

Basel Committee on Banking Supervision

LCR

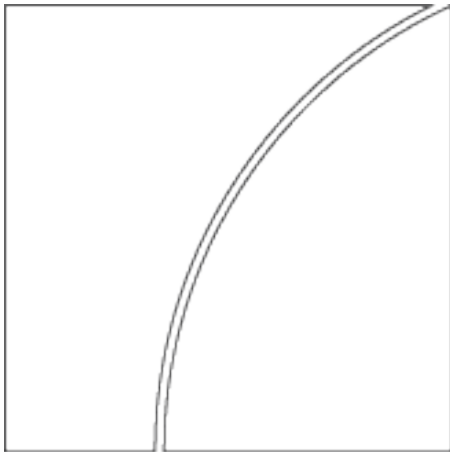
Liquidity Coverage Ratio

LCR99

Application guidance

**Version effective as of
15 Dec 2019**

First version in format of consolidated framework.



BANK FOR INTERNATIONAL SETTLEMENTS

99.1 The table below summarises the Liquidity Coverage Ratio (LCR; percentages are factors to be multiplied by the total amount of each item).

Item	Factor
Stock of high-quality liquid assets (HQLA)	
1. Level 1 assets	
- Coins and bank notes	100%
- Qualifying marketable securities from sovereigns, central banks, public sector entities (PSEs) and multilateral development banks	
- Qualifying central bank reserves	
- Domestic sovereign or central bank debt for non-0% risk-weighted sovereigns	
2. Level 2 assets (maximum 40% of HQLA)	
Level 2A assets:	85%
- Sovereign, central bank, multilateral development banks and PSE assets qualifying for 20% risk weighting	
- Qualifying corporate debt securities rated AA- or higher	
- Qualifying covered bonds rated AA- or higher	
Level 2B assets (maximum of 15% of HQLA)	
- Qualifying residential mortgage-backed securities (RMBS)	75%
- Qualifying corporate debt securities rated between A+ and BBB-	50%
- Qualifying common equity shares	
- Sovereign, central bank and PSE debt securities rated BBB- or higher that do not qualify as a Level 1 or Level 2A asset.	
Total value of stock of HQLA	
Cash outflows	
1. Retail deposits	
Demand deposits and term deposits (less than 30 days maturity):	
- Stable deposits (deposit insurance scheme meets additional criteria)	3%

- Stable deposits	5%
- Less stable retail deposits	10%
Term deposits with residual maturity greater than 30 days	0%

2. **Unsecured wholesale funding**

Demand deposits and term deposits (less than 30 days maturity) provided by small business customers:

- Stable deposits	5%
- Less stable deposits	10%
Operational deposits generated by clearing, custody and cash management activities	25%
- Portion covered by deposit insurance	5%
Cooperative banks in an institutional network (qualifying deposits with the centralised institution)	25%
Non-financial corporates, sovereigns, central banks, multilateral development banks and PSEs	40%
- If the entire amount fully covered by deposit insurance scheme	20%
Other legal entity customers	100%

3. **Secured funding**

- Secured funding transactions with a central bank counterparty or backed by Level 1 assets with any counterparty	0%
- Secured funding transactions backed by Level 2A assets, with any counterparty	15%
- Secured funding transactions backed by non-Level 1 or non-Level 2A assets, with domestic sovereigns, multilateral development banks, or domestic PSEs as a counterparty	25%
- Backed by RMBS eligible for inclusion in Level 2B	
- Backed by other Level 2B assets	50%
- All other secured funding transactions	100%

4. Additional requirements

Liquidity needs (eg collateral calls) related to financing transactions, derivatives and other contracts	3 notch downgrade
Market valuation changes on derivatives transactions (largest absolute net 30-day collateral flows realised during the preceding 24 months)	Look-back approach
Valuation changes on non-Level 1 posted collateral securing derivatives	20%
Excess collateral held by a bank related to derivative transactions that could contractually be called at any time by its counterparty	100%
Liquidity needs related to collateral contractually due from the reporting bank on derivatives transactions	100%
Increased liquidity needs related to derivative transactions that allow collateral substitution to non-HQLA assets	100%
Asset-backed commercial paper (ABCP), structured investment vehicles (SIVs), conduits, special purpose entities (SPEs) etc: - Liabilities from maturing ABCP, SIVs, SPEs etc (applied to maturing amounts and returnable assets) - Asset-backed securities (including covered bonds) applied to maturing amounts	100%
Currently undrawn committed credit and liquidity facilities provided to:	
- Retail and small business clients	5%
- Non-financial corporates, sovereigns and central banks, multilateral development banks and PSEs	10% for credit 30% for liquidity
- Banks subject to prudential supervision	40%
- Other financial institutions (include securities firms, insurance companies)	40% for credit 100% for liquidity
- Other legal entity customers, credit and liquidity facilities	100%
	National discretion

Other contingent funding liabilities (such as guarantees, letters of credit, revocable credit and liquidity facilities etc)	
- Trade finance	0-5%
- Customer short positions covered by other customers' collateral	50%
Any additional contractual outflows	100%
Net derivative cash outflows	100%
Any other contractual cash outflows	100%
Total cash outflows	
Cash inflows	
Maturing secured lending transactions backed by the following collateral:	
Level 1 assets	0%
Level 2A assets	15%
Level 2B assets	
- Eligible RMBS	25%
- Other assets	50%
Margin lending backed by all other collateral	50%
All other assets	100%
Credit or liquidity facilities provided to the reporting bank	0%
Operational deposits held at other financial institutions (include deposits held at centralised institution of network of co-operative banks)	0%
Other inflows by counterparty:	
- Amounts to be received from retail counterparties	50%
- Amounts to be received from non-financial wholesale counterparties, from transactions other than those listed in above inflow categories	50%

- Amounts to be received from financial institutions and central banks, from transactions other than those listed in above inflow categories.	100%
Net derivative cash inflows	100%
Other contractual cash inflows	National discretion
Total cash inflows	
Total net cash outflows = Total cash outflows minus min [total cash inflows, 75% of gross outflows]	
LCR = Stock of HQLA / Total net cash outflows	