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CONDENSED AGENDA: 1-DAY SEMINAR ON BASEL III CAPITAL AND LEVERAGE

What was deemed lacking under Basel II

- Off-balance sheet derivatives
- Capital buffers too thin
- Methodologies for assessing risk-weighted assets
- Distributability of capital
- Tier 2 capital too much like a liability

New rules for eligibility of funds to classed as capital

- Tier 1 capital
- Tier 2 capital
- Retention of capital

Amounts of capital to be held

- Minimum amount of Tier 1 capital to be held
- Minimum amount of total capital to be held
- Maximum component that can be Tier 2 capital
- Extra buffers:
  - Counter-cyclical buffer
  - Buffers for Global Systemically Important Financial Institutions

Risk-weighted assets

- Basel I and Basel II risk-weighting methodologies
- Failings in these methodologies
- Internal risk-based methodologies (IRB)
- Basel III permissible methodologies
- Issues with banks not recognising bad debts
- Italian bank bad debts and how they have been written down
- UniCredit's "PORTO" project
- Banco Popolare di Bari repackaging its toxic debts
- Guarantee of the Italian government and impact on risk-weighting

Basel III Leverage Ratio

- Rationale
- What the measure is
- How it will interact with a bank's risk-weighting methodology

Bilateral derivatives contracts to be novated to Central Counterparties

- Rationale and what novation is
- Ongoing valuation, margining and collateral