<table>
<tr><th></th><th colspan="5">Capital</th><th>Liquidity</th></tr>
<tr><th></th><th colspan="3">Pillar 1</th><th>Pillar 2</th><th>Pillar 3</th><th></th></tr>
<tr><th></th><th>Capital</th><th>Risk coverage</th><th>Containing leverage</th><th>Risk management and supervision</th><th>Market discipline</th><th>Global liquidity standards and supervisory monitoring</th></tr>
<tr><td rowspan="3">All Banks</td>
<td rowspan="3">Quality and level of capital
Raising minimum common equity to 4.5% of risk-weighted assets, after deductions.
A capital conservation buffer comprising common equity of 2.5% of risk-weighted assets brings the total common equity standard to 7%. Constraints on a bank's discretionary distributions will be imposed when it falls into the buffer range.
A countercyclical buffer within a range of 0–2.5% comprising common equity will apply when credit growth is judged to result in an unacceptable build-up of systematic risk.
Capital loss absorption at the point of non-viability
Allowing capital instruments to be written off or converted to common shares if the bank is judged to be non-viable. This will reduce moral hazard by increasing the private sector's contribution to resolving future banking crises.</td>
<td rowspan="3">Revisions to the standardised approaches for calculating
credit risk;
market risk;
credit valuation adjustment risk; and
operational risk
mean greater risk-sensitivity and comparability.

Constraints on using internal models aim to reduce unwarranted variability in banks' calculations of risk-weighted assets.

Counterparty credit risk
More stringent requirements for measuring exposure; capital incentives to use central counterparties for derivatives; a new standardised approach; and higher capital for inter-financial sector exposures.

Securitisations
Reducing reliance on external ratings, simplifying and limiting the number of approaches for calculating capital charges and increasing requirements for riskier exposures.

Capital requirements for exposures to central counterparties (CCPs) and equity investments in funds to ensure adequate capitalisation and support a resilient financial system.

A revised output floor, based on Basel III standardised approaches, limits the regulatory capital benefits that a bank using internal models can derive relative to the standardised approaches.</td>
<td rowspan="3">A non-risk-based leverage ratio including off-balance sheet exposures is meant to serve as a backstop to the risk-based capital requirement. It also helps contain system-wide build-up of leverage.</td>
<td rowspan="3">Supplemental Pillar 2 requirements address firm-wide governance and risk management, including the risk of off-balance sheet exposures and securitisation activities, sound compensation practices, valuation practices, stress testing, corporate governance and supervisory colleges.

Interest rate risk in the banking book (IRRBB)
Extensive guidance on expectations for a bank's IRRBB management process: enhanced disclosure requirements; stricter threshold for identifying outlier banks; updated standardised approach.</td>
<td rowspan="3">Revised Pillar 3 disclosure requirements

Consolidated and enhanced framework, covering all the reforms to the Basel framework. Introduces a dashboard of banks' key prudential metrics.</td>
<td>The Liquidity Coverage Ratio (LCR) requires banks to have sufficient high-quality liquid assets to withstand a 30-day stressed funding scenario that is specified by supervisors.

The longer-term, structural Net Stable Funding Ratio (NSFR) is designed to address liquidity mismatches. It covers the entire balance sheet and provides incentives for banks to use stable sources of funding.

The Committee's 2008 guidance Principles for Sound Liquidity Risk Management and Supervision takes account of lessons learned during the crisis. It is based on a fundamental review of sound practices for managing liquidity risk in banking organisations.

Supervisory monitoring
The liquidity framework includes a common set of intraday and longer-term monitoring metrics to assist supervisors in identifying and analysing liquidity risk trends at both the bank and system-wide level.</td></tr>
<tr><th>Large exposures</th></tr>
<tr><td rowspan="2">Large exposures regime established to mitigate systemic risks arising from interlinkages across financial institutions and concentrated exposures.</td></tr>
<tr><td>SIBs</td><td colspan="5">The Committee identifies global systemically important banks (G-SIBs) using a methodology that includes both quantitative indicators and qualitative elements. In addition to meeting the Basel III risk-based capital and leverage ratio requirements, G-SIBs must have higher loss absorbency capacity to reflect the greater risks that they pose to the financial system. The Committee also developed principles on the assessment methodology and the higher loss absorbency requirement for domestic systemically important banks (D-SIBs).</td></tr>
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