



December 1, 2019

Circular no. C-06-2596

Attn:

Banking corporations and credit card companies

Re: Capital Adequacy and Measurement—The Standardized Approach
(Proper Conduct of Banking Business Directive no. 203)

Introduction

1. Against the background of enquiries from banks, and notice from the Basel Committee according to which the ESM and EFSF entities are eligible to receive a 0 percent weighting regarding capital adequacy.
2. After consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended this Directive.

Main Points of the Update

3. Section 56 of Directive 203:

The ESM (European Stability Mechanism) and EFSF (European Financial Stability Facility) entities were added to the list of entities eligible to receive a risk weight of 0 percent.

Explanation

The update was required due to the notice from the Basel Committee on Banking Supervision dated March 18, 2014.

Effective date

4. The changes to this Directive shall go into effect on the date this circular is published.

Update of file

5. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

Remove page

(11/18) [8] 203-1-86

Insert page

(12/19) [9] 203-1-86

Respectfully,

Dr. Hedva Ber
Supervisor of Banks