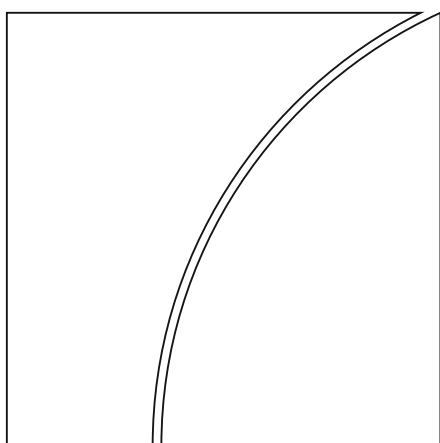


Basel Committee on Banking Supervision



Basel III Regulatory Consistency Assessment Programme (RCAP)

October 2013



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1. Introduction

A key component of the Basel Committee's work agenda is to ensure strong regulatory regimes and effective supervisory systems across its member jurisdictions. Public confidence in prudential ratios, resilient banks and a level regulatory playing field for internationally active banks cannot be assured without consistency in the adoption and implementation of the Basel standards. The lessons of the recent financial crisis have underscored the need for full, timely and consistent implementation of the standards.

Recognising the importance of implementation, the Committee established the Regulatory Consistency Assessment Programme (RCAP) in 2012. The programme consists of two distinct but complementary work streams to *monitor* the timely adoption of Basel III standards,¹ and to *assess* the consistency and completeness of the adopted standards and the significance of any deviations in the regulatory framework. The assessment work is carried out on a jurisdictional as well as on a thematic basis.² Currently, the focus of monitoring and assessment rests on the Basel standards for risk-based capital. This will gradually expand to cover the monitoring and assessment of the Basel standards relating to liquidity, leverage and systemically important banks (SIBs). By means of the RCAP, the Committee's purpose is to ensure the consistent implementation of the Basel III framework, and thus to contribute to global financial stability.³

This document describes the procedures and process for conducting *jurisdictional* assessments under the RCAP.⁴ These assessments are a key instrument of the Committee's effort to assess how far a member jurisdiction's domestic regulations comply with the international minimum standards established by the Committee. Each member jurisdiction has agreed to undergo an RCAP assessment of the standards it adopts in accordance with the time line for the implementation of the Basel framework.

¹ The RCAP monitoring and assessment of risk-based capital regulations covers implementation of Basel II, 2.5 and III. The RCAP monitoring ensures that relevant Basel standards are transformed into domestic rules or regulation on a timely basis. Based on information provided by each member jurisdiction, the monitoring output consists of a half-yearly report or heat map for the Committee. The RCAP monitoring report comprises an overview table with members' progress in adopting Basel II, 2.5 and III. Progress is evaluated in terms of numerical grades with an overlay of colour codes. In the second half of 2013, the monitoring progressively expanded from capital standards to include standards relating to leverage, liquidity and the higher loss absorbency requirement for global systemically important banks.

² One of the stated objectives of the RCAP is to analyse and assess regulatory outcomes. While the monitoring and jurisdictional assessments focus almost entirely on domestic rules and regulations, the intention is that regular thematic assessment of outcomes will look into supervisory implementation at the bank level and the corresponding industry and supervisory practices. Given the current RCAP focus on risk-based capital standards, this strand of work has been initiated via two RCAP studies on the risk-weighting of assets and their impact on capital ratios. See Basel Committee on Banking Supervision, *Regulatory consistency assessment programme (RCAP) – Analysis of risk-weighted assets for market risk*, January 2013, and *Regulatory consistency assessment programme (RCAP) – Analysis of risk-weighted assets for credit risk in the banking book*, July 2013.

³ The RCAP supports the Financial Stability Board's (FSB's) monitoring of the implementation of the agreed G20/FSB financial reforms and it is consistent with the FSB's *Coordination Framework for Monitoring the Implementation of Agreed G20/FSB Financial Reforms*. The RCAP and the IMF/World Bank's Financial Sector Assessment Program (FSAP) (which, among other things, assesses country compliance with the Basel Committee's *Core principles for effective banking supervision*) are complementary programmes. The RCAP focuses on implementation of the Basel III regulatory framework in terms of consistency and completeness, while the assessment of the Basel Core Principles under the FSAP takes into account the full range of supervisory practices and is carried out in the context of a wider financial stability risk analysis.

⁴ For RCAP assessments, the term "Basel III" refers to the components of the Basel framework outlined in Annex 1.

The document replaces the *Basel III regulatory consistency assessment programme* published in April 2012. It reflects adjustments to the procedures, process and methodology made by the Committee since then. The changes are based on the lessons learned from the RCAP assessments thus far, and strengthen the governance and consistency of the assessment process.

The procedures and process will be kept under review by the Committee as further experience is gained, and as the scope of assessments expands. The document also aims to help non-Committee regulators and supervisors, as well as industry representatives and other interested parties, understand the main steps involved in carrying out an RCAP assessment.

For any clarifications or additional information, please contact the Secretary General at the Basel Committee Secretariat.

2. Objectives of the RCAP assessment framework

The RCAP's *assessment* module complements the off-site *monitoring* module on the adoption of Basel regulatory standards.⁵ Assessments review how far domestic Basel III regulations⁶ in each member jurisdiction are aligned with the minimum requirements defined by the Committee. They are aimed at promoting full and consistent adoption of the Basel framework by identifying domestic regulations for internationally active banks that are not in line with the letter and spirit of the relevant Basel standards. Importantly, the assessments also help to highlight the current and potential impact of any gaps in the regulatory regime on financial stability and on the regulatory environment for internationally active banks. The RCAP assessments help member jurisdictions to undertake the reforms needed to strengthen their regulatory regimes.

The RCAP assessments of capital regulations cover the full scope of Basel standards, ie Basel II, 2.5 and III (see Annex 1 for the detailed scope).^{7,8} All member jurisdictions will undergo an assessment as various standards under Basel III are phased in, with initial priority given to countries where G-SIBs are domiciled. Some elements of an assessment may be based on draft or proposed domestic rules or any non-binding documents intended to be subsequently replaced by binding rules. The assessment of

⁵ Previously, the monitoring, assessment and analysis modules were referred to as Levels 1, 2, and 3, respectively. For greater clarity, however, the schema that formerly divided the RCAP into three levels has been compressed into two main divisions: RCAP "monitoring" that generates reports on the adoption of Basel minimum standards in regulation via a self-reporting process, and RCAP "consistency assessments" that involve independent fieldwork. RCAP "monitoring reports" thus cover the earlier "Level 1" while RCAP "consistency assessments" cover (a) jurisdictional assessments of the consistency of local regulations with Basel standards (previously known as Level 2) and (b) thematic assessments of, eg, bank capital ratios, risk-weighted assets, and other regulatory outcomes (formerly Level 3).

⁶ These include all domestic laws, regulations, rules, guidelines or any other documents implementing Basel III and deemed by law or in practice as binding on banks and the supervisory authorities.

⁷ The liquidity ratios and the leverage ratio, as well as the additional loss absorbency requirement for systemically important banks, will be included in the RCAP after the Committee concludes its review and revisions or final adjustments consistent with the phase-in arrangements.

⁸ In some cases, given the state of financial systems, jurisdictions may choose not to adopt some or all of the advanced approaches of Basel III for the measurement of risks. In the context of the RCAP assessment, these will not be considered as being non-compliant when the relevant provisions of Basel III are assessed. Instead, these provisions may be considered as non-applicable, in line with the approach adopted by the Committee when developing Basel II (Paragraph 7 of the Basel II document and its Simplified Standardised Approach in Annex 11 indicate the Committee's intention to provide a range of options to allow supervisors to select the approaches that are most appropriate for their financial systems).

these elements will be regarded as preliminary and will be supplemented by a follow-up assessment of the final domestic rules.

Given the specialised nature of the subject matter, and to ensure sufficient rigour, the RCAP assessments are designed as “peer reviews” undertaken by technical experts from member jurisdictions. This approach is reflected throughout the assessment process, and due care is taken in balancing the composition of the assessment teams and the review teams.⁹ The entire process is closely supervised by the RCAP Peer Review Board (PRB),¹⁰ with feedback from the Committee’s Supervision and Implementation Group (SIG), and the assessments are finalised by the Basel Committee based on consensus.

3. Assessment phases

3.1 Preparatory phase

RCAP assessment questionnaire

In preparation for an RCAP assessment, member jurisdictions complete an RCAP questionnaire. In the interests of convenience and timeliness, all member jurisdictions (other than those that have already undergone an RCAP assessment or where an assessment is underway) will seek to complete the RCAP questionnaire in advance and update it regularly.

Establishment of the RCAP assessment teams

The PRB selects the RCAP team leader, who is a senior Committee member or equivalent with significant supervisory and regulatory experience in the international domain, as well as a deep understanding of the functioning of internationally active banks (including, if applicable, G-SIBs) and international financial markets, together with a general understanding of international financial relationships. The Committee’s Secretariat, in consultation with the team leader, chooses an assessment team, drawn from a panel of experts volunteered by the member jurisdictions and maintained by the Secretariat. The PRB formally approves the assessment team, once it has been selected. The team’s size and composition will vary depending upon the assessed jurisdiction. Each RCAP assessment is also supported by designated staff member(s) from the Secretariat. The team leader liaises closely with the Secretariat, and where necessary the PRB, on any strategic, interpretative and methodological issues that may arise.

The main criteria for the team selection are (i) expertise covering all components of the Basel framework, in particular the definition of capital and the advanced approaches of Basel II; (ii) the ability to work both as primary and secondary reviewers within the team (ensuring “four eyes” for each assessed component); and (iii) the appropriate balance of membership across member jurisdictions and different financial systems. In approving the team, the PRB ensures that the team enjoys independence with respect to the assessed jurisdiction.

⁹ Please see Section 3.1 for further information about the RCAP assessment teams, review teams and the Peer Review Board.

¹⁰ The Peer Review Board consists of the Chairman of the Basel Committee, the Chairman of the Supervision and Implementation Group, and the Secretary General of the Basel Committee. The PRB is supported by the Head of Basel III Implementation at the Basel Committee Secretariat.

Time line

A high-level time line of the different steps for a typical RCAP assessment is provided in Annex 2. An assessment typically requires about six months from the time the team leader notifies the scope of the assessment to the jurisdiction and requests the necessary data and information (this assumes that a preliminary self-review exercise has been undertaken, which may require significant effort on the part of the assessed jurisdiction).¹¹ In general, for each assessment a detailed time line is formulated by the team leader and the Secretariat in agreement with the assessed member jurisdiction.

3.2 Off- and on-site assessment phases

Based on the first review of the completed response to the RCAP questionnaire, the assessment team prepares an RCAP scoping note setting out specific details regarding the scope of the assessment, methodology and coverage of banks, and other structural aspects of the jurisdiction relevant for the assessment. The scoping note details any preliminary areas of attention (including those that have arisen from previous reviews or monitoring) and potential data requests, as well as the agreed time line and process that the assessment team will follow. A copy of the scoping note is sent to the PRB, the review team (see below), and the assessment counterparts in the jurisdiction undergoing the assessment.

The process for off-site review is based on work undertaken by primary assessors and secondary reviewers, and relies on conference calls and face-to-face discussions among the team members. The assessment team reviews the response to the RCAP questionnaire, and makes use of all available material relevant to banking regulation in the jurisdiction, including external reports, assessment of the *Basel Core Principles*, and available data on the banking sector's structure and composite balance sheet. All non-public data (supervisory or bank-by-bank) provided by the assessed jurisdiction are handled on a confidential basis. The team leader convenes at least one meeting of the assessment team before the on-site visit. The off-site review should result in a provisional list of deviations ("baseline" assessment) that forms the main basis for the materiality analysis.

The on-site visit (normally five working days) helps to finalise the materiality assessment based on the "baseline" list of deviations. During the on-site visit, the assessment team meets the relevant technical counterparts in the areas outlined in Annex 2. The team may also meet with representatives from the banking industry, and other relevant market participants including auditors and accounting firms. To enable an open dialogue, these meetings would ordinarily not include representatives from the assessed jurisdiction. However, the representatives from the assessed jurisdiction would be kept informed of the outcomes of these meetings, especially on how those outcomes have been incorporated into the team's analysis.

The assessment results in a draft RCAP assessment report that is finalised during the on-site visit and presented to the senior management of the assessed jurisdiction. The assessment team delivers this draft as a preliminary assessment on the understanding that it is subject to further review by the RCAP review team.

All aspects of the RCAP assessment are governed by confidentiality protocols akin to those which govern the Committee's Basel III QIS monitoring exercise. Using designated access rights, the Secretariat securely stores all data and information collected during the course of the RCAP assessment. All RCAP assessment team members are bound by confidentiality agreements.

¹¹ The six-month time line is indicative. The time taken for assessment may vary depending on circumstances.

3.3 Review, approval and publication phase

A thorough and accountable review process has been instituted to complement the assessment work. Alongside the establishment of the assessment team, the PRB also sets up a review team for the assessed jurisdiction. The review team is drawn from the SIG, other experts from the Committee, and a senior member of the Secretariat.¹² The team leader shares the RCAP scoping note with the review team and invites feedback. The review team also reviews and agrees on the draft report before it goes to the PRB for final review. The review team also reports to the SIG when the SIG is informed by the team leader about material findings or policy issues arising from the RCAP.¹³

The Committee has the final responsibility for approving the assessment report. The assessments are approved by consensus. The representatives of the assessed jurisdiction do not take part in the decision-making but their views are reflected in a separate section of the report. If full consensus cannot be reached by the Committee, minority views are footnoted in the report.

After the Committee's formal approval, the report, including a specific response from the assessed jurisdiction is published on the Committee's website. The member assessed is also invited to publish the report in its home jurisdiction.

In addition, the report is transmitted to the FSB, as required by the Board's *Coordination Framework for Monitoring the Implementation of Agreed G20/FSB Financial Reforms*.

The main conclusions of the assessments are periodically summarised and reflected in updates on the Committee's *Progress report on Basel III implementation* with a view to providing a comprehensive view of the situation across member jurisdictions.

3.4 Follow-up

The Committee continues to monitor whether its members are updating their domestic regulations or introducing new regulations that could impact the assessments already performed. Where substantial regulatory developments or changes that could have a material impact on existing assessments take place, the Committee takes steps to update these assessments in a reasonable time frame. The Committee may also update assessments when it concludes any revisions or final adjustments of certain components of Basel III.

While the main objective of the assessment process is to ensure a full and consistent implementation of Basel III across countries, the process is also expected to usefully inform the Committee about implementation challenges or difficulties that countries may face when adopting Basel III. The process is also expected to contribute to identifying potential gaps, as well as any redundant provisions or interpretative issues within the Basel III framework. The Committee takes these elements into account, in combination with the outcome of its quantitative monitoring of Basel III's impact, when determining its policy agenda and may prompt the issuance of additional guidance or updated rules if needed.

¹² To avoid any conflict of interest, the Head of Basel III Implementation at the Secretariat does not take part in the validation effort by the review team or the PRB. Her/his role is to act as a facilitator between the RCAP assessment team and the assessed jurisdiction, ensure the consistency and completeness of each RCAP, and assist on technical or policy matters as they may arise.

¹³ The SIG Chair is a member of the PRB and a minimum of two SIG members are part of the review team. The SIG does not provide a detailed review of the report, but instead focuses and provides feedback on material issues highlighted by the RCAP team leader, the review team and, where necessary, the assessed jurisdiction.

4. Assessment methodology

4.1 General approach

The assessment of compliance with the Basel standards is based primarily on two aspects:

- a comparison of domestic regulations with the corresponding Basel standards to identify if all the required provisions of Basel III have been adopted (completeness of the regulation); and
- independent of the form of the domestic rules, whether there are any differences in substance between these rules and the relevant Basel standards (consistency of the regulation).

When a gap or a difference is identified, a key driver for assessing compliance is its materiality and impact. As far as possible, the materiality and impact is quantified using all available data, including those submitted by the assessed jurisdiction. The assessment seeks, in particular, to measure the significance of any identified difference(s) for internationally active banks. The assessment considers not only the current impact¹⁴ and consequences, but also its potential impact in the future.

The assessment also seeks to clarify the rationale for any identified gaps and differences between the domestic rules and the corresponding Basel standards, with a view to ensuring a firm understanding of the specificities and drivers of local implementation. This would help various stakeholders view the assessment in proper perspective. However, these elements are not taken into account when assessing compliance beyond the scope of national discretion already specified within Basel III.

Domestic measures that are stronger than the minimum requirements are fully in line with the nature of the international agreements, which are intended to set minimum requirements, and are therefore considered as compliant. However, they are not considered as compensating for inconsistencies or gaps identified elsewhere, unless they fully and directly address the identified inconsistencies or gaps.

4.2 Compliance scale

All assessments are summarised using a four-grade scale: compliant, largely compliant, materially non-compliant and non-compliant.¹⁵

- Regulatory framework is *compliant* with Basel III: A domestic regulatory framework is considered compliant with Basel III if all minimum provisions of the relevant Basel standards have been satisfied and if no material differences have been identified which would give rise to prudential concerns or provide a competitive advantage to internationally active banks.
- Regulatory framework is *largely compliant* with Basel III: A domestic regulatory framework is considered largely compliant with Basel III if only minor provisions of the relevant Basel standards have not been satisfied and if differences that have only a limited impact on financial stability or the international level playing field have been identified.

¹⁴ The impact is measured against fully phased-in Basel provisions – the same approach that is used for the Basel III QIS exercise.

¹⁵ This four-grade scale is consistent with the approach used for assessing countries' compliance with the Basel Committee's *Core principles for effective banking supervision*. The actual definition of the four grades has been adjusted, however, to take into account the different nature of the two exercises. In addition, and as noted above, components of Basel III that are not relevant to an individual jurisdiction may be assessed as non-applicable.

- Regulatory framework is *materially non-compliant* with Basel III: A domestic regulatory framework is considered materially non-compliant with Basel III if key provisions of relevant Basel standards have not been satisfied or if differences that could materially impact financial stability or the international level playing field have been identified.
- Regulation is *non-compliant* with Basel III: A domestic regulatory framework is considered non-compliant with Basel III if the relevant Basel standards have not been adopted or if differences that could severely impact financial stability or the international level playing field have been identified.

The outcome of the assessment process takes the form of an overall assessment of the compliance of the member jurisdiction's regulation with Basel III and assessments of the compliance of the jurisdiction's rules for each of the key components of the framework as listed in Annex 1.¹⁶

4.3 Assessment grading

Assessment grades are assigned largely according to the materiality of identified deviations; that is, the current and potential impact of the identified deviation of the formal published texts of local rules or regulations from the Basel standards.¹⁷

The assessment team identifies the gaps for each of the key components of the risk-based capital framework. Once the gaps have been determined, they are classified as quantifiable or non-quantifiable.

The materiality of quantifiable gaps is measured in terms of the current and potential impact on risk-based capital ratios and RWA. In some cases, data limitations may hamper materiality assessments of quantifiable gaps. Where a direct estimate of the impact is not possible, the assessment team attempts to assess materiality based on proxies such as the level of exposure to the affected asset class, the number of banks engaged in specific business activities, data from public sources, results of impact studies, or other similar types of information made available by the assessed jurisdiction. In these cases, teams use their collective expertise to form a best-effort estimate of the impact on banks' capital ratios and RWAs.

Some aspects of the Basel framework are, by nature, non-quantifiable. For instance, gaps in Pillar 1 involving issues related to governance of the use of internal models, or gaps in Pillar 2 or Pillar 3 would fall in this category. The materiality of such gaps is assessed based on the degree of uncertainty these gaps are likely to cause, at present or in the future, regarding the accuracy of the capital measurement process and/or the quality of risk management when that is relevant. For instance, in the case of Pillar 2, the materiality of risks not captured under the RCAP is judged within the context of the importance of these risks for financial stability and the level playing field.

Once the materiality of the individual gaps is determined, the RCAP team proceeds to determine the assessment grades for each component of Basel capital standards using one of the four grades defined above in Section 4.2. The following-three step approach should guide this process:

¹⁶ This list will be expanded with the issuance of any additional standards amending or expanding the Basel framework.

¹⁷ Roughly speaking, materiality can be interpreted along two dimensions: (i) confidence in banks' capital ratios and capital buffers (financial stability dimension) and (ii) an adequate calculation of both the capital stock (numerator) and RWAs (denominator) by internationally active banks (level playing field dimension). In addition, assessment of materiality should be robust over time. This implies that assessment teams should consider that the materiality of gaps can change over time, driven by factors such as refinements to the regulatory regime, the economic cycle, financial trends, and shifts in banking practices such as from standardised to advanced regulatory approaches.

- Step 1: For each component, the cumulative impact of the quantifiable gaps is calculated in terms of both capital ratios and RWAs (where applicable). This forms the basis for a preliminary component-level grade.
- Step 2: For each component, the cumulative impact of non-quantifiable gaps is also evaluated. As the focus is on the cumulative materiality of the gaps, the RCAP team does not average out between the quantifiable and non-quantifiable gaps. The grade derived in step 1 can be lower but cannot be improved once non-quantifiable gaps are taken into consideration.
- Step 3: A final judgmental check is applied to ensure that the resulting component grade is consistent with the description of the grade. Any new consideration affecting this judgement is documented and explained in the assessment report.

Finally, the RCAP team determines the overall grade following these four steps below:

- Step 1: The cumulative impact of all quantifiable gaps is calculated. This calculation forms the basis for the overall preliminary grade.
- Step 2: The cumulative materiality of all non-quantifiable gaps is assessed. Again, the grade derived under step 1 can only be kept at the same level or lowered, but not improved.
- Step 3: The overall grade cannot be more than one notch higher than the worst component grade.¹⁸
- Step 4: A final judgmental check is applied to assess whether the resulting overall grading is consistent with the description of the grade. Any new consideration that is relevant to the assignment of the final grade is appropriately documented and explained in the assessment report.

¹⁸ For example, a Committee member jurisdiction that has one component assessed as “materially non-compliant” cannot receive an overall grade that is higher than “largely compliant”.

Annex 1: Scope of the assessment

| | Key components of the Basel framework | Inclusion in the assessments |
|-----------|--|------------------------------|
| A | Capital requirements | |
| 1. | Scope of application | Included |
| 2. | Transitional arrangements | Included |
| 3. | Pillar 1: Minimum capital requirements | |
| | Definition of capital | Included |
| | Credit Risk: Standardised Approach | Included |
| | Credit risk: Internal Ratings-Based Approach | Included if adopted |
| | Credit risk: Securitisation Framework | Included |
| | Counterparty credit risk rules | Included |
| | Market risk: Standardised Measurement Method | Included |
| | Market risk: Internal Models Approach | Included if adopted |
| | Operational risk: Basic Indicator Approach and Standardised Approach | Included |
| | Operational risk: Advanced Measurement Approaches | Included if adopted |
| | Capital buffers (conservation and countercyclical) | Included |
| 4. | Pillar 2: Supervisory Review Process | |
| | Legal and regulatory framework for the Supervisory Review Process and for taking supervisory actions | Included |
| 5. | Pillar 3: Market Discipline | |
| | Disclosure requirements | Included |
| B | G-SIB additional loss absorbency requirements | |
| | G-SIB additional loss absorbency requirements | Included if relevant (1) |
| C | Liquidity standards | |
| 1. | Scope of application | Included (1) |
| 2. | Transitional arrangements | Included (1) |
| 3. | Liquidity Coverage Ratio | Included (1) |
| 4. | Net Stable Funding Ratio | Included (1) |
| D. | Leverage ratio | |
| | Leverage ratio | Included (1) |

(1) To be included after the Committee concludes its review on any revisions or final adjustments.

Annex 2: RCAP time line

The assessment teams follow the general process and the time line detailed below. Exact timings are tailored to each individual RCAP:¹⁹

| Initiator | Assessment step | Time line up to RCAP publication |
|---|--|----------------------------------|
| Peer Review Board (PRB) | PRB selects team leader on the recommendation of the Head of Basel III Implementation. | >6 months |
| Team leader and Secretariat | Establishment of the assessment team (drawn from the RCAP expert database), and a designated review team (drawn from the SIG, other experts and the Secretariat). | >6 months |
| Assessed jurisdiction | Submission of the completed RCAP assessment questionnaire along with supporting data and information relating to the gaps identified by the jurisdictions. | >6 months |
| Team leader and assessment team | Drafting a RCAP “scoping note” drawing on the questionnaire response and other sources of information, QIS, FSAP, and private sector studies. The scoping note should indicate the coverage of banks, the macrofinancial context of Basel III implementation, assessment methodology, data and information gaps/needs, and any special institutional and structural factors. The scoping note is discussed with the assessed jurisdiction and, after a discussion between the team leader and the Head of Basel III Implementation, a final version is transmitted to the jurisdiction, the review team and the PRB. | >6 months |
| Assessed jurisdiction and assessment team | Additional data and information provided to the team leader. The assessment team undertakes off-site review. Exchange of views between the assessment team experts with assessed jurisdiction counterparts on technical matters emerging from the off-site work. | 6–4 months |
| Assessment team | First draft of findings prepared by the assessment team. Material/policy/ or jurisdiction-specific issues are discussed by the team leader with the jurisdiction, and the Head of Basel III Implementation. Additional data and information requests are sent by team leader to the jurisdiction. If required, team leader discusses emerging issues of interpretation or methodology with the review team and the PRB. | 6–4 months |
| Assessed jurisdiction | Response to additional data and information requests, and technical clarifications sent to the assessment team. | 3 months |
| Assessment team | Off-site work and drafting of the RCAP assessment report continues. An on-site visit is undertaken (five working days) and a draft RCAP report and its findings along with assessment grades discussed and presented. The draft RCAP assessment report is left for comments with the jurisdiction. | 2 months |

¹⁹ Modifications to the general time line indicated here can be considered by the Committee depending upon the specific circumstances of the individual jurisdictions.

| | | |
|---------------------------|--|--------------|
| Assessed jurisdiction | Comments received from the assessed jurisdiction by the team leader. | 1.5 months |
| Assessment team | The draft RCAP report is revised and circulated to the designated review team for comments. | 1.5 months |
| Review team ²⁰ | Where material revisions are suggested by the review team and accepted by the team leader, the position is explained to the jurisdiction. | 1.5–1 months |
| Assessed jurisdiction | Assessed jurisdiction sends a formal and final response to be appended to the RCAP assessment report. | 1 month |
| Assessment team | RCAP assessment report finalised by the team leader and submitted by the Secretariat for clearance by the PRB; team leader briefs the SIG. | 1–0.5 month |
| Secretariat | RCAP assessment report submitted to the Basel Committee for discussion and adoption. | 0.5 months |
| Basel Committee | RCAP assessment report published. Secretariat to follow up progress. | |

²⁰ Should the RCAP team leader and the review team hold different views, the Head of Basel III Implementation refers the matter to the PRB for review and resolution. The ownership of the report is transferred from the assessment team and the PRB to the Committee once the report has been cleared by the PRB and circulated to the Committee for discussion and publication of the final RCAP report.