



## Laws and Regulations Announcement

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### **AMENDMENTS PROPOSED FOR DOMESTIC-SYSTEMICALLY IMPORTANT BANKS AND COUNTERCYCLICAL CAPITAL BUFFER AS RECOMMENDED BY THE BASEL COMMITTEE ON BANKING SUPERVISION**

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| <b>Agency:</b>                            | Financial Services Commission   |
| <b>Regulation:</b>                        | Regulation on Supervision of Banking Business,<br>Supervisory Regulation on Financial Holding Companies   |
| <b>Announcement Date:</b>                 | December 17, 2015   |
| <b>Summary:</b>                           | The Financial Services Commission announced on December 17, 2015, amendments to the Regulation on Supervision of Banking Business and the Supervisory Regulation on Financial Holding Companies. The proposed amendments are intended to facilitate the designation of domestic-systemically important banks (D-SIBs) and the imposition of countercyclical capital buffer as recommended by the Basel Committee.   |
| <b>Key Provisions:</b>                    | <ul style="list-style-type: none"><li>• D-SIBs are to be selected on the basis of the banks' systemic importance to the financial system. Capital requirement for banks selected as D-SIBs is to be raised by 0.25% each year beginning in 2016 for four years for 1% increase by 2019.</li><li>• The Financial Service Commission is to decide each quarter whether to impose countercyclical capital buffer ranging from 0% to 2.5% on the basis of the prevailing economic conditions.</li><li>• The Financial Service Commission may require additional capital charge on banks that receive unsatisfactory risk management evaluation from the Financial Supervisory Service as provided under Basel II.</li></ul> |
| <b>Effective Date for the Amendments:</b> | January 1, 2016, for D-SIB and countercyclical capital buffer requirements  |

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