBB considers a second round of consultation after reflecting changes on the first round. We recall a similar approach being taken before other major updates to the CA Module. This would be of considerable benefit to banks in Bahrain and assist the CBB in impact		iii. Agree, the CBB is issuing a second consultation.

assessment and in managing the process of change required without adversely impacting the competitiveness of Bahrain based banks.		
Implementation date: Given the complexity of the requirements needed to reflect the changes, we appreciate CBB support in providing ample time for banks to do the necessary changes to their systems (a period of 9-12 months should be adequate).Also, we appreciate if CBB can indicate if there will be any change in the methodology of calculating capital charge for the operational risk and market risk.	GR3	CBB will give banks 12 months to implement the new rules. Operational risk and Market risk are not relevant to this Part of the CA Module.

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Specific Comments:			
Reference to the draft Directive:	**Comments**	**REF**	**CBB Response**
Appendix CA-4 Capital treatment for failed trades and non-DvP transactions	Request clarification/ confirmation: Would this apply to FX dealings and bond/ security transactions and not derivatives or repos	SP1	Yes, this would apply to all unsettled failed trades and securities, commodities, and foreign exchange transactions (See also CRE70 of Basel Framework). The title is changed to make it clear.
CA-3 Capital Adequacy Credit Risk – The Standardized Approach.	Request clarification/ confirmation: Definition of Other Real Estate "CA-3.2.20B"	SP2	The rule specifies what it is "does not fall under Paragraphs CA-3.2.19 to CA-3.2.20A". Thus, it would include real estate that is not treated under the other headings such as Claims Secured by Commercial Real estate treated under CA-3.2.20, Claims Secured by Land Acquisition, Development and Construction (ADC) exposures (CA-3.2.20A), Regulatory residential real estate (CA-3.2.19 to CA-3.2.19D).
CA-3.2.10	Although we understand the rationale to have this proposed rule in place, it is very subjective as many regulators/countries have not fully implemented Basel III standards yet. Basel III standards by itself are quite vast and different regulators have implemented them with varying degrees of conformity – wherein such information may not be fully available publicly. If such rule needs to be in place, there needs to be additional guidance on the same, else it could be open to interpretation.	SP3	Agree to remove the higher risk weight.

	The rule requires that Banks perform due diligence and monitoring to ensure that the external ratings reflect the creditworthiness of the counterparties, however, the frequency of continuous monitoring is not clear. We suggest that the rule be enhanced to better clarify the ideal frequency monitoring.	SP4	Licensees should have a process in place to ensure the ratings are up to date.
	The bank believes that such requirement could potentially harm the banks and cause their CAR to drop to significantly low levels, given that banks do not have control over when other jurisdictions will implement these changes, while Bahrain is usually a first mover in such implementations. Reference to BCBS rule no. 20.18 "which require bank credit ratings used for calculating RWAs to exclude “implicit government support”, with an exception for public banks owned by their governments". No clause to this effect was found within CBB's guidelines. Would appreciate CBB stance on this requirement. The bank would like CBB to clarify how frequently should banks perform the due diligence requirements?	SP4A	See SP3. Basel III rules require bank credit ratings used for calculating RWAs to exclude “implicit government support”, with an exception for public banks owned by their governments. This supports the broader G20 Financial Stability Board’s policy objective of removing government support for banks in general. The final CA Module will include the amendments. See SP4
CA-3.2.10A	Standardized Credit Assessment Approach (SCRA) – is there any further guidance on this? Or the respective banks are to do their own internal credit assessment? This can result in the same exposure/counterparty bank being classified into different risk weight buckets across different licensees.	SP5	The banks should develop their internal procedures consistent with the criteria under the rule and in accordance with the requirements for credit rating models included in Module CM.
	The risk weights for unrated banks must apply the Standardised Credit Assessment Approach (SCRA) which requires banks to classify the exposures into one of three risk-weight buckets.	SP6	See SP4.

	We suggest that the rule be enhanced to specify the frequency of carrying out the assessment as it is unclear.		
CA-3.2.11	We believe that the preferential treatment of locally incorporated banks exposures should be maintained, given that local banks are regulated and supervised by CBB and governed by a central clearing system. In addition, this will encourage banks to maintain liquidity within the local market as opposed to investing it outside Bahrain	SP6A	Agree to amend.
CA-3.2.12	Interbank money market placements which are generally under 3 months contractual maturity may be rolled over depending on the liquidity position and liquidity planning of the Bank – however, it may not be possible to ascertain the same until closer to the actual maturity date. The Bank may not know at the inception of the placement transaction whether it will roll over the deposit – hence the rule could be difficult to implement in practice.	SP7	The treasury practices and trends, the existence or lack of credit lines arrangements with the counterparty etc should be considered for this purpose.
	The term preferential should read short term	SP7A	Agreed, wording will be changed.
CA-3.2.13	The term preferential should read short term	SP7B	The reference will be modified.
CA-3.2.15	Exposures to the MSME which are treated as corporate with the requirement of BCBS under paragraph 20.40". For unrated exposures to corporate SMEs in jurisdictions that allow the use of external ratings for regulatory purposes, and for all exposures to corporate SMEs in jurisdictions that do not allow the use of external ratings for regulatory purposes, an 85% risk weight will be applied. We appreciate that CBB allows for the lower risk weight of 85% as opposed to the suggested 100%. This shall encourage banks to lend more to SMEs, which is in line with the economic vision of the country.	SP7C	BCBS Para 20.40 refers to exposures to securities firms covered under CA-3.2.12. See GR2.

CA-3.2.15A to CA-3.2.15E	The requirements for the application of the correct risk weight will require a lot of efforts on the part of the banks – is there a scope to simplify this?	SP8	The steps to follow below are not complex: • First, determine if the exposure falls under the definition of CA-3.2.15A. Note that it excludes claims secured by regulatory real estate exposures covered in CA-3.2.19C (residential) and CA-3.2.20 (commercial). • If issue specific ratings (not issuer ratings) are available, then RW under CA-3.2.14 for 'corporates' apply. • If issue specific ratings are not available, as is the case with most exposures in Bahrain, then we need to determine if they 'pre-operational' or 'post operational'. • Next the table under CA-3.2.15D should be applied for RWA.
CA-3.2.15E	Appreciate kindly providing guidance on what is meant by one main counterparty? Does this mean revenues > 50%	SP8A	Wording amended and reference to "main" is removed. If the project depends on the central government, PSE or a corporate entity with a risk weight of 80% or lower, the exposure will be eligible to obtain 80% RW.
CA-3.2.17	Is MSME being referred to herein agreement with the definition provided by MOIC?	SP9	Yes.

CA-3.2.18	One of the requirements for an exposure to be included in the regulatory retail portfolio is the below: - The maximum aggregated retail exposure to one counterpart must not exceed an absolute limit of BD 500,000. One exposure within the portfolio not meeting the above should not force banks to not take benefits of the allowed lower risk weight. Possibly, the CBB may allow such exposures provided it does not form above a certain share of the overall portfolio.	SP10	The credit granting policy should include clear criteria regarding the aggregate exposure size when it lends to SME so that the bank is aware of the capital implications and is able to price the loan accordingly.
	(a): Appreciate kindly providing further guidance on the definition of MSME. For example, a company with turnover of BD 500,000/- but with 110 employees is it Small or not part of MSME definition?	SP10A	The definition of MSME is given in the glossary which refers to the MOIC definition.
CA-3.2.19	Lending fully secured by first mortgages on residential property that is or will be occupied by the borrower, or that is leased, must carry a risk weighting of 75%. Alternatively, such exposures may be risk weighted based on the table below. This approach is only available for exposures which are not materially dependent on cash flows generated by the property and for which LTVs (loan to values, i.e. the amount of the loan including undrawn commitment divided by the value of the property) are available. We would like to know the proposed frequency of carrying out the assessment for retail customers and whether the valuation costs may be passed to customers.	SP11	The LTV is determined at the time of lending. The bank's lending policy will determine the frequency of valuation for the purposes of LTV. Also, the valuations may be based on general index of prices available from reliable sources.
CA-3.2.19A	The term "must meet" needs to be removed as it is duplicated.	SP11A	Noted.
CA-3.2.19D	USD lending is very common in the GCC region especially due to the pegging of the major GCC currencies with USD and the application of higher risk weight will adversely impact financing in this region and cross border lending. The Bank proposes that there should not be any	SP12	Agree to allow USD lending to be excluded for the purpose of the multiplier.

	add on risk weight due to currency mismatches as currency mismatches are automatically taken care in market risk capital charge.		
CA-3.2.20A/ CA3.2.15A	All Real estate development & construction projects are adequately backed with solid collaterals like land, building etc and proposing a risk weight of 150% and 130% (during the operational phase of Project Financing) for this type of financing will either increase funding costs for such projects thereby adversely impacting the entire real estate and construction sector which is already under pressure for the last few years. If CBB is considering implementing the proposed changes, the Bank requests CBB to allow grandfathering of the current exposures based on current rules.	SP13	The CBB to will allow grandfathering.
CA-3.2.20	The bank would like to seek clarification on the treatment of SME Risk Weight that is secured by property is 110%, while an unsecured SME Risk Weight is only 100%. This may be counter-intuitive, as it is ultimately the same credit risk.	SP13A	This is because exposure secured by real estate (LTV > 80%.) is higher risk than other exposures.

Exposures to subordinated debt, Equity and other capital instruments CA-3.2.26	Application of 250% risk weight percentage for equity holdings (both listed and unlisted, excluding the unlisted speculative which is proposed to be risk weighted at 400%) is very punitive. Request CBB to consider keeping the risk weights at the same as current levels (100% for listed equity & 150% for unlisted equity holdings). Further, application of 300% risk weight on subordinated debt and capital instruments will most likely influence banks ceasing to invest in these instruments creating challenges for AT1 issuers in Bahrain to raise hybrid capital. We request CBB to re-consider the application of the proposed guidelines on the new investments and allow grandfathering of the current exposures based on current rules.	SP14	See CBB response to GR1.
Equity Investments in Funds **CA-3.2.27**	CBB could consider relaxing the requirements in case of non-material equity exposure in funds by defining a threshold. Both the approaches suggested for risk-weighting equity exposure in funds i.e. LTA and MBA are cumbersome and subject to significant data requirements/calculations, which may be considered unwarranted in case of small investment. Moreover, the fall-back approach (FBA) is very restrictive, as a risk-weightage of 1250% (i.e. effectively maintaining more capital than what it has invested in the fund) would discourage banks from investing in funds.	SP15	CM-2.3.29 provides an exemption from LTA/MBA/FBA requirements. The 1250% will be reduced to 800%.
	1) Under CA-3.2.27, there is a mention of the Equity investments in funds (e.g; mutual funds, Collective Investment Undertakings etc.) that are ***held in the banking book***. Kindly clarify if these are those Investments that are not held for Trading Purposes (though held as FVTPL investments)	SP16	The requirements in CA-3.2.27 has reference to exposures included in the banking book. Banking book can include FVTPL if the licensee does not treat them as "trading book" exposures under the Market risk rules of the CA Module.

	2) In the same section as above, it is mentioned that either the Look Through Approach (LTA), Mandate Based Approach (MBA) or the Fall-back approach need to be applied. Where Investments are held in multiple funds, with different types of transparencies on the underlying security positions, we guess that we should be using different approaches to these different funds. Please clarify.		Yes, but the MBA can presumably be used where there is adequate information. See also SP15 regarding exemption.
The fall-back approach **CA-3.2.27A**	It may be clarified if the Bank is expected to demonstrate that LTA or MBA application is not feasible, prior to applying FBA. CBB may consider to clarify if Banks can apply FBA without such demonstration (especially if the exposure to funds is non-material).	SP17	The bank has the choice to choose an approach, bearing in mind that the capital charge under the FBA will be significantly higher. See also SP15 regarding exemption.
	The LTA approach suggested in CA-3.2.27A, what is the frequency at which the detailed position level details are expected from the fund managers. Is that monthly, quarterly or annually.	SP18	The frequency of detailed position level will depend on the nature of the fund and the agreed upon periodic reporting. See also SP15 regarding exemption.
The mandate-based approach **CA-3.2.27E**	The MBA approach suggested in CA-3.2.27E is extremely confusing and complicated. Request that this is simplified.	SP19	The CBB will allow grandfathering for existing exposures. The MBA approach is as per the Basel framework. The CBB will also allow grandfathering for existing exposures. See also SP15 regarding exemption.
The fall-back approach **CA-3.2.27G**	In this same section the percentage suggested 1,250% to be used for the Fall-back approach is extremely high. Request this to be looked into as well.	SP20	See SP17.

Leverage adjustment CA-3.2.27K	The Leverage adjustment that is mentioned in CA- 3.2.27k is also very complex and is largely dependent on the data availability for the fund. This can be very difficult to obtain from the external fund managers.	SP21	See comments below: • The CBB will allow grandfathering for existing exposures. • Also see SP15 for exemptions. • It is assumed that licensees have access to read the prospectus/info memo which will include total assets and total equity prior to participating.
CA 3.3.3 Change in CCF on unconditionally cancellable commitments from 0% to 10%	The change in Credit Conversion Factor (CCF) will result in additional notional exposures & credit risk weights adversely impacting capital adequacy ratio and will make it difficult for Bahrain banks from competing with the regional banks with more favorable CA rules. Currently, Basel 3 supplementary capital ratio, namely Leverage ratio and NSFR are already considering these commitments in the calculation. The Bank suggests retention CCF at the current level of 0% on unconditionally cancellable commitments. If CBB is considering implementing the proposed changes, the Bank requests CBB to allow grandfathering of the current exposures based on current rules.	SP22	See GR2
Standardized Approach for Counterparty Credit Risk **CA-5.3.1**	The proposed introduction of alpha factor of 1.4 by way of new approach SA-CCR will increase the derivative exposures and would adversely affect the cost of the hedging transactions. Further, adoption of SA-CCR approach will need time to implement system changes. Request CBB to consider continuing with current rules.	SP23	As noted in GR2, the CBB will ensure that banks get 12 months for implementation of the new requirements. It will also consider individual bank circumstances on a case by case basis where specific exposures can be risk weighted at current risk weights until they are liquidated (grandfathering).

CA-5.3.8	If the collateral held is greater than the exposure, RC will be zero? or the max of {V - C; TH + MTA - NICA; 0} as explained in CA 5.3.13?	SP23A	RC is zero for un-margined transactions and max of {V - C; TH + MTA - NICA; 0} for margined transactions as per CA 5.3.13.
CA-5.3.16	The multiplier formula in the rulebook starts with: min (1;floor+(1floor)…etc.) while in Basel documentation, (1-floor) is reflected instead of (1floor).	SP24	The formula in the Basel Framework in para 52.23 will be used. $\boldsymbol{multiplier = \min\left\{1; floor + (1 - floor) * exp\left[\frac{V - C}{2 * (1 - floor) * AddOn^{aggregate}}\right]\right\}}$