



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 990

Series of 2018

Subject: Amendments to the Basel III Leverage Ratio Framework

The Monetary Board, in its Resolution No. 22 dated 5 January 2018, approved the extension of the monitoring period of the Basel III Leverage Ratio Framework amending Subsections X115.6/4115Q.6 and Appendices 111/Q-65 of the Manual of Regulations for Banks/Manual of Regulations for Non-Bank Financial Institutions (MORB/MORNBFI).

Section 1. Subsections X115.6/4115Q.6 on Basel III Leverage Ratio Framework of the MORB/MORNBFI are hereby amended to read, as follows:

“Subsec. X115.6/4115Q.6 Basel III Leverage Ratio Framework.

- a. *Minimum requirement.* The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. x x x

x x x

Starting 31 December 2014 and every quarter thereafter until 30 June 2018, banks/QBs concerned shall submit the Basel III Leverage Ratio reporting template, including required disclosure templates, on both solo and consolidated bases for monitoring purposes. The report submission is summarized below:

Report Date	Reference Date	Deadline of Submission
30 September 2017 31 December 2017	31 December 2017	Fifteen (15) banking/ business days from end of reference date on solo basis, and
31 March 2018	31 March 2018	
30 June 2018	30 June 2018	Thirty (30) banking/business days from end of reference date on consolidated basis

During the monitoring period, public disclosure of information relative to leverage ratio shall not be required.

The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on 01 July 2018. Upon migration to a Pillar 1 requirement, the Basel III Leverage Ratio report shall be submitted quarterly along with the Basel III CAR report on both solo and consolidated bases. The mandatory disclosure requirements provided under *Appendix 111/*

Q-65 of the MORB/MORNBFI shall be published in the quarterly published balance sheet as well as in the annual reports or published financial reports (e.g., audited financial statements).

- b. *Sanctions.* Banks/QBs shall not be penalized on any breach on the five percent (5%) minimum leverage ratio during the monitoring period. However, erroneous, delayed, erroneous and delayed, or unsubmitted reports of banks shall be subject to penalties provided under Subsec. X184.3 of the MORB. In the case of QBs, late and/or erroneous reports shall be subject to penalties under Subsec. 4192Q.2 of the MORNBFI. The reports shall be classified as a *Category A-1* report."

Section 2. Section B of Appendices 111/Q-65 on the Guidelines on the Implementation of the Basel III Leverage Ratio Framework of the MORB/MORNBFI are hereby amended to read, as follows.

B. Reporting and disclosure requirements

Starting 31 December 2014 and every quarter thereafter until 30 June 2018, banks/QBs concerned shall submit the Basel III Leverage Ratio reporting template on both solo and consolidated bases for monitoring purposes. The report shall use the prescribed forms and shall be submitted to the appropriate department of the SES. The report submission is summarized below:

Report Date	Reference Date	Deadline of Submission
30 September 2017 31 December 2017	31 December 2017	Fifteen (15) banking/ business days from end of reference date on solo basis, and
31 March 2018	31 March 2018	
30 June 2018	30 June 2018	Thirty (30) banking/business days from end of reference date on consolidated basis

Upon migration to a Pillar 1 minimum requirement effective on 01 July 2018, the Basel III Leverage Ratio report shall be submitted along with the Basel III CAR report.

x x x

The public disclosure requirements shall be made either through inclusion of the requirements in the bank's/QB's annual reports or published financial statements that are posted in the banks'/QB's websites. An ongoing archive of all the reconciliation templates, disclosure templates and explanatory tables relating to prior periods must be made available by banks in their website. All disclosures must be made according to the defined templates.

x x x"

Section 3. Effectivity. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



NESTOR A. ESPENILLA, JR.
Governor

22 January 2018