



Basel Committee Reduces Disclosure Burdens as Urged by World Council

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WASHINGTON – The [Basel Committee on Banking Supervision](#) (Basel Committee) has exempted credit unions and other community-based depository institutions from many aspects of its disclosure rules and has made other disclosure requirements optional at the national-level, as [World Council of Credit Unions](#) (World Council) urged in [comments](#) filed earlier this year. The Committee issued the [new disclosure rules](#), which are part of the [Basel III international risk-based capital and liquidity standard](#), on December 12th.

Under the new rules virtually all community-based depository institutions will be exempt from the disclosure standard's requirement to report historical operational losses. Many other disclosure requirements will be limited to institutions that use internal models to calculate capital levels or are parties to derivatives transactions, which de facto exempts most community-based depository institutions from these paperwork burdens.

In addition, it will be up to national-level regulators to decide whether to require depository institutions to issue disclosures on capital distribution constraints and on exposures to problem assets under expected credit loss accounting standards like [International Financial Reporting Standard 9](#) (IFRS 9) and United States generally accepted accounting principles' [Current Expected Credit Losses](#) (CECL).

"We commend the Basel Committee for establishing proportional reporting thresholds and increasing national discretion over disclosures requirements, which should help reduce the regulatory burden spillover that rules for internationally active banks often have on community-based institutions like credit unions and other mutual deposit-taking institutions," said [Michael Edwards](#), World Council's senior vice president and general counsel.

The new disclosure framework, which is formally named [Pillar 3 disclosure requirements - updated framework](#), is scheduled to take effect in 2020 for disclosures on asset encumbrance, capital distribution constraints and exposures to problem assets, with the rest of the framework taking effect when the Basel III standard is fully phased-in in 2022.

World Council of Credit Unions is the global trade association and development platform for credit unions. World Council promotes the sustainable development of credit unions and other financial cooperatives around the world to empower people through access to high quality and affordable financial services. World Council advocates on behalf of the global credit union system before international organizations and works with national governments to improve legislation and regulation. Its technical assistance programs introduce new tools and technologies to strengthen credit unions' financial performance and increase their outreach.

World Council has implemented 300+ technical assistance programs in 89 countries. Worldwide, 89,026 credit union