



CENTRAL BANK OF TRINIDAD & TOBAGO

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CIRCULAR LETTER TO:

*All Licensees and Financial Holding Companies
under the Financial Institutions Act, Chap. 79:90
The Bankers Association of Trinidad and Tobago (BATT)
The Trinidad and Tobago Securities and Exchange Commission (TTSEC)*

REF: CB-OIFI-1977/2025

**INDUSTRY CONSULTATION ON THE DRAFT PILLAR 3
MARKET DISCLOSURES GUIDELINE ("GUIDELINE")
AND DISCLOSURES TEMPLATE**

The Basel framework issued by the Basel Committee on Banking Supervision ("BCBS") provides a model for enhanced capital measurement and management based on three mutually reinforcing Pillars. Pillar 1 – Minimum Capital Requirements; Pillar 2 – Supervisory Review and Evaluation Process ("SREP") of banking institution's Internal Capital Adequacy Assessment Process (ICAAP); and **Pillar 3 – promotion of Market Discipline through enhanced public disclosure by banking institutions**. Pillar 3 complements Pillar 1 and 2.

To date, the Central Bank of Trinidad and Tobago ("Central Bank") has implemented Pillars 1 and 2, the Leverage Ratio, the Capital Conservation Buffer, the capital add-on for domestic systemically important banks and is awaiting promulgation of Liquidity Regulations for the implementation of the Liquidity Coverage Ratio.

Accordingly, the Central Bank is now moving to implement Pillar 3 and is issuing this draft Pillar 3 Market Disclosures Guideline ("Guideline") for industry consultation.

Pillar 3 is designed to improve transparency, reduce information asymmetry and enhance market discipline **by providing market participants** with key information to assess a banking institution or banking group's risk exposures, capital structure and adequacy, liquidity ratios and risk management practices. The guiding principles for Pillar 3 disclosures are clarity, comprehensiveness, meaningfulness/usefulness, consistency over time, and comparability.

The Central Bank advises that Regulation 7 of the Financial Institutions (Capital Adequacy) Regulations, 2020 ("Capital Regulations") which pertains to Pillar 3 – Market Disclosures states that:

"Financial organizations shall disclose such information pertaining to their capital, risk exposures, risk assessment processes, credit risk mitigation and capital adequacy in such time, form, manner and frequency as the Central Bank may specify in a guideline."

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Financial institutions will also be required to make market disclosures on their liquidity ratio and liquidity risk management and as such a similar provision to Regulation 7 of Capital Regulations was included in the draft Liquidity Regulations.

Consequently, the Central Bank is seeking your feedback on the Guideline and Pillar 3 Disclosures Template ("Disclosures Template"), which can be accessed on the Central Bank's website at: <https://www.central-bank.org.tt/resources-category/publications-and-research/#basel-ii-iii-implementation-draft-consultation-documents>. Appendix 1 of the draft Guideline presents a summary of the type, publication frequency and format of the required disclosures.

Licensees and Financial Holding Companies are invited to submit their feedback electronically to the Central Bank via the e-mail: Baselconsultation@central-bank.org.tt by **July 30, 2025**. Queries on the draft Guideline or Template can also be submitted to that email address.

We anticipate your usual co-operation and look forward to receiving your comments on the draft Guideline and Disclosures Template.

Yours sincerely



Patrick Solomon
INSPECTOR OF FINANCIAL INSTITUTIONS

Attch.