

RCAP jurisdictional assessments: self-reporting monitoring template for RCAP follow-up actions

Jurisdiction: Turkey

Status as of: 31 December 2017

With reference to RCAP report(s): Assessment of Basel III regulations and LCR regulations – Turkey (March 2016)

Part A¹

Post-RCAP follow up: Changes applied to local regulations of the Basel Framework relating to risk-based capital standards (RCAP-Capital)

Table A

(1) Issue and/or relevant Basel paragraph number(s)	(2) Detailed description of finding (please indicate as precisely as possible the finding as identified in the relevant RCAP assessment report)	(3) Detailed reference to the domestic legislation/regulation that addresses the finding	(4) Summary description of amendment or rectification made
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Post-RCAP follow up: Changes applied to local regulations of the Basel Framework relating to the LCR standard (RCAP-LCR)

Table B

(1) Issue and/or relevant Basel paragraph number(s)	(2) Detailed description of finding (please indicate as precisely as possible the finding as identified in the relevant RCAP assessment report)	(3) Detailed reference to the domestic legislation/regulation that addresses the finding	(4) Summary description of amendment or rectification made
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¹ To be completed only for those findings where action has been initiated/taken. Any plans for addressing other findings may be indicated in Part B.

Part B

RCAP-Turkey resulted with no material findings while only findings were related to missing Internal Ratings-Based (IRB) Securitisation Framework.

After RCAP-Turkey, the IRB Approach for securitisation exposures is not implemented. The current Basel securitisation framework specifies that banks that have approval to apply the IRB approach for credit risk must also use the IRB for securitisation exposures. This issue is altered in the new securitisation framework, which will come into effect in January 2018. On the other hand, Turkish banks still hold negligible amount of securitisation exposures at present and also no Turkish bank has yet received IRB approval. Because of all these reasons, the Banking Regulation and Supervision Board considers implementing the IRB requirements as part of the revised securitisation framework that will supersede the existing framework. Also paragraph 8 of the "Basel III: Finalising post-crisis reforms" standard is as follows:

"While the revised framework will continue to permit the use of internally-modelled approaches for certain risk categories (subject to supervisory approval), a jurisdiction which does not implement some or all of the internal-modelled approaches but instead only implements the standardised approaches is compliant with the Basel framework."

So we argue that according to paragraph 8, findings in the RCAP-Turkey report are no more relevant.