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## Basel III links on Asymptotix



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 Thursday, 15 September 2011 |  Finance - Banki...





We have moved the B3 linx pad (which I know you all found useful) to the Drupal comment box below. B3 is heating up now (in 2012, as 2013 rolls towards us)! It's particularly hot in the Trading Book (Market Risk is looking more like Credit Risk, daily) & it seems as if Stress Testing is not a background oversight process anymore but a daily aspect of valuation!?! We know volumes are a step-shift down in securities markets but looking at IMM, EEPE, CRR & that blinding cloud of acronyms, could it be the case that the combination of BIS & the EU Commission are trying to regulate securities trading away altogether? The process towards the CCP towers is fundamental, even though I do say its a 'dog's breakfast'; inside a CCP is going to look like an ivory tower of mathematical genius, if the current trajectory is completed. I want to use this page to keep abreast of developing 'stuff' in the B3 space; the DISQUS comment process is the optimal way to do that (below) & thus to provide easy access to the most current material for asymptotix users we have re-arranged this page.

[John A Morrison Profile](#)<sup>[1]</sup>/[email John](#)<sup>[2]</sup>

Table A.1 Summary of the micro and macro-prudential measures for the banking sector proposed by the Basel Committee on Banking Supervision in December 2009	
<b>Proposed measures on capital and provisioning</b>	
<b>Addressing cross-sectional dimension of systemic risk</b>	
Definition of capital	Tighten eligibility criteria for capital instruments classified as Tier 1 capital
Leverage ratio	Introduce minimum ratio of (high quality) capital over a measure of total exposure
Counterparty credit risk	Strengthen capital requirements for counterparty credit risk exposures (e.g. from derivatives, repos, securities financing)
<b>Addressing time-dimension of systemic risk</b>	
Minimum capital requirements	Reduce cyclicity of minimum capital requirements (e.g. by adjusting probabilities of default in good times)
Capital conservation buffer	Build-up buffer above the minimum that can be drawn down in periods of stress; (maintenance of the buffer could require restrictions on dividend payments, share buy-backs or staff bonus payments)
Countercyclical capital buffer	Adjust capital conservation buffer on the basis of signs of excessive credit growth; accumulation and release phase of the buffer would be conditioned on (macro) variables
Forward-looking provisioning	Move from the current "incurred loss" approach towards provisioning on the basis of expected losses
<b>Proposed measures on liquidity</b>	
<b>Addressing cross-sectional dimension of systemic risk</b>	
Net stable funding ratio (long-term)	Introduce structural ratio to address liquidity mismatches and provide incentives for banks to use stable sources to fund their activities over a one-year horizon
Liquidity coverage ratio (short-term)	Promote short-term resilience (over 30 days) to potential liquidity disruptions: ensure that high-quality liquid assets are sufficient to withstand a stressed funding scenario

✘ Tags: [Basel III](#) <sup>[4]</sup>, [CRDIV](#) <sup>[5]</sup>

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#### Links:

[1] <http://www.asymptotix.eu/content/john-morrison>

[2] <mailto:john@asymptotix.eu?subject=B3%20Linx>

[3] <http://asymptotix.disqus.com/?url=http%3A%2F%2Fwww.asymptotix.eu%2Fnews%2Fbasel-iii-links-asymptotix>

[4] <http://www.asymptotix.eu/category/tags/basel-iii>

[5] <http://www.asymptotix.eu/category/topics/crdiv>