



CENTRAL BANK OF TRINIDAD & TOBAGO

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November 26, 2019

CIRCULAR LETTER TO:

ALL FINANCIAL INSTITUTIONS AND FINANCIAL
HOLDING COMPANIES LICENSED UNDER THE
FINANCIAL INSTITUTIONS ACT, 2008

REF: CB-OIFI-3110/2019

BASEL II/III IMPLEMENTATION

Amendments to the draft Financial Institutions (Capital Adequacy) Regulations

The Central Bank of Trinidad and Tobago ("Central Bank"/"Bank") is issuing for comment its "*Policy Paper-Proposed Amendments to the draft Financial Institutions (Capital Adequacy) Regulations (Policy Paper)*" which details intended changes to the Financial Institutions (Capital Adequacy) Regulations ("Regulations").

The Regulations, which were issued to the banking sector on August 3, 2018, were developed to give effect to the Phase 1 policy proposals for the implementation of Basel II and III including Pillar 1 of Basel II and two (2) quantitative capital measures under Basel III. The Policy was approved by Cabinet in May 2019 and the Policy and draft Regulations forwarded to the Ministry of the Attorney General and Legal Affairs (MOAGLA) for the making of the Regulations. Accordingly, the Central Bank has been working with the Office of the Chief Parliamentary Counsel in the MOAGLA to finalize the draft Regulations.

However, as you are aware, on November 7, 2019 the Bank also issued policy proposals for the implementation of Phase 2 of the Basel II/III project implementation plan. Phase 2 treats with Pillars 2 and 3 of Basel II and some Basel III elements aimed at enhancing the resilience of the banking sector, including the leverage ratio and the capital conservation buffer.

Accordingly, the Central Bank is seeking to ensure that the Regulations are comprehensive and proposes at this time to incorporate provisions to give effect to the Phase 2 policy proposals. As stated in the consultation document, the Phase 2 elements will only have legal effect after a notice has been placed in the Gazette by the Minister of Finance following consultation with the banking sector and the issuance of the relevant guidelines by the Central Bank.

Further, as you may be aware the Central Bank was subject to a review of its compliance with Basel Core Principles for effective banking supervision as part of the Financial Assessment Sector Program (FSAP) exercise. Based on feedback from that review, other amendments to the Regulations are proposed to ensure alignment with best practices.

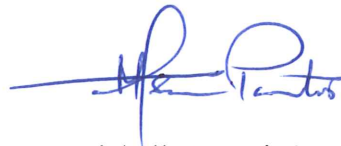
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Licensees and financial holding companies are invited to provide comments on the Policy Paper by **December 6, 2019**. A copy of the Policy Paper can be accessed on the website of the Central Bank at <https://www.central-bank.org.tt/core-functions/supervision/basel-ii-iii-implementation>.

Comments may be submitted by email to Baselconsultation@central-bank.org.tt or alternatively a hard copy may be submitted to the undersigned. Queries may also be directed to Ms. Ayana George at 621-2288 ext 5022 or Ms. Karyn Stewart at ext 5090.

We look forward to your prompt feedback.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michelle Francis-Pantor', with a stylized flourish at the end.

Michelle Francis-Pantor
Deputy Inspector - Banks, Non-Banks and Payment Systems Oversight
FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT