

Liquidity regulation

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Information Classification: PUBLIC

The liquidity coverage ratio (LCR)

Liquidity Coverage Ratio

$$\frac{\text{High Quality Liquid Assets}}{\text{Net cash outflows over 30 days in stress}} \geq 100\%$$

- Does one size fit all?
- Is there more to liquidity risk?

One metric is insufficient

Basel 'Additional monitoring tools'

- Contractual balance sheet profile
- Currency risk
- Concentration of funding
- Availability of unencumbered assets
- Market related tools

The net stable funding ratio (NSFR)

Net Stable Funding Ratio

Items providing stable funding

Items requiring stable funding

≥ 100%

- **Structural balance sheet metric**
- **Revised proposals seek consistency and to reduce the 1 year cliff effect.**

Disclosure

Increased transparency

- Liquidity coverage ratio and encumbrance disclosures
- Enhanced Disclosure Task Force
- Requirements from national supervisors

...but are there consequent risks that need managing?