

Top 25 Critical UAE-Specific Regulations for Basel ICAAP PII Compliance (Ranked by Risk Level)

Below is the comprehensive PRCT (Process - Risk - Control - Tests) Matrix for the top 25 critical UAE-specific regulations within Basel ICAAP PII Compliance, ranked by risk level (High to Low). Each regulation includes its source, UAE-specific compliance requirements, implementation deadlines, and detailed PRCT analysis.

1. Capital Adequacy Assessment (UAE-Specific)

- **Source:** CBUAE Standards for Capital Adequacy of Banks in the UAE
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE mandates a higher minimum capital requirement of 10.5% (excluding capital buffers), compared to the global Basel III requirement of 8%.
 - **PRCT Matrix:**
 - **Process:** Calculation of risk-weighted assets and capital buffers, adhering to UAE-specific risk weights capped at 952%.
 - **Risk:** Inadequate capital leading to insolvency (High).
 - **Control:** Regular stress testing, robust risk modeling, and adherence to CBUAE reporting requirements.
 - **Test:** Verify stress test scenarios, capital adequacy ratios, and compliance with CBUAE reporting formats.
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2. Risk Data Aggregation (UAE-Specific)

- **Source:** CBUAE Guidance for Capital Adequacy of Banks in the UAE
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must ensure data aggregation is compliant with CBUAE's consolidated reporting requirements, including group-level reporting.
 - **PRCT Matrix:**
 - **Process:** Aggregation of risk data across business units, ensuring compliance with CBUAE's consolidated reporting standards.
 - **Risk:** Misreporting leading to regulatory penalties (High).
 - **Control:** Centralized data repositories, data validation checks, and regular audits.
 - **Test:** Audit data accuracy, completeness, and compliance with CBUAE reporting standards.
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3. Stress Testing and Scenario Analysis (UAE-Specific)

- **Source:** CBUAE Stress Testing Framework
 - **Implementation Deadline:** Annual stress testing requirements
 - **UAE-Specific Requirements:** UAE banks must include severe but plausible scenarios specific to the UAE economy, such as oil price volatility and real estate market fluctuations.
 - **PRCT Matrix:**
 - **Process:** Development and execution of stress test scenarios, incorporating UAE-specific economic factors.
 - **Risk:** Failure to identify material risks (High).
 - **Control:** Use of severe but plausible scenarios, regular updates to stress testing models.
 - **Test:** Validate scenario assumptions, results, and compliance with CBUAE stress testing guidelines.
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4. Internal Capital Adequacy Assessment Process (ICAAP) (UAE-Specific)

- **Source:** CBUAE Pillar 2 Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must conduct an independent review of their ICAAP framework annually, with external reviews required for Domestic Systemically Important Banks (D-SIBs) every 3 years.
 - **PRCT Matrix:**
 - **Process:** Comprehensive assessment of capital needs, including UAE-specific risk factors.
 - **Risk:** Underestimation of capital requirements (High).
 - **Control:** Regular updates to risk models, independent internal and external reviews.
 - **Test:** Review ICAAP documentation, assumptions, and compliance with CBUAE Pillar 2 Standards.
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5. Credit Risk Measurement (UAE-Specific)

- **Source:** CBUAE Credit Risk Management Standards
- **Implementation Deadline:** Ongoing, with periodic reviews
- **UAE-Specific Requirements:** UAE banks must apply higher risk weights for exposures to sectors with higher volatility, such as real estate and construction.
- **PRCT Matrix:**
 - **Process:** Calculation of credit risk metrics, incorporating UAE-specific sectoral risk weights.
 - **Risk:** Underestimation of credit losses (High).
 - **Control:** Robust credit risk models, regular updates to sectoral risk weights.

- **Test:** Validate PD and LGD estimates, and compliance with CBUAE sectoral risk weight requirements.
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6. Operational Risk Management (UAE-Specific)

- **Source:** CBUAE Operational Risk Management Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement incident reporting systems that are compliant with CBUAE's operational risk reporting requirements.
 - **PRCT Matrix:**
 - **Process:** Identification and mitigation of operational risks, including UAE-specific risks such as cyber threats and fraud.
 - **Risk:** Operational failures leading to losses (High).
 - **Control:** Incident reporting systems, regular audits, and compliance with CBUAE operational risk guidelines.
 - **Test:** Review incident logs, control effectiveness, and compliance with CBUAE reporting requirements.
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7. Liquidity Risk Management (UAE-Specific)

- **Source:** CBUAE Liquidity Coverage Ratio (LCR) Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must maintain a leverage ratio of at least 3.0%, with D-SIBs required to maintain a leverage ratio of at least 3.5%.
 - **PRCT Matrix:**
 - **Process:** Monitoring of liquidity ratios, including UAE-specific leverage ratio requirements.
 - **Risk:** Liquidity shortfalls (High).
 - **Control:** Liquidity buffers, contingency funding plans, and compliance with CBUAE leverage ratio requirements.
 - **Test:** Verify liquidity ratios, stress test results, and compliance with CBUAE leverage ratio standards.
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8. Market Risk Measurement (UAE-Specific)

- **Source:** CBUAE Market Risk Management Standards
- **Implementation Deadline:** Ongoing, with periodic reviews

- **UAE-Specific Requirements:** UAE banks must incorporate UAE-specific market risk factors, such as currency volatility and commodity price fluctuations, into their market risk models.
 - **PRCT Matrix:**
 - **Process:** Calculation of Value-at-Risk (VaR) and stress testing, incorporating UAE-specific market risk factors.
 - **Risk:** Market losses exceeding capital buffers (High).
 - **Control:** Robust market risk models, regular updates to market risk factors.
 - **Test:** Validate VaR calculations, backtesting results, and compliance with CBUAE market risk guidelines.
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9. Model Risk Management (UAE-Specific)

- **Source:** CBUAE Model Risk Management Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must conduct independent model validation annually, with external validation required for D-SIBs every 3 years.
 - **PRCT Matrix:**
 - **Process:** Development and validation of risk models, including UAE-specific risk factors.
 - **Risk:** Model errors leading to misestimation of risks (High).
 - **Control:** Independent model validation, regular updates to risk models.
 - **Test:** Review model validation reports and compliance with CBUAE model risk guidelines.
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10. Compliance Risk Management (UAE-Specific)

- **Source:** CBUAE Compliance Risk Management Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement compliance monitoring systems that are compliant with CBUAE's regulatory reporting requirements.
 - **PRCT Matrix:**
 - **Process:** Monitoring and reporting of compliance risks, including UAE-specific regulatory requirements.
 - **Risk:** Regulatory penalties (High).
 - **Control:** Compliance monitoring systems, regular audits, and compliance with CBUAE reporting requirements.
 - **Test:** Review compliance reports, audit findings, and compliance with CBUAE regulatory requirements.
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11. Interest Rate Risk in the Banking Book (IRRBB) (UAE-Specific)

- **Source:** CBUAE IRRBB Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must incorporate UAE-specific interest rate risk factors, such as the impact of changes in the UAE Central Bank's benchmark rates.
 - **PRCT Matrix:**
 - **Process:** Measurement and management of IRRBB, incorporating UAE-specific interest rate risk factors.
 - **Risk:** Losses from interest rate changes (Medium).
 - **Control:** Interest rate hedging strategies, regular updates to interest rate risk models.
 - **Test:** Validate IRRBB calculations, hedging effectiveness, and compliance with CBUAE IRRBB guidelines.
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12. Counterparty Credit Risk (CCR) (UAE-Specific)

- **Source:** CBUAE CCR Framework
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must apply higher risk weights for exposures to counterparties in high-risk sectors, such as real estate and construction.
 - **PRCT Matrix:**
 - **Process:** Calculation of counterparty exposures, incorporating UAE-specific sectoral risk weights.
 - **Risk:** Losses from counterparty defaults (Medium).
 - **Control:** Collateral management, netting agreements, and compliance with CBUAE sectoral risk weight requirements.
 - **Test:** Review counterparty exposure reports and compliance with CBUAE CCR guidelines.
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13. Pillar 3 Disclosure (UAE-Specific)

- **Source:** CBUAE Pillar 3 Disclosure Requirements
- **Implementation Deadline:** Annual reporting requirements
- **UAE-Specific Requirements:** UAE banks must ensure that their Pillar 3 disclosures are compliant with CBUAE's reporting standards, including the disclosure of UAE-specific risk factors.
- **PRCT Matrix:**
 - **Process:** Preparation and publication of Pillar 3 reports, including UAE-specific risk disclosures.
 - **Risk:** Regulatory penalties and reputational damage (Medium).

- **Control:** Robust disclosure processes, regular updates to disclosure templates.
 - **Test:** Verify accuracy of disclosures and compliance with CBUAE Pillar 3 requirements.
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14. IT and Cybersecurity Risk Management (UAE-Specific)

- **Source:** CBUAE Cybersecurity Framework
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement cybersecurity frameworks that are compliant with CBUAE's cybersecurity guidelines, including regular audits and incident reporting.
 - **PRCT Matrix:**
 - **Process:** Monitoring and mitigation of IT risks, including UAE-specific cybersecurity threats.
 - **Risk:** Cyberattacks leading to data breaches (Medium).
 - **Control:** Cybersecurity frameworks, regular audits, and compliance with CBUAE cybersecurity guidelines.
 - **Test:** Review IT risk assessments, incident reports, and compliance with CBUAE cybersecurity requirements.
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15. Reputational Risk Management (UAE-Specific)

- **Source:** CBUAE Reputational Risk Management Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement crisis management plans that are compliant with CBUAE's reputational risk guidelines, including regular updates to crisis management plans.
 - **PRCT Matrix:**
 - **Process:** Monitoring and mitigation of reputational risks, including UAE-specific reputational risk factors.
 - **Risk:** Loss of customer trust (Medium).
 - **Control:** Crisis management plans, regular updates to reputational risk assessments.
 - **Test:** Review reputational risk assessments and compliance with CBUAE reputational risk guidelines.
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16. Climate Risk Management (UAE-Specific)

- **Source:** CBUAE Climate Risk Principles
- **Implementation Deadline:** Ongoing, with periodic reviews

- **UAE-Specific Requirements:** UAE banks must incorporate UAE-specific climate risk factors, such as the impact of rising temperatures and water scarcity, into their climate risk models.
 - **PRCT Matrix:**
 - **Process:** Assessment of climate-related risks, incorporating UAE-specific climate risk factors.
 - **Risk:** Financial losses from climate events (Medium).
 - **Control:** Climate risk modeling, regular updates to climate risk assessments.
 - **Test:** Validate climate risk assessments and compliance with CBUAE climate risk guidelines.
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17. Concentration Risk Management (UAE-Specific)

- **Source:** CBUAE Concentration Risk Management Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must monitor concentration risks in high-risk sectors, such as real estate and construction, and ensure compliance with CBUAE's concentration risk guidelines.
 - **PRCT Matrix:**
 - **Process:** Monitoring of concentration risks, including UAE-specific sectoral concentration risks.
 - **Risk:** Losses from concentrated exposures (Medium).
 - **Control:** Diversification strategies, regular updates to concentration risk assessments.
 - **Test:** Review concentration risk reports and compliance with CBUAE concentration risk guidelines.
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18. Pillar 2 Supervisory Review (UAE-Specific)

- **Source:** CBUAE Pillar 2 Supervisory Review Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must ensure that their Pillar 2 supervisory review processes are compliant with CBUAE's supervisory review guidelines, including regular communication with regulators.
 - **PRCT Matrix:**
 - **Process:** Supervisory review of risk management practices, including UAE-specific risk factors.
 - **Risk:** Regulatory intervention (Medium).
 - **Control:** Regular communication with regulators, regular updates to risk management practices.
 - **Test:** Review supervisory feedback and compliance with CBUAE Pillar 2 guidelines.
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19. Business Continuity Planning (UAE-Specific)

- **Source:** CBUAE Business Continuity Principles
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement business continuity plans that are compliant with CBUAE's business continuity guidelines, including regular testing and updates.
 - **PRCT Matrix:**
 - **Process:** Development and testing of business continuity plans, including UAE-specific business continuity risks.
 - **Risk:** Operational disruptions (Medium).
 - **Control:** Regular testing and updates to business continuity plans.
 - **Test:** Review business continuity test results and compliance with CBUAE business continuity guidelines.
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20. Third-Party Risk Management (UAE-Specific)

- **Source:** CBUAE Third-Party Risk Principles
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must ensure that their third-party risk management processes are compliant with CBUAE's third-party risk guidelines, including due diligence and contract management.
 - **PRCT Matrix:**
 - **Process:** Monitoring and mitigation of third-party risks, including UAE-specific third-party risks.
 - **Risk:** Losses from third-party failures (Medium).
 - **Control:** Due diligence, contract management, and compliance with CBUAE third-party risk guidelines.
 - **Test:** Review third-party risk assessments and compliance with CBUAE third-party risk guidelines.
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21. Anti-Money Laundering (AML) Compliance (UAE-Specific)

- **Source:** CBUAE AML/CFT Standards
- **Implementation Deadline:** Ongoing, with periodic reviews
- **UAE-Specific Requirements:** UAE banks must implement AML monitoring systems that are compliant with CBUAE's AML/CFT guidelines, including regular audits and incident reporting.
- **PRCT Matrix:**
 - **Process:** Monitoring and reporting of AML risks, including UAE-specific AML risks.
 - **Risk:** Regulatory penalties (Medium).
 - **Control:** AML monitoring systems, regular audits, and compliance with CBUAE AML/CFT guidelines.

- **Test:** Review AML reports, audit findings, and compliance with CBUAE AML/CFT requirements.
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22. Data Privacy and Protection (UAE-Specific)

- **Source:** CBUAE Data Privacy Standards
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement data privacy and protection measures that are compliant with CBUAE's data privacy guidelines, including data encryption and access controls.
 - **PRCT Matrix:**
 - **Process:** Monitoring and mitigation of data privacy risks, including UAE-specific data privacy risks.
 - **Risk:** Data breaches leading to fines (Medium).
 - **Control:** Data encryption, access controls, and compliance with CBUAE data privacy guidelines.
 - **Test:** Review data privacy assessments and compliance with CBUAE data privacy requirements.
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23. Governance and Risk Culture (UAE-Specific)

- **Source:** CBUAE Governance Principles
 - **Implementation Deadline:** Ongoing, with periodic reviews
 - **UAE-Specific Requirements:** UAE banks must implement governance frameworks that are compliant with CBUAE's governance guidelines, including regular training and updates to governance frameworks.
 - **PRCT Matrix:**
 - **Process:** Development and monitoring of risk culture, including UAE-specific governance risks.
 - **Risk:** Weak risk management (Low).
 - **Control:** Regular training, governance frameworks, and compliance with CBUAE governance guidelines.
 - **Test:** Review governance and risk culture assessments and compliance with CBUAE governance requirements.
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24. Regulatory Reporting (UAE-Specific)

- **Source:** CBUAE Regulatory Reporting Standards
- **Implementation Deadline:** Ongoing, with periodic reviews
- **UAE-Specific Requirements:** UAE banks must ensure that their regulatory reporting processes are compliant with CBUAE's regulatory reporting guidelines, including automated reporting systems.

- **PRCT Matrix:**
 - **Process:** Preparation and submission of regulatory reports, including UAE-specific regulatory reporting requirements.
 - **Risk:** Regulatory penalties (Low).
 - **Control:** Automated reporting systems, regular updates to reporting templates.
 - **Test:** Verify accuracy of regulatory reports and compliance with CBUAE regulatory reporting requirements.
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25. Internal Audit Function (UAE-Specific)

- **Source:** CBUAE Internal Audit Standards
- **Implementation Deadline:** Ongoing, with periodic reviews
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