



IMPLEMENTATION OF BASEL III REGULATIONS TO BE DELAYED FOR NEW ONLINE-ONLY BANKS

The FSC approved amendments to the 「Regulation on Supervision of Banking Business」 and 「Regulation on Supervision of Financial Holding Companies」 on May 15, 2019. According to the revised regulations, new online-only banks will be granted two to three years of grace period for the implementation of Basel III regulations.

Delay of Basel III Implementation

(assume that new online-only bank is launched in 2020)

	2020	2021	2022	2023-25	after 2026
Capital Regulations	delay (Basel I regulations to be applied)			gradual implementation of Basel III	full implementation of Basel III
LCR	80% or above	90% or above	full implementation of Basel III (100% or above)		
NSFR / Leverage ratio	delay			full implementation (NSFR of 100% or above, leverage ratio of 3% or above)	

- ▶ **(Capital regulations)** Basel I regulations will apply for the first three years since the launch of a new online-only bank. Basel III regime will be phased in from the fourth year of business.
- ▶ **(Liquidity Coverage Ratio)** 80% or above in the first year; 90% or above in the second year; full implementation of Basel III in the third year of business.
- ▶ **(Net Stable Funding Ratio)** Implementation will be deferred for the first three years before its full implementation from the fourth year of business.
- ▶ **(Leverage ratio)** Implementation will be deferred for the first three years before its full implementation from the fourth year of business.

The revised regulations will go into effect on May 21, 2019.

New applicants for preliminary approval for online-only bank business will be required to submit soundness management measures based on the revised regulations.