

# 2 day workshop on Moving from Basel II to Basel III Framework

## Day 1

### **Session 1: Introducing Basel III:**

- From Basel I to Basel II – key features of Basel II
- Risk sensitivity of capital standards – moving from regulatory capital to economic capital.
- Overview of Basel II.
- Introducing Basel III – chief additional features
  - ♦ Structure of Basel III
  - ♦ Redefinition of Tier 1 capital, additional capital requirements, countercyclicity buffers
  - ♦ Liquidity standard
- Implementation roadmap and progress

### **Session 2: Leverage controls and counterparty risk weights:**

- Overall leverage standard in addition to capital for risk weighted assets
- Relevance of leverage ratio
- Off balance sheet exposures and leverage ratio
- Counterparty risk adjustments in case of OTC derivatives
  - ♦ Brief discussion on mathematical approaches to CVA for counterparty risk weights

### **Session 3: Liquidity standards – new standard under Basel III:**

- Moving from pure capital-based controls to liquidity standard
- Relevance of liquidity standard for banks
- Short term and medium term liquidity requirements – concepts behind LCR and NSFR

### **Session 4: Funds Transfer Pricing:**

- Liquidity coverage ratio
  - ♦ Meaning of highly liquid assets
  - ♦ Level 1 and Level 2 assets
  - ♦ Computation of net cash outflows
- Net stable funding ratio
  - ♦ Meaning of funding available
  - ♦ Meaning of required funding
  - ♦ Weights for available stable funding

- ◆ Weights for required stable funding
- ◆ Off balance sheet items and required stable funding

## **Day 2**

### **Session 5: Introduction of Basel III in India:**

- RBI's roadmap for introduction of Basel III in India
- Main components of RBI's approach to Basel III
- How would capital requirements work under Basel III in India

### **Session 6: Liquidity risk management framework:**

- RBI standards on liquidity risk management
- Detailed discussion with examples on liquidity management under Basel III
- Principles of sound liquidity risk management
- Supervisory monitoring of liquidity risk
- Monitoring metrics

### **Session 7: Pillar 2 under Basel III:**

- Firm wide governance and risk management systems
- ICAAP requirements – how to strength internal assessment of capital adequacy procedures
- Capturing risk of off balance sheet and securitisation exposures
- Managing risk concentrations
- Valuation practices
- Stress testing practices

### **Session 8: Pillar 3 under Basel III.**

- Disclosures under Basel III
- Disclosures under IFRS 7 and Basel III –comparison
- Guide to implementation of Basel III

#### **For Whom:**

- Capital Market and institutional investors and planners
- Banking and financial service industry executive management
- Risk, compliance and internal audit within the finance industry

- Treasury, regulatory reporting, and strategy advisers
- Economists, professional services to the finance industry, accountants
- Academics in economics, finance or business

### **USP of the course:**

This two-day course is highly intensive and interactive where we will review relevant details of Basel III implementation in the context of new liquidity standards. We will focus on introduction of Basel III in India and how would capital requirements work under Basel III in India.

This workshop is targeted to give you a good understanding of and hands-on experience with the updated Basel rules for capital adequacy and liquidity coverage in banks.

To understand the current issues faced with implementing proposed Basel III and to uncover practical solutions to these challenges. This is also an ideal opportunity for you to ask questions, raise concerns and contribute to high level debate with some of Australasia's most influential decision makers in the finance industry.

Now that the RBI has come up with its final Guidelines on Implementation of Basel III Capital Regulations in India, the USP of this workshop will be enable you to meet and implement the Basel III requirements with better understanding.

## **Faculty**

**Mr. Vinod Kothari**

**Qualification: CS Vinod Kothari**

**Present Engagement: CEO of Vinod Kothari Consultants Pvt Ltd**

Internationally recognized as an author, trainer and consultant on specialised financial subjects, viz., housing finance, securitisation, credit derivatives, accounting for financial instruments, etc. As such, he lectures all over the world. The locations where he has lectured on these subjects include New York, Washington, London, Milan, Frankfurt, Singapore, Hong Kong, Sydney, Colombia (South America), South Africa, Malaysia, Jordan, Dubai, Kuwait, Egypt, Sri Lanka, Bangladesh, etc.

Mr. Kothari with his efficient team has handled very diverse groups – from rating agency professionals in Malaysia, to group of investors in Sydney, to tax officers in South Africa, to group of lawyers in India, to executives of the World's largest securitisation agency in Washington, to a group of quants in New York.

## **CONSULTING ASSIGNMENTS:**

- He is an integral part in developing a toolkit for the IFC titled “India Toolkit for Low Income Housing Finance – A Practitioner’s Guide” prepared in collaboration with Habitat for Humanity.
- He was sub-consultant to “Affordable Housing Finance Project” of IFC, awarded to IMaCS.
- Currently retained by National Housing Bank for assisting them in promoting Covered Bonds in India.
- Was a part of Working Committee formulated by National Housing Bank for promoting capital market instruments such as RMBS and Covered Bonds for the housing sector in India.
- Has been retained by Govt. of Jordan for suggesting and working on funding for a high-profile low-cost housing project.
- Has been retained by the Asian Development Bank, Manila for two important projects: to advise the Govt. of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.
- Is the Director of Association of Leasing and Financial Services Cos., a body of over 500 top leasing companies in India and is editor of its Newsletter Fin-n-lease
- Claims extensive consulting experience in securitisation – offering comprehensive securitisation-related consulting services to a variety of clients including originators, investors, IT companies, etc. Apart from one-off services to several companies in different countries.

## **AUTHOR OF BOOKS:**

- Taxation of lease transaction in India (*2013 Edition*)
- Securitisation, Asset Reconstruction & Enforcement on Security Interest (*SARFAESI Act updated with reference to the Companies Act, 2013, Fourth Edition*)
- The Companies Act, 2013, published by Lexis Nexis.
- Corporate Law (*Second Edition*), 2013, published by Lexis Nexis.
- Guide to Housing Finance: A Comprehensive Guide to Mortgage Lending, 2013.
- Credit Derivatives and Structured Credit Trading, 2009 edition.
- Introduction to Securitisation by Frank J. Fabozzi and Vinod Kothari, July 2008.
- Securitisation, Asset Reconstruction and Enforcement of Security Interests, 2010 Third edition.
- Securitisation: The Financial Instrument of the Future, Fifth edition 2006.
- Lease Financing and Hire purchase (4th edition, 1996), Wiley
- Author of 3 Chapters in Handbook of Finance, (editor Frank Fabozzi), published by Wiley, USA.
- Reviewing editor of seventeenth edition of A Ramiya’s Company Law, a book running over 12000 pages.

## **ARTICLES:**

- Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Exportrader (Spain), Trade and Forfaiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitordaily (USA), Analyst (India), etc.
- Vinod Kothari also contributes to Euromoney's yearbooks on leasing and securitisation

**LECTURING:**

- Regular speaker at professional institutes.
  - Visiting faculty at Indian Institute of Management, Joka, Calcutta for several years, teaching a fully fledged course for the final year students on Structured Finance and Taxation. Over 125 students sign up of the course every year.
  - Guest faculty at the National University of Juridical Sciences- the subject taught here are insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.
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