Guernsey Financial
Services Commission

Guidance to completing the LMR module of Form LMR

LIQUIDITY MISMATCH RATIO GUIDANCE

Introduction

The Liquidity Mismatch Ratio ("LMR") promotes the short-term resilience of the liquidity risk profile of banks by ensuring that they have sufficient High Quality Liquid Assets ("HQLA") and short term cash inflows to survive a significant stress scenario lasting 30 calendar days.

The LMR is calculated as follows:

$$\frac{\text{Stock of HQLA + qualifying group inflows + other projected inflows (limited to 75\% of projected outflows)}}{\text{Total cash outflows over the next 30 calendar days}}$$

where "qualifying group inflows" are:

- contractually due within one week (5 working days); and
- The counterparty is a group bank; and
- The counterparty and the local bank are part of a group that is subject to the LCR on a consolidated basis.

The Guidance below explains how to complete the LMR reporting form. The reporting form automatically calculates the LMR by applying standard regulatory adjustments to assets and applying standard regulatory weightings to calculate stressed cash inflows and outflows.

Applicability

Guernsey incorporated banks are required to apply the Liquidity Coverage Ratio ("LCR") as the minimum regulatory liquidity standard (see separate LCR Guidance) unless the Commission's approval has been granted to apply the alternative LMR approach.

The guidance below, with certain exceptions, follows closely the Basel III LCR Standard[1] and, where relevant, references are made to this framework to provide further guidance. Banks should contact the Commission where further guidance on the LMR form completion is required.

Input

Data should only be entered in the yellow shaded cells. There are also some green shaded cells which may be used for input in future subject to the instruction of the Commission. Orange shaded cells represent calculation results and must not be changed. It is important to note that any modification to the worksheets is not permitted.

High Quality Liquid Assets (panel A)

General requirements

Banks should assess assets and exclude any that, despite meeting the operation criteria set out below, are not sufficiently liquid (setting aside liquidity provided by central banks or governments) to be included in the stock of HQLA. This assessment process must be described in a bank's LMP and should cover the following:

[1] Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools, Basel Committee on Banking Supervision, January 2013, http://www.bis.org/publ/bcbs238.pdf

- Fundamental characteristics; and
- Market-related characteristics.

The test of whether liquid assets are of "high quality" is that, by way of sale or repo, their liquidity-generating capacity is assumed to remain intact even in periods of severe idiosyncratic and market stress.

HQLA should ideally be eligible at central banks for intraday liquidity needs and overnight liquidity facilities. Central banks can provide a further backstop to the supply of banking system liquidity under conditions of severe stress. Central bank eligibility should thus provide additional confidence that banks are holding assets that could be used in events of severe stress without damaging the broader financial system.

Banks that have direct access to central banks, including via overseas branches, should determine whether assets are eligible.

Fundamental characteristics

Low credit risk**:** assets that are less risky tend to have higher liquidity. High credit standing of the issuer and a low degree of subordination increase an asset's liquidity. Low duration, low legal risk, low inflation risk and denomination in a convertible currency with low foreign exchange risk all enhance an asset's liquidity.

Ease and certainty of valuation**:** an asset's liquidity is aided if market participants are likely to agree on its valuation. Assets with more standardised, homogenous and simple structures tend to be more fungible, promoting liquidity. The pricing formula of a high-quality liquid asset must be easy to calculate and not depend on strong assumptions. The inputs into the pricing formula must also be publicly available. In practice, this should rule out the inclusion of most structured or exotic products.

Low correlation with risky assets: the stock of HQLA should not be subject to wrong-way (highly correlated) risk. For example, assets issued by financial institutions are more likely to be illiquid in times of liquidity stress in the banking sector.

Listed on a developed and recognised exchange**:** being listed significantly aids an asset's transparency.

Market-related characteristics

Active and sizable market**:** the asset should have active outright sale or repo markets at all times. This means that:

- There should be historical evidence of market breadth and market depth. This could be demonstrated by low bid-ask spreads, high trading volumes, and a large and diverse number of market participants. Diversity of market participants reduces market concentration and increases the reliability of the liquidity in the market.
- There should be robust market infrastructure in place. The presence of multiple committed market makers increases liquidity as quotes will most likely be available for buying or selling HQLA.

Low volatility**:** assets whose prices remain relatively stable and are less prone to sharp price declines over time will have a lower probability of triggering forced sales to meet liquidity requirements. Volatility of traded prices and spreads are simple proxy measures of market volatility. There should be historical evidence of relative stability of market terms (e.g. prices and haircuts) and volumes during stressed periods.

Flight to quality**:** historically, the market has shown tendencies to move into these types of assets in a systemic crisis. The correlation between proxies of market liquidity and banking system stress is one simple measure that could be used.

Operational requirements: All assets in the stock are subject to the following operational requirements. These operational requirements are designed to ensure that the stock of HQLA is managed in such a way that the bank can, and is able to demonstrate that it can, immediately use the stock of assets as a source of contingent funds that is available for the bank to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the 30 day stress period, with no restriction on the use of the liquidity generated.

All assets in the stock should be unencumbered, per the definition below. Banks should exclude from the stock those assets that, although meeting the definition of "unencumbered" specified below, the bank would not have the operational capability to monetise to meet outflows during the stressed period. Operational capability to monetise assets requires having procedures and appropriate systems in place, including providing the function noted below with access to all necessary information to execute monetisation of any asset at any time. Monetisation of the asset must be executable, from an operational perspective, in the standard settlement period for the asset class in the relevant jurisdiction.

All assets accounted for in this section should be under the control of the function charged with managing the liquidity of the bank (e.g. the treasurer), meaning the function has the continuous authority, and legal and operational capability, to monetise any asset in the stock. Control must be evidenced either by maintaining assets in a separate pool managed by the function with the sole intent for use as a source of contingent funds, or by documenting in its LMP how it has and will verify from time to time that (1) the function can monetise the asset at any point in the 30 day stress period and that (2) the proceeds of doing so are available to the function throughout the 30 day stress period without directly conflicting with a stated business or risk management strategy. For example, an asset should not be included in the stock if the sale of that asset, without replacement throughout the 30 day period, would remove a hedge that would create an open risk position in excess of internal limits.

A bank should periodically monetise a representative proportion of the assets in the stock through repo or outright sale, in order to test its access to the market, the effectiveness of its processes for monetisation, the availability of the assets, and to minimise the risk of negative signalling during a period of actual stress.

A bank is permitted to hedge the market risk associated with ownership of the stock of liquid assets and still include the assets in the stock. If it chooses to hedge the market risk, the bank should take into account (in the market value applied to each asset) the cash outflow that would arise if the hedge were to be closed out early (in the event of the asset being sold).

In accordance with Principle 9 of the Sound Principles[2] a bank "should monitor the legal entity and physical location where collateral is held and how it may be mobilised in a timely manner". Specifically it should have a policy in place that identifies legal entities, geographical locations, currencies and specific custodial or bank accounts where HQLA are held. In addition the bank should determine whether any such assets should be excluded for operational reasons and, therefore, have the ability to determine the composition of its stock on a daily basis.

Qualifying HQLA that are held to meet statutory liquidity requirements at the legal entity or sub-consolidated level (where applicable) may only be included in the stock at the consolidated level to the extent that the related risks (as measured by the legal entity's or sub-consolidated group's net cash outflows in the LMR) are also reflected in the consolidated LMR. Any surplus of HQLA held at the legal entity can only be included in the consolidated stock if those assets would also be freely available to the consolidated (parent) entity in times of stress.

[2] Principles for Sound Liquidity Risk Management and Supervision, Basel Committee on Banking Supervision, September 2008, http://www.bis.org/publ/bcbs144.pdf

In assessing whether assets are freely transferable for regulatory purposes, banks should be aware that assets may not be freely available to the consolidated entity due to regulatory, legal, tax, accounting or other impediments. Assets held in legal entities without market access should only be included to the extent that they can be freely transferred to other entities that could monetise the assets.

A bank should assess whether it has access to, large, deep and active repo markets for each eligible asset class. Where this is not the case, assets can only be included if it is likely that they could be monetised through outright sale. In these circumstances, a bank should exclude from the stock of HQLA those assets where there are impediments to sale, such as large fire-sale discounts which would cause it to breach minimum solvency requirements, or requirements to hold such assets, including, but not limited to, statutory minimum inventory requirements for market-making.

Banks should not include in the stock of HQLA any assets, or liquidity generated from assets, they have received under right of rehypothecation, if the beneficial owner has the contractual right to withdraw those assets during the 30 day stress period.

Assets received as collateral for derivatives transactions that are not segregated and legally able to be rehypothecated may be included in the stock of HQLA provided that the bank records an appropriate outflow for the associated risks as set out in the Basel III LCR standards paragraph 116.

In order to mitigate cliff effects that could arise, if an eligible liquid asset became ineligible (e.g. due to rating downgrade), a bank is permitted to keep such assets in its stock of liquid assets for an additional 30 calendar days. This would allow the bank additional time to adjust its stock as needed or replace the asset.

As part of the stock, liquid assets cannot be counted as cash inflows even if they mature within 30 days (i.e. no double-counting is allowed).

Definition of unencumbered: free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign the asset. An asset in the stock should not be pledged by the bank (either explicitly or implicitly) to secure, collateralise or credit-enhance any transaction, nor be designated to cover operational costs (such as rents and salaries). However, assets that the bank received as collateral in reverse repo and securities financing transactions can be considered as part of the stock if they are held at the bank, have not been rehypothecated, and are legally and contractually available for the bank's use. In addition, assets which qualify for the stock of HQLA that have been prepositioned or deposited with, or pledged to, the central bank or a public sector entity (PSE) but have not been used to generate liquidity may be included in the stock. If a bank has deposited, pre-positioned or pledged Level 1, Level 2 and other assets in a collateral pool and no specific securities are assigned as collateral for any transactions, it may assume that assets are encumbered in order of increasing liquidity value in the LMR, ie assets ineligible for the LMR are assigned first, followed by Level 2B, then other Level 2 and finally Level 1. This determination must be made in compliance with any requirements, such as concentration or diversification, of the central bank or PSE.

Criteria of liquid assets: Securities that can be included in the stock of HQLA must also meet the following common criteria (note that additional security-specific criteria are included in the individual line item descriptions):

- they should neither be issued by, nor be an obligation of, a financial institution[3] or any of its affiliated entities (except in the case of covered bonds and RMBS which should not be issued by the bank itself or any of its affiliated entities) - in practice, this means that securities issued by an affiliate of a financial institution would not qualify for the stock of HQLA, even where the issuance is government guaranteed;

[3]Financial institutions, in this context, include banks, securities firms and insurance companies.

- they should be traded in large, deep and active repo or cash markets characterised by a low level of concentration; and
- they should have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions (i.e. maximum decline of price not exceeding 10% or increase in haircut not exceeding 10 percentage points over a 30-day period during a relevant period of significant liquidity stress).

Realisable value

Assets should be measured at their current realisable value.

The definition of realisable value for the purpose of determining the value of HQLA is the highest value for which the asset can be realised, being either of:

- repo value (only assets for which a deep and active repo market exists): the maximum amount that would be received under a repo, applying prevailing market values and haircuts; and
- sale value: the current bid-price of the asset.

Row	Heading	Description	Basel III LCR standards reference
A)a)	**Level 1 assets**		
6	Coins and banknotes	Coins and banknotes currently held by the bank that are immediately available to meet obligations. Deposits placed at, or receivables from, other institutions should be reported in the inflows section.	50(a)
7	Total central bank reserves; of which:	Total amount held in central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank). Other term deposits with central banks are not eligible for the stock of HQLA; however, if the term expires within 30 days, the term deposit could be considered as an inflow (reported in line 305).	50(b), footnote 12
8	part of central bank reserves that can be drawn in times of stress	Total amount held in central bank reserves and overnight and term deposits at the same central bank (as reported in line 7) which can be drawn down in times of stress. Amounts required to be installed in the central bank reserves within 30 days should be reported in line 166 of the outflows section.	50(b), footnote 13
Securities with a 0% risk weight:			
11	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk (reported under items A1 or A.2.1 of Module 1).	50(c)

12	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk (reported under items A1 or A.2.1 of Module 1).	50(c)
13	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 0% risk weight under the standardised approach to credit risk (reported under item A.2.1 of Module 1).	50(c)
14	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by public sector entities, receiving a 0% risk weight under the standardised approach to credit risk (reported under item B.2.1 of Module 1).	50(c)
15	Issued or guaranteed by BIS, IMF, ECB and European Community or MDBs	Marketable debt securities issued or guaranteed by the Bank for International Settlements, the International Monetary Fund, the European Central Bank (ECB) and European Community or multilateral development banks (MDBs), receiving a 0% risk weight under the standardised approach to credit risk (reported under items A.2.1 or A.3 of Module 1).	50(c)

For non-0% risk-weighted sovereigns:

17	sovereign or central bank debt securities issued in domestic currency by the sovereign or central bank in the country in which the liquidity risk is taken or in the bank's home country	Debt securities issued by the sovereign or central bank in the domestic currency of that country, that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight of that country. Banks are only permitted to include debt issued by sovereigns or central banks of their home jurisdictions or, to the extent of the liquidity risk taken in other jurisdictions, of those jurisdictions.	50(d)
18	domestic sovereign or central bank debt securities issued in foreign currencies up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken	Debt securities issued by the domestic sovereign or central bank in foreign currencies (that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight), up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken.	50(e)

Total Level 1 assets:

19	Total stock of Level 1 assets	Total outright holdings of Level 1 assets plus all borrowed securities of Level 1 assets	49
20	Adjustment to stock of Level 1 assets	Adjustment to the stock of Level 1 assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
21	Adjusted amount of Level 1 assets	Adjusted amount of Level 1 assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1

A)b) Level 2A assets

Securities with a 20% risk weight:

25	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1) and not included in lines 17 or 18.	52(a)
26	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1).	52(a)
27	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 20% risk weight under the standardised approach to credit risk (reported under item A.2.2 of Module 1), and not included in lines 17 or 18.	52(a)
28	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by PSEs, receiving a 20% risk weight under the standardised approach to credit risk (reported under item B.2.2 of Module 1).	52(a)
29	issued or guaranteed by MDBs	Marketable debt securities issued or guaranteed by multilateral development banks, receiving a 20% risk weight under the standardised approach to credit risk (Not currently used).	52(a)

Non-financial corporate bonds:

30	rated AA- or better	Non-financial corporate bonds (including commercial paper) having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating (reported under item C.1 of Module 1).	52(b)

Covered bonds (not self-issued):

31	rated AA- or better	Covered bonds, not self-issued, having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating (reported under item C.1 or Portfolio D of Module 1).	52(b)

Total Level 2A assets:

32	Total stock of Level 2A assets	Total outright holdings of Level 2A assets plus all borrowed securities of Level 2A assets, after applying haircuts	52(a),(b)
33	Adjustment to stock of Level 2A assets	Adjustment to the stock of Level 2A assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
34	Adjusted amount of Level 2A assets	Adjusted amount of Level 2A assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in	Annex 1

		line item 49 (see Appendix 1).	

A)c) Level 2B assets

Row	Heading	Description	Basel III LCR
37	Residential mortgage backed securities (RMBS), rated AA or better	RMBS that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements): • not issued by, and the underlying assets have not been originated by, the bank itself or any of its affiliated entities; • the relevant credit rating for capital adequacy purposes is at least AA; • have a proven record as a reliable source of liquidity (via repo or sale) even during stressed market conditions (i.e. maximum decline of price or increase in haircut over a 30-day period during a relevant period of significant liquidity stress not exceeding 20%); • the underlying asset pool is restricted to residential mortgages and cannot contain structured products; • the underlying mortgages are “full recourse’’ loans (i.e. in the case of foreclosure the mortgage owner remains liable for any shortfall in sales proceeds from the property) and have a maximum loan-to-value ratio (LTV) of 80% on average at issuance; and • the securitisations are subject to “risk retention” regulations which require issuers to retain an interest in the assets they securitise.	54(a)
38	Non-financial corporate bonds, rated BBB- to A+	Non-financial corporate debt securities (including commercial paper) rated BBB- to A+ that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements) : • the relevant credit rating for capital adequacy purposes is at least BBB-; and • have a proven record as a reliable source of liquidity (via repo or sale) even during stressed market conditions, i.e. a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of significant liquidity stress.	54(b)
39	Non-financial common equity shares	Non-financial common equity shares that satisfy all of the following conditions (in addition to the liquid asset criteria and general and operational requirements): • exchange traded and centrally cleared; • a constituent of the major stock index in the home jurisdiction or where the liquidity risk is taken, as decided by the supervisor in the jurisdiction where the index is located; • denominated in the domestic currency of a bank’s home jurisdiction or in the currency of the jurisdiction where a bank’s liquidity risk is taken; and • have a proven record as a relatively reliable source of liquidity (via repo or sale) even during stressed market conditions, i.e. a maximum decline of share price not exceeding 40% or increase in haircut not exceeding 40 percentage points over a 30-day period during a relevant	54(c)

		period of significant liquidity stress.	
40	Sovereign or central bank debt securities, rated BBB- to BBB+	Sovereign or central bank debt securities, rated BBB- to BBB+, that are not already included in lines 17 or 18, per FAQ 3(a) in Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm.	BCBS FAQ[4] 3(a)

Total Level 2B assets:

41	Total stock of Level 2B RMBS assets	Total outright holdings of Level 2B RMBS assets plus all borrowed securities of Level 2B RMBS assets, after applying haircuts.	54(a)
42	Adjustment to stock of Level 2B RMBS assets	Adjustment to the stock of Level 2B RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
43	Adjusted amount of Level 2B RMBS assets	Adjusted amount of Level 2B RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1
44	Total stock of Level 2B non-RMBS assets	Total outright holdings of Level 2B non-RMBS assets plus all borrowed securities of Level 2B non-RMBS assets, after applying haircuts.	54(b),(c)
45	Adjustment to stock of Level 2B non-RMBS assets	Adjustment to the stock of Level 2B non-RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets (see Appendix 1).	Annex 1
46	Adjusted amount of Level 2B non-RMBS assets	Adjusted amount of Level 2B non-RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49 (see Appendix 1).	Annex 1
Row	Heading	Description	Basel III LCR standards reference
47	Adjusted amount of Level 2B(RMBS and non-RMBS) assets	Sum of adjusted amount of Level 2B RMBS assets and adjusted amount of Level 2B non-RMBS assets (see Appendix 1).	Annex 1
49	Adjustment to stock of HQLA due to cap on Level 2B assets	Adjustment to stock of HQLA due to 15% cap on Level 2B Assets (see Appendix 1).	47, Annex 1
50	Adjustment to stock of HQLA due to cap on Level 2 assets	Adjustment to stock of HQLA due to 40% cap on Level 2 assets (see Appendix 1).	51, Annex 1

A)d) Total stock of HQLA

53	Total stock of HQLA	Total stock of HQLA after taking haircuts and the adjustment for the caps on Level 2 and Level 2B assets into account.	

[4] Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm

Row	Heading	Description	Basel III LCR

A)e)Total stock of HQLA

Row	Heading	Description	Basel III LCR
78	Total stock of HQLA	Stock of HQLA	

Outflows, Liquidity Mismatch Ratio (LMR) (panel B1)

This section calculates the total expected cash outflows in the LMR stress scenario for the subsequent 30 calendar days. They are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or to be drawn down (Basel III LCR standards paragraph 69).

Where there is potential that an item could be reported in multiple outflow categories, (e.g. committed liquidity facilities granted to cover debt maturing within the 30 calendar day period), a bank only has to assume up to the maximum contractual outflow for that product (Basel III LCR standards paragraph 72).

Where a deposit is pledged as security for a loan, outflows relating to the pledged deposit may be excluded from the LMR calculation but only if the following conditions are met:

- The loan will not mature or be settled in the next 30 days; and
- The pledge arrangement is subject to a legally enforceable contract disallowing withdrawal of the deposit before the loan is fully settled or repaid; and
- The amount of deposit to be excluded does not exceed the outstanding balance of the loan.

The above treatment does not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.

a) Retail deposit run-off

Retail deposits are defined as deposits placed with a bank by a natural person. Deposits from legal entities, sole proprietorships and partnerships are captured in wholesale deposit categories. Retail deposits reported in lines 88 to 108 include demand deposits and term deposits maturing in or with a notice period up to 30 days.

Term deposits with a residual contractual maturity greater than 30 days which may be withdrawn within 30 days without entailing a significant withdrawal penalty materially greater than the loss of interest, should be considered to mature within the 30-day horizon and should also be included in lines 88 to 108 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.

If notice is given on a deposit with a minimum withdrawal period, the amount impacted should be treated as an outflow on the date when the notice expires, without adjustment. The remainder is unaffected.

If a bank allows a depositor to withdraw fixed or notice deposits without applying the corresponding penalty or despite a clause that says the depositor has no legal right to withdraw, the entire category of these funds would then have to be treated as demand deposits (i.e. regardless of the remaining term). Banks may choose to outline exceptional circumstances that would qualify as hardship, under which the term deposit could exceptionally be withdrawn by the depositor without changing the treatment of the entire pool of deposits. This is subject to supervisory review and must be documented in a bank's LMP.

Notes, bonds and other debt securities sold exclusively to the retail market and held in retail accounts (including small business customer accounts) can be reported in the appropriate retail deposit category. To be treated in this manner, it is not sufficient that the debt instruments are specifically designed and marketed to retail customers. Rather there should be limitations placed such that those instruments cannot be bought and held by parties other than retail customers.

Row	Heading	Description	Basel III LCR standards reference
84	Total retail deposits; of which	Total retail deposits as defined above.	
85	Insured deposits; of which:	The portion of retail deposits that are covered by deposit insurance scheme.	
86	in transactional accounts; of which:	Total fully insured retail deposits in transactional accounts (e.g. accounts where salaries are automatically credited).	
87	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	
88	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this should be left blank.	
89	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this should be left blank.	
90	eligible for a 5% run-off rate; of which:	Covered deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit either (1) is on demand or (2) has an original maturity of one week or less (and hence can be considered to be transactional).	
91	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are** in the reporting bank's home jurisdiction.	
92	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are not** in the reporting bank's home jurisdiction.	
93	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured retail deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	
94	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	
95	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	
96	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	

97	eligible for a 5% run-off rate; of which:	Covered by deposit insurance, non-transactional deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	
98	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are** in the reporting bank's home jurisdiction.	
99	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are not** in the reporting bank's home jurisdiction.	
100	in non-transactional and non-relationship accounts	Insured retail deposits not included in lines 90 or 97.	
101	Uninsured deposits	The portion of retail deposits that are non-maturing or mature within 30 days that are not insured by a deposit insurance scheme (i.e. all retail deposits not reported in lines 88 to 100, excluding any deposits included in lines 103 to 105).	
102	Additional deposit categories with higher run-off rates as specified by supervisor	Other retail deposit categories, as defined by the Commission. The Commission reserves the right to review bank liquidity assessments and data and determine higher outflow rates either on a bank-by-bank basis or on a wider basis. Where such a determination has been made, affected banks may be instructed to complete lines 103 to 105 applying a prescribed outflow rates. These amounts should **not** be included in the lines above. Lines 103 to 105 should not be completed unless so instructed by the Commission.	
103	Category 1	As defined by the Commission	
104	Category 2	As defined by the Commission	
105	Category 3	As defined by the Commission	
106	Term deposits (treated as having >30 day remaining maturity); of which	Retail deposits with a residual maturity or withdrawal notice period greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or where early withdrawal results in a significant penalty that is materially greater than the loss of interest.	82–84
107	With a supervisory run-off rate	This line should be left blank unless otherwise instructed by the Commission.	84
108	Without supervisory run-off rate	All other term retail deposits treated as having > 30 day remaining maturity as defined in line 106. A run-off rate of 0% applies.	82

b) Unsecured wholesale funding run-off

Unsecured wholesale funding is defined as liabilities and general obligations that are raised from non-natural persons (i.e. legal entities, including sole proprietorships and partnerships) and are **not** collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution, excluding derivatives.

Wholesale funding included in the LMR is defined as all funding that is callable within the LMR's 30-day horizon or that has its earliest possible contractual maturity date within this horizon (such as maturing term deposits and unsecured debt securities) as well as funding with an undetermined maturity. This includes all funding with options that are exercisable at the investor's discretion within the 30-day horizon. It also includes funding with options exercisable at the bank's discretion where the bank's ability not to exercise the option is limited for reputational reasons. In particular, where the market expects certain liabilities to be redeemed before their legal final maturity date and within the 30-day horizon, such liabilities should be included in the appropriate outflows category.

Small business customers

Unsecured wholesale funding provided by small business customers consists of deposits and other extensions of funds made by non-financial small business customers. "Small business customers" are defined in line with the definition of loans extended to small businesses in Appendix H to Module 1 that are managed as retail exposures and are generally considered as having similar liquidity risk characteristics to retail accounts, provided the total aggregated funding raised from the small business customer is less than £1 million (on a consolidated basis where applicable).

"Aggregated funding" means the gross amount (i.e., not netting any form of credit extended to the legal entity) of all forms of funding (e.g. deposits or debt securities or similar derivative exposure for which the counterparty is known to be a small business customer).

Applying the limit on a consolidated basis means that where one or more small business customers are affiliated with each other, they may be considered as a single creditor such that the limit is applied to the total funding received by the bank from this group of customers.

Term deposits from small business customers with a residual contractual maturity of greater than 30 days which can be withdrawn within 30 days without a significant withdrawal penalty materially greater than the loss of interest should be considered to fall within the 30-day horizon and should also be included in lines 117 to 137 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.

Row	Heading	Description	Basel III LCR standards reference
112	Total unsecured wholesale funding		85–111
113	Total funding provided by small business customers; of which:	Total small business customer deposits as defined above.	89–92
114	Insured deposits; of which:	The portion of deposits or other forms of unsecured wholesale funding which are provided by non-financial small business customers and are non-maturing or mature within 30 days that are fully covered by deposit insurance.	89, 75–78
115	in transactional accounts; of which:	Total fully insured small business customer deposits in transactional accounts (e.g. accounts where salaries are paid out from).	89, 75, 78

116	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	89, 78
117	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
118	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
119	eligible for a 5% run-off rate; of which:	Fully covered small business deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit either (1) is on demand or (2) has an original maturity of one week or less (and hence can be considered to be transactional).	89, 75
120	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are** in the reporting bank's home jurisdiction. The Guernsey Banking Deposit Scheme does not cover small businesses as defined in this guidance and therefore this line should be left blank.	89, 75
121	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are not** in the reporting bank's home jurisdiction.	89, 75
122	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured small business customer deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75, 78
123	eligible for a 3% run-off rate; of which:	At present a 3% run-off rate is not permitted.	89, 78
124	are in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
125	are not in the reporting bank's home jurisdiction	At present a 3% run-off rate is not permitted and this line should be left blank.	89, 78
126	eligible for a 5% run-off rate; of which:	Fully covered by deposit insurance, non-transactional small business deposits meeting all of the following criteria: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75
127	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are** in the reporting bank's home jurisdiction. The Guernsey Banking Deposit Scheme does not cover small businesses as defined in this guidance and therefore this line should be left blank.	89, 75

128	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are not** in the reporting bank’s home jurisdiction.	89, 75
129	in non-transactional and non-relationship accounts	Insured small business customer deposits not reported in lines 119 and 126.	89, 79
130	Uninsured deposits	The portion of small business customer deposits that are non-maturing or mature within 30 days, that are not fully insured by a deposit insurance scheme (i.e. all small business customer deposits not reported in lines 117 to 129, excluding any reported in lines 132 to 134).	89, 79
131	Additional deposit categories with higher run-off rates as specified by supervisor	Other small business deposit categories, as defined by the Commission. The Commission reserves the right to review bank liquidity assessments and data and determine higher outflow rates either on a bank-by-bank basis or on a wider basis. Where such a determination has been made, affected banks may be instructed to complete lines 103 to 105 applying a prescribed outflow rates. These amounts should **not** be included in the lines above. Lines 103 to 105 should not be completed unless so instructed by the Commission.	89, 79
132	Category 1	As defined by the Commission.	89, 79
133	Category 2	As defined by the Commission.	89, 79
134	Category 3	As defined by the Commission.	89, 79
135	Term deposits (treated as having >30 day maturity); of which:	Small business customer deposits with a residual maturity or withdrawal notice period of greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or if early withdrawal is allowed, would result in a significant penalty that is materially greater than the loss of interest.	92, 82-84
136	With a supervisory run-off rate	This line should be left blank unless otherwise instructed by the Commission.	92, 84
137	Without supervisory run-off rate	All other term small business customer deposits treated as having > 30 day remaining maturity as defined in line 135. A run-off rate of 0% applies.	92, 82

Unsecured wholesale funding generated by clearing, custody and cash management activities (“operational deposits”):

Reported in lines 140 to 154 are portions of deposits and other extensions of funds from financial and non-financial wholesale customers (excluding deposits less than £1 million from small business customers which are reported in lines 117 to 137) generated out of clearing, custody and cash management activities (“operational deposits”). These funds may receive a 25% run-off factor only if the customer has a substantive dependency with the bank and the deposit is required for such activities.

Qualifying activities in this context refer to clearing, custody or cash management activities that meet the Criteria set out in Appendix 2.

Row	Heading	Description	Basel III LCR standards reference
138	Total operational deposits; of which:	The portion of unsecured operational wholesale funding generated by clearing, custody and cash management activities as defined above.	93–104
139	provided by non-financial corporates	Such funds provided by non-financial corporates. Funds from small business customers that meet the requirements outlined in paragraphs 90 and 91 of the Basel III LCR standards should not be reported here but are subject to lower run-off rates in rows 117 to 130.	93–104
140	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
141	insured, with a 5% run-off rate	Deposits provided by non-financial corporates that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
142	uninsured	The portion of such funds provided by non-financial corporates that **are not** fully covered by a deposit insurance scheme.	93–103
143	provided by sovereigns, central banks, PSEs and MDBs	Such funds provided by sovereigns, central banks, PSEs and multilateral development banks.	93–104
144	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
145	insured, with a 5% run-off rate	Deposits provided by sovereigns, central banks, PSEs and multilateral development banks that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104

146	uninsured	The portion of such funds provided by sovereigns, central banks, PSEs and multilateral development banks that are not fully covered by a deposit insurance scheme.	93–103
147	provided by banks	Such funds provided by banks.	93–104
148	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
149	insured, with a 5% run-off rate	Deposits provided by banks that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
150	uninsured	The portion of such funds provided by banks that **are not** fully covered by a deposit insurance scheme.	93–103
151	provided by other financial institutions and other legal entities	Such funds provided by financial institutions (other than banks) and other legal entities.	93–104
152	insured, with a 3% run-off rate	At present a 3% run-off rate is not permitted and this line should be left blank.	104
153	insured, with a 5% run-off rate	Deposits provided by financial institutions (other than banks) and other legal entities that **are** fully covered by a deposit insurance scheme where: • the deposit is taken in either a Crown Dependency (CD) head office / branch, an EU branch (of a CD incorporated bank) or a branch (of a CD incorporated bank) in a jurisdiction where the Commission has agreed that a deposit compensation scheme equivalent to the Guernsey Banking Deposit Compensation Scheme exists; and • the deposit is transactional or the customer has another relationship with the bank that would make deposit withdrawal highly unlikely. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	104
154	uninsured	The portion of such funds provided by financial institutions (other than banks) and other legal entities that **are not** fully covered by a deposit insurance scheme.	93–103

Non-operational deposits in lines 157 to 164 include all deposits and other extensions of unsecured funding not included under operational deposits in lines 140 to 154, excluding notes, bonds and other debt securities, covered bond issuance or repo and secured funding transactions (reported below). Deposits arising out of correspondent banking or from the provision of prime brokerage services (as defined in the Basel III LCR standards, footnote 42) should **not** be included in these lines (Basel III LCR standards, paragraph 99).

Customer cash balances arising from the provision of prime brokerage services, including but not limited to the cash arising from prime brokerage services as identified in Basel III LCR standards, paragraph 99, should be considered separate from any required segregated balances related to client protection regimes imposed by national regulations, and should not be netted against other customer exposures included in this standard. These offsetting balances held in segregated accounts are treated as inflows in Basel III LCR standards, paragraph 154 and should be excluded from the stock of HQLA (Basel III LCR standards, paragraph 111).

Row	Heading	Description	Basel III LCR
155	Total non-operational deposits; of which	The portion of unsecured wholesale funding not considered as "operational deposits" as defined above.	105–109
156	provided by non-financial corporates; of which:	Total amount of such funds provided by non-financial Corporates (including personal investment companies as defined in Appendix 3), Retirement Annuity Trust Schemes and Guernsey-registered charities.	107–108
157	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits. The Guernsey Banking Deposit Compensation Scheme does cover deposits of Retirement Annuity Trust Schemes and Guernsey-registered charities.	108
158	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107
159	provided by sovereigns, central banks, PSEs and MDBs; of which:	Such funds provided by sovereigns, central banks (other than funds to be reported in line item 166), PSEs, and multilateral development banks.	107-108
160	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme. Note that the Guernsey Banking Deposit Compensation Scheme does not cover corporate or institutional deposits.	108
161	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107
162	Swiss fiduciary deposits	Deposits provided by a Swiss bank, executed at the instruction of the depository bank's customer in the name of the bank. There is an account relationship between the Swiss bank and its customer and a mandate of the customer to the Swiss bank to place his funds in the bank's name abroad.	
163	provided by other banks	Such funds provided by other banks, not reported in line 162.	109
164	provided by other financial institutions and other legal	Such funds provided by financial institutions other than banks and by other legal entities not included in the categories	109

	entities	above. Funding from fiduciaries, beneficiaries, conduits and special purpose vehicles and affiliated entities should also be reported here.	

Notes, bonds and other debt securities issued by the bank are included in line 165 regardless of the holder, unless the bond is sold exclusively in the retail market and held in retail accounts (including small business customers treated as retail), in which case the instruments can be reported in the appropriate retail or small business customer deposit category in lines 88 to 108 or lines 117 to 137, respectively. Outflows on covered bonds should be reported in line 228.

Row	Heading	Description	Basel III LCR
165	Unsecured debt issuance	Outflows on notes, bonds and other debt securities, excluding on bonds sold exclusively to the retail or small business customer markets, and excluding outflows on covered bonds.	110
166	Additional balances required to be installed in central bank reserves	Amounts to be installed in the central bank reserves within 30 days. Funds reported in this line should not be included in line 160 or 161.	Extension of 50(b)

c) Secured funding run-off

Secured funding is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution. In this section any transaction in which the bank has received a collateralised loan in cash, such as repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank receives a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

Additionally, collateral lent to the bank's customers to effect short positions should be treated as a form of secured funding. A customer short position in this context describes a transaction where a bank's customer sells a security it does not own, and the bank subsequently obtains the same security from internal or external sources to make delivery into the sale. Internal sources include the bank's own inventory of collateral as well as rehypothecatable Level 1 or Level 2 collateral held in other customer margin accounts. The contingent risk associated with non-contractual obligations where customer short positions are covered by other customers' collateral that does not qualify as Level 1 or Level 2 should be reported in line 264. External sources include collateral obtained through a securities borrowing, reverse repo, or like transaction.

If the bank has deposited both liquid and non-liquid assets in a collateral pool and no assets are specifically assigned as collateral for the secured transaction, the bank may assume for this monitoring exercise that the assets with the lowest liquidity get assigned first: assets that are not eligible for the stock of liquid assets are assumed to be assigned first. Only once all those assets are fully assigned should Level 2B assets be assumed to be assigned, followed by Level 2A assets.

Only once all Level 2 assets are assigned should Level 1 assets be assumed to be assigned.

A bank should report all outstanding secured funding transactions with remaining maturities within the 30 calendar day stress horizon, including customer short positions that do not have a specified contractual maturity. The amount of funds raised through the transaction should be reported in column D ("amount received"). The value of the underlying collateral extended in the transaction should be reported in column E ("market value of extended collateral"). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the trade or settlement date of the transaction.

Row	Heading	Description	Basel III LCR standards reference
178	Transactions conducted with the bank's domestic central bank; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days. In column E: The market value of the collateral extended on these transactions.	114–115
179	Backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
180	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 179, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
182	Backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
183	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 182, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
185	Backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115

186	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 185, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in this guidance. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
188	Backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
189	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 188, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
191	Backed by other assets	In column D: Amount raised on secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by all other assets (i.e. other than Level 1 or Level 2 assets). In column E: The market value of the other asset collateral extended on these transactions.	114–115
192	Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
193	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 192, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards.	114–115

		In column E: The market value of the Level 1 asset collateral extended on these transactions.	
195	Transactions not conducted with the bank’s domestic central bank and backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank’s domestic central bank and that mature within 30 days and are backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
196	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 195, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the “LMR” worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
198	Transactions not conducted with the bank’s domestic central bank and backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank’s domestic central bank and that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
199	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 198, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the “LMR” worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
201	Transactions not conducted with the bank’s domestic central bank and backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank’s domestic central bank and that mature within 30 days and are backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
202	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by Level 2B non-RMBS assets. PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted.	114–115

		In column E: The market value of collateral extended on these transactions.	
203	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 202, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
205	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or domestic PSEs with a 20% risk weight that are backed by Level 2B non-RMBS assets. In column E: The market value of collateral extended on these transactions.	114–115
206	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 205, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
208	Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by other assets (non-HQLA). In column E: The market value of the other (non-HQLA) asset collateral extended on these transactions.	114–115
209	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by other assets (non-HQLA). PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these transactions.	114–115
210	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or PSEs that are backed by other assets (non-HQLA). In column E: The market value of collateral extended on these transactions.	114–115

d) Additional requirements

Row	Heading	Description	Basel III LCR
214	Derivatives cash outflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash outflows should be reported here. The sum of all net cash inflows should be reported in line 316. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivative payments are collateralised by HQLA, cash outflows should be calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to the bank, if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 316 for institutions engaged in derivatives transactions.	116, 117

215	Increased liquidity needs related to downgrade triggers in derivatives and other financing transactions	The amount of collateral that would need to be posted for or contractual cash outflows generated by any downgrade up to and including a 3-notch downgrade of the bank's long-term credit rating. Triggers linked to a bank's short-term rating should be assumed to be triggered at the corresponding long-term rating in accordance with published ratings criteria. The impact of the downgrade should consider impacts on all types of margin collateral and contractual triggers which change rehypothecation rights for non-segregated collateral.	118
216	Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:		119
217	Cash and Level 1 assets	Current market value of relevant collateral posted as margin or derivatives and other transactions that, if they had been unencumbered, would have been eligible for inclusion in line items 6 to 18.	
218	For other collateral (ie all non-Level 1 collateral)	Current market value of relevant collateral posted as margin or derivatives and other transactions other than those included in line item 217 (all non-Level 1 collateral). This amount should be calculated net of collateral received on a counterparty basis (provided that the collateral received is not subject to restrictions on reuse or rehypothecation). Any collateral that is in a segregated margin account can only be used to offset outflows that are associated with payments that are eligible to be offset from that same account.	
219	Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty	The amount of non-segregated collateral that the reporting institution currently has received from counterparties but could under legal documentation be recalled because the collateral is in excess of that counterparty's current collateral requirements.	120
220	Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted	The amount of collateral that is contractually due from the reporting institution, but for which the counterparty has not yet demanded the posting of such collateral.	121
221	Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets	The amount of HQLA collateral that can be substituted for non-HQLA without the bank's consent that has been received to secure transactions and that has not been segregated (e.g. otherwise included in HQLAs, as secured funding collateral or in other bank operations).	122
222	Increased liquidity needs related to market valuation changes on derivative or other transactions	Any potential liquidity needs deriving from full collateralisation of mark-to-market exposures on derivative and other transactions. Banks should calculate any outflow generated by increased needs related to market valuation changes by identifying the largest absolute net 30-day collateral flow realised during the preceding 24 months, where the absolute net collateral flow is based on both realised	123

		outflows and inflows. Inflows and outflows of transactions executed under the same master netting agreement can be treated on a net basis.	
223	Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds	Balances of term asset-backed securities and other structured financing instruments, excluding covered bonds (which should be reported in line 228), issued by the bank that mature in 30 days or less. To the extent that sponsored conduits/SPVs are required to be consolidated under liquidity requirements, their assets and liabilities should be taken into account.	124
224	Loss of funding on ABCP, conduits, SIVs and other such financing activities; of which:	All funding on asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities maturing or returnable within 30 days. Banks having structured financing facilities that include the issuance of short-term debt instruments, such as asset backed commercial paper, should report the potential liquidity outflows from these structures. These include, but are not limited to, (i) the inability to refinance maturing debt, and (ii) the existence of derivatives or derivative-like components contractually written into the documentation associated with the structure that would allow the "return" of assets in a financing arrangement, or that require the original asset transferor to provide liquidity, effectively ending the financing arrangement ("liquidity puts") within the 30-day period. Where the structured financing activities are conducted through a special purpose entity (such as a special purpose vehicle, conduit or SIV), the bank should, in determining the HQLA requirements, look through to the maturity of the debt instruments issued by the entity and any embedded options in financing arrangements that may potentially trigger the "return" of assets or the need for liquidity, irrespective of whether or not the SPV is consolidated.	125
225	debt maturing ≤ 30 days	Portion of the funding specified in line 224 maturing within 30 days.	125
226	with embedded options in financing arrangements	Portion of the funding specified in line 224 **not** maturing within 30 days but with embedded options that could reduce the effective maturity of the debt to 30 days or less.	125
227	other potential loss of such funding	Portion of the funding specified in line 224 that is not included in line 225 or 226.	125
228	Loss of funding on covered bonds issued by the bank	Balances of covered bonds, issued by the bank that mature in 30 days or less.	124

Credit and liquidity facilities are defined as explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties. For the purpose of the standard, these facilities only include contractually irrevocable ("committed") or conditionally revocable agreements to extend funds in the future.

Unconditionally revocable facilities that are unconditionally cancellable by the bank (in particular, those without a precondition of a material change in the credit condition of the borrower) are excluded from this section and should be reported in lines 254 to 266, as appropriate.

The currently undrawn portion of credit and liquidity facilities should be reported. The reported amount may be net of any HQLAs eligible for the stock of HQLAs, if the HQLAs have already been posted as collateral by the counterparty to secure the facilities or that are contractually obliged to be posted when the counterparty will draw down the facility (e.g. a liquidity facility structured as a repo facility), if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn, and there is no undue correlation between the probability of drawing the facility and the market value of the collateral. The collateral can be netted against the outstanding amount of the facility to the extent that this collateral is not already counted in the stock of HQLAs.

A liquidity facility is defined as any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a customer in situations where such a customer is unable to rollover that debt in financial markets (e.g. pursuant to a commercial paper programme, secured financing transactions, obligations to redeem units, etc).

The amount of a commitment to be treated as a liquidity facility is the amount of the currently outstanding debt issued by the customer (or proportionate share, if a syndicated facility) maturing within a 30 day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within the 30-day window is excluded from the scope of the definition of a facility. Any additional capacity of the facility (i.e. the remaining commitment) would be treated as a committed credit facility and should be reported as such.

General working capital facilities for corporate entities (e.g. revolving credit facilities in place for general corporate and/or working capital purposes) will not be classified as liquidity facilities, but as credit facilities.

Notwithstanding the above, any facilities provided to hedge funds, money market funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance the banks own assets, should be captured in their entirety as a liquidity facility and reported in line 239.

For that portion of financing programs that are maturing or have liquidity puts that may be exercised in the 30-day horizon), banks that are providers of associated liquidity facilities do not need to double count the maturing financing instrument and the liquidity facility for consolidated programs.

Row	Heading	Description	Basel III LCR
229	Undrawn committed credit and liquidity facilities to retail and small business customers	Balances of undrawn committed credit and liquidity facilities extended by the bank to natural persons and small business customers, as defined above.	131(a)
230	Undrawn committed credit facilities to		
231	non-financial corporates	Balances of undrawn committed credit facilities extended by the bank to non-financial institution corporations (excluding small business customers). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates.	131(b)

232	sovereigns, central banks, PSEs and MDBs	Balances of undrawn committed credit facilities extended by the bank to sovereigns, central banks, PSEs, multilateral development banks and any other entity not included in other drawdown categories. The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, multilateral development banks.	131(b)
233	Undrawn committed liquidity facilities to		
234	non-financial corporates	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by non-financial institution corporations (excluding small business customers) maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates should not be reported here, rather should be reported in line 231.	131(c)
235	sovereigns, central banks, PSEs and MDBs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by sovereigns, central banks, PSEs, or multilateral development banks maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, or multilateral development banks should not be reported here, rather should be reported in line 232.	131(c)
236	Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision	Balances of undrawn committed credit and liquidity facilities extended to banks that are subject to prudential supervision.	131(d)
237	Undrawn committed credit facilities provided to other FIs	Balances of undrawn committed credit facilities extended by the bank to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). "Beneficiary" is defined in this context as a legal entity that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract.	131(e)
238	Undrawn committed liquidity facilities provided to other FIs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) maturing within a 30 day period that is backstopped by the facility. "Beneficiary" is defined in this context as a legal entity that receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other	131(f)

		contract. Any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) should not be reported here, rather should be reported in line 237.	
239	Undrawn committed credit and liquidity facilities to other legal entities	Balances of undrawn committed credit and liquidity facilities extended to other legal entities, including hedge funds, money market funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance the banks own assets (not included in lines 229 to 238).	131(g)

Other contractual obligations to extend funds

241	Other contractual obligations to extend funds to:	Any contractual lending obligations not captured elsewhere in the standard.	132-133
242	financial institutions	Any contractual lending obligations to financial institutions not captured elsewhere.	132
243	retail clients	The full amount of contractual obligations to extend funds to retail clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 302).	133
244	small business customers	The full amount of contractual obligations to extend funds to small business customers within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 303).	133
245	non-financial corporates	The full amount of contractual obligations to extend funds to non-financial corporate clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 304).	133
246	other clients	The full amount of contractual obligations to extend funds to other clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 310).	133
247	retail, small business customers, non-financials and other clients	The amounts of contractual obligations to extend funds to retail, small business customers, non-financial corporate and other clients within the next 30 calendar days (lines 243 to 246) are added up in this line. The roll-over of funds that is implicitly assumed in the inflow section (lines 302, 303, 304 and 310) are then subtracted. If the result is positive, it is included here as an outflow in column H. Otherwise, the outflow included here is zero.	133

Other contingent funding obligations

These contingent funding obligations may be either contractual or non-contractual and are not lending commitments. Non-contractual contingent funding obligations include associations with, or sponsorship of, products sold or services provided that may require the support or extension of funds in the future under stressed conditions. Non-contractual obligations may be embedded in financial products and instruments sold, sponsored, or originated by the institution that can give rise to unplanned balance sheet growth arising from support given for reputational risk considerations. Stressed conditions in this context refer to the scenario as described in paragraph 19 of the Basel III LCR standards. Banks should report the full amount of any exposure.

Row	Heading	Description	Basel III LCR
254	Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities	Non contractual contingent funding obligations related to potential liquidity draws from joint ventures or minority investments in entities, which are not consolidated, where there is the expectation that the bank will be the main liquidity provider when the entity is in need of liquidity.	137
255	Unconditionally revocable "uncommitted" credit and liquidity facilities	Balances of undrawn credit and liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities, capped at the rate that would apply if the facility was fully committed, as per lines 229 to 239.	140
256	Trade-finance related obligations (including guarantees and letters of credit)	Trade finance instruments consist of trade-related obligations directly underpinned by the movement of goods or the provision of services. Amounts to be reported here include items such as: • outstanding documentary trade letters of credit, documentary and clean collection, import bills, and export bills; and • outstanding guarantees directly related to trade finance obligations, such as shipping guarantees. Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from this treatment and reported in lines 229 to 239.	138, 139
257	Guarantees and letters of credit unrelated to trade finance obligations	The outstanding amount of letters of credit issued by the bank and guarantees unrelated to trade finance obligations described in line 256.	140
258	Non-contractual obligations:		
259	Debt-buy back requests (incl related conduits)	Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
260	Structured products	Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).	140
261	Managed funds	Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment funds etc.	140
262	Other non-contractual obligations	Any other non-contractual obligation not entered above.	140
263	Outstanding debt securities with remaining maturity > 30 days	For issuers with an affiliated dealer or market maker, there may be a need to include an amount of the outstanding debt securities (unsecured and secured, term as well as short term) having maturities greater than 30 calendar days, to cover the potential repurchase of such outstanding securities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
264	Non contractual obligations where customer short	Amount of contingent obligations related to instances where banks have internally matched client assets against other clients' short positions where the collateral does not qualify as	140

	positions are covered by other customers' collateral	Level 1 or Level 2, and the bank may be obligated to find additional sources of funding for these positions in the event of client withdrawals. Instances where the collateral qualifies as Level 1 or Level 2 should be reported in the appropriate line of the secured funding section (lines 192 to 206).	
265	Bank outright short positions covered by a collateralised securities financing transaction	Amount of the bank's outright short positions that are being covered by collateralised securities financing transactions. Such short positions are assumed to be maintained throughout the 30-day period and receive a 0% outflow. The corresponding collateralised securities financing transactions that are covering such short positions should be reported in lines 291 to 296 or 406 to 430.	147
266	Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)	Any other contractual cash outflows within the next 30 calendar days should be captured in this standard, such as such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments, **with explanation given to the Commission** as to what comprises the amounts included in this line. This amount should include outflows related to operating costs, calculated either according to projections or in accordance with an estimation method that is to be notified to the Commission in advance of use and documented in the bank's LMP.	141, 147

Inflows, Liquidity Mismatch Ratio (LMR) (panel B2)

Total expected contractual cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in under the scenario up to an aggregate cap of 75% of total expected cash outflows (qualifying group inflows are exempt from this cap).

Items must not be double counted – if an asset is included as part of the "stock of HQLA" (i.e. the numerator), the associated cash inflows cannot also be counted as cash inflows (ie part of the denominator).

When considering its available cash inflows, the bank should only include contractual inflows (including interest payments) from outstanding exposures that are fully performing and for which the bank has no reason to expect a default within the 30-day time horizon Pre-payments on loans (not due within 30 days) should not be included in the inflows.

Contingent inflows are not included in total net cash outflows.

Inflows may be excluded by a bank if the effort required to compute them on an accurate reliable basis is considered to outweigh the benefit of including them (a conservative approach). Such exclusions should be documented in the bank's LMP.

a) Secured lending including reverse repos and securities borrowing

Secured lending is defined as those loans that the bank has extended and are collateralised by legal rights to specifically designated assets owned by the borrowing institution, which the bank use or rehypothecate for the duration of the loan, and for which the bank can claim ownership to in the case of default by the borrower. In this section any transaction in which the bank has extended a collateralised loan in cash, such as reverse repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank has extended a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

A bank should report all outstanding secured lending transactions with remaining maturities within the 30 calendar day stress horizon. The amount of funds extended through the transaction should be reported in column D (“amount extended”). The value of the underlying collateral received in the transactions should be reported in column E (“market value of received collateral”). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the date of the transaction. Note that if the collateral received in the form of Level 1 or Level 2 assets is not rehypothecated and is legally and contractually available for the bank’s use it should be reported in the appropriate lines of the stock of HQLA section (lines 11 to 40) as well as in this subsection.

If the collateral obtained through reverse repos, securities borrowing, or collateral swaps, which matures within the 30-day horizon, is re-used (i.e. rehypothecated) and is used to cover short positions that could be extended beyond 30 days, a bank should assume that such reverse repo or securities borrowing arrangements will be rolled-over and will not give rise to any cash inflows (0%), reflecting its need to continue to cover the short position or to re-purchase the relevant securities. Short positions include both instances where in its ‘matched book’ the bank sold short a security outright as part of a trading or hedging strategy and instances where the bank is short a security in the ‘matched’ repo book (i.e. it has borrowed a security for a given period and lent the security out for a longer period).

Row	Heading	Description	Basel III LCR
274	Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days	All reverse repo or securities borrowing transactions maturing within 30 days, in which the bank has extended cash and obtained collateral.	145–146
275	Of which collateral **is not** re-used (i.e. is not rehypothecated) to cover the reporting institution’s outright short positions	Such transactions in which the collateral obtained is not re-used (i.e. is not rehypothecated) to cover the reporting institution’s outright short positions. If the collateral is re-used, the transactions should be reported in lines 291 to 296.	145–146
276	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. These transactions are assumed to roll-over in full, not giving rise to any cash inflows. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
277	Transactions involving eligible liquid assets	Of the transactions backed by Level 1 assets, those where the collateral obtained is reported in panel Aa of the “LMR” worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146

279	Transactions backed by Level 2A assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. These are assumed to lead to a 15% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
280	Transactions involving eligible liquid assets	Of the transactions backed by Level 2A assets, those where the collateral obtained is reported in panel Ab of the "LMR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
282	Transactions backed by Level 2B RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. These are assumed to lead to a 25% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
283	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B RMBS assets, those where the collateral obtained is reported in panel Ac of the "LMR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
285	Transactions backed by Level 2B non-RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. These are assumed to lead to a 50% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
286	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B non-RMBS assets, those where the collateral obtained is reported in panel Ac of the "LMR" worksheet as the assets meet the operational requirements for HQLA. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146

288	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. These are assumed to lead to a 50% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
289	Transactions backed by other collateral	All such transactions (other than those reported in line 288) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. These are assumed not to roll over and therefore lead to a 100% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
290	Of which collateral is re-used (ie is rehypothecated) to cover the reporting institution's outright short positions	If the collateral obtained in these transactions **is** re-used (i.e. rehypothecated) to cover the reporting institution's outright short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. Institutions should only report reverse repo amounts in these cells where it itself is short the collateral. If the collateral is not re-used, the transaction should be reported in lines 275 to 289.	145–146
291	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
292	Transactions backed by Level 2A assets	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
293	Transactions backed by Level 2B RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
294	Transactions backed by Level 2B non-RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. In column D: The amounts extended in these transactions.	145–146

		In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	
295	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
296	Transactions backed by other collateral	All such transactions (other than those reported in line 295) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. In column D: The amounts extended in these transactions. In column E: The market value of collateral received in these transactions.	145–146

b) Other inflows by counterparty

Contractual inflows (including interest payments and instalments) due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296. These include maturing loans that have already been agreed to roll over. The agreed roll-over should also be reported in lines 242 to 246 as appropriate.

Inflows should only be taken at the latest possible date, based on the contractual rights available to counterparties. For revolving credit facilities, this assumes that the existing loan is rolled over and that any remaining balances are treated in the same way as a committed facility.

Inflows from loans that have no specific maturity (i.e. have non-defined or open maturity) should not be included; therefore, no assumptions should be applied as to when maturity of such loans would occur. An exception to this, as noted below, would be minimum payments of principal, fee or interest associated with an open maturity loan, provided that such payments are contractually due within 30 days.

Where a contract provides for "on-demand" repayment, such as now sometimes seen with mortgage lending, it is proposed not to allow this to be assumed. In both cases, it is considered that exercise in a stress scenario would be problematic, as (1) it could trigger concerns regarding the bank's health, (2) customers might well not be able to repay quickly and (3) the realisation of collateral within relevant (i.e. less than 30 days) timeframes cannot be relied upon in such stressed circumstances, if at all. An exception is call accounts with banks (including central banks), where the full amount may be included.

Row	Heading	Description	Basel III LCR
302	Retail customers	All payments (including interest payments and instalments) from retail customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153

303	Small business customers	All payments (including interest payments and instalments) from small business customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153
304	Non-financial corporates	All payments (including interest payments and instalments) from non-financial corporates on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, e.g. required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
305	Central banks	All payments (including interest payments and instalments) from central banks on fully performing loans. Central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank), should be reported in lines 7 or 8 and not here. If the term of other deposits (not included in lines 7 or 8) expires within 30 days, it should be included in this line.	154
306	Financial institutions, of which	All payments (including interest payments and instalments) from financial institutions on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, eg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
307	operational deposits	All deposits held at other financial institutions for operational activities such as for clearing, custody, and cash management activities.	156
308	Contractual inflows from group maturing ≤ 5 days	Contractually due within one week (5 working days). The counterparty must be a group bank; and the counterparty and the local bank should be part of a group that is subject to the LCR on a consolidated basis.	
309	all payments on other loans and deposits due in ≤ 30 days	All payments (including interest payments and instalments) from financial institutions on fully performing unsecured and secured loans, that are contractually due within the 30-day horizon, and the amount of deposits held at financial institutions that is or becomes available within 30 days, and that are not included in lines 307 or 308. Banks may also recognise in this category inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets, provided that these segregated balances are maintained in Level 1 or Level 2 assets. This inflow should be calculated in line with the treatment of other related outflows and inflows covered in this standard.	154

310	Other entities	All payments (including interest payments and instalments) from other entities (including sovereigns, multilateral development banks, and PSEs) on fully performing loans that are contractually due within 30 days, not included in lines 302 to 309.	154

c) Other cash inflows

Row	Heading	Description	Basel III LCR
316	Derivatives cash inflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (i.e. inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash inflows should be reported here. The sum of all net cash outflows should be reported in line 214. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivatives are collateralised by HQLA, cash inflows should be calculated net of any corresponding cash or contractual collateral outflows that would result, all other things being equal, from contractual obligations for cash or collateral to be posted by the bank, given these contractual obligations would reduce the stock of HQLA. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 214 for institutions engaged in derivatives transactions.	158, 159
317	Contractual inflows from securities maturing ≤ 30 days and not included anywhere above	Contractual inflows from securities, including certificates of deposit, maturing ≤ 30 days that are not already included in any other item of the LMR framework, provided that they are fully performing (ie no default expected). Level 1 and Level 2 securities maturing within 30 days should be included in the stock of liquid assets in panel A, provided that they meet all operational and definitional requirements.	155

318	Other contractual cash inflows	Any other contractual cash inflows to be received ≤ 30 days that are not already included in any other item of the LMR framework. Inflow percentages should be determined by agreement of the Commission. Cash inflows related to non-financial revenues are **not** to be included, since they are not taken into account in the calculation of LMR. Any non-contractual contingent inflows should not be reported, as they are not included in the LMR. **Please provide the Commission with an explanation of the amounts included in this line.**	160
324	Cap on cash inflows	The cap on cash inflows (Excluding contractual inflows from group maturing ≤ 5 days) is equal to 75% of total cash outflows. Automatically calculated.	
325	Total cash inflows after applying the cap	The amount of total cash inflows after applying the cap is the lower of the total cash inflows before applying the cap and the level of the cap. (Excluding contractual inflows from group maturing ≤ 5 days). Automatically calculated.	

Collateral swaps (panel C)

Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets, should be reported in this panel. “Level 1 assets” in this section refers to Level 1 assets other than cash. **Please refer to the instructions from your supervisor for the specification of items related to Level 2B assets in this subsection.**

Row	Heading	Description	Basel III LCR
330	Collateral swaps maturing ≤ 30 days	Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets.	48, 113, 146, Annex 1
331	Of which the borrowed assets are not re-used (ie are not rehypothecated) to cover short positions	Such transactions in which the collateral obtained is not re-used (ie is not rehypothecated) in transactions to cover short positions. If the collateral is re-used, the transaction should be reported in lines 406 to 430.	48, 113, 146, Annex1
332	Level 1 assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
333	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the “LMR” worksheet (which should also be reported in E333), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the “LMR” worksheet (which is the value that should be reported in D333), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1

335	Level 1 assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
336	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E336), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D336), if they were not already securing the particular transaction in question (i.e. would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
338	Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
339	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E339), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D339), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
341	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
342	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E342), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (which is the value that should be reported in D342), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
344	Level 1 assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

345	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and other assets are borrowed, those where: (a) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LMR" worksheet (value to be reported in D345), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (b) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E345).	48, 113, 146, Annex 1
347	Level 2A assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
348	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E348), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D348), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
350	Level 2A assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1
351	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E351), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D351), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 0 of the Basel III LCR standards).	48, 113, 146, Annex 1
353	Level 2A assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

354	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E354), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D354), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
356	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
357	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E357), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D357), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
359	Level 2A assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
360	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and other assets are borrowed, those where: (i) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LMR" worksheet (which is the value that should be reported in D360), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); and(ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E360).	48, 113, 146, Annex 1
362	Level 2B RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1

363	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E363), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D363), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
365	Level 2B RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
366	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E366), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D366), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
368	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
369	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E369), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D369), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
371	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

372	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E372), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D372), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
374	Level 2B RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
375	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D375), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E375).	48, 113, 146, Annex 1
377	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
378	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E378), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D378), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
380	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1

381	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E381), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D381), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
383	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
384	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and RMBS assets are borrowed, those where: (i) the RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E384), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D384), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
386	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
387	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E387), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D387), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
389	Level 2B non-RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B, non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

390	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LMR" worksheet (which is the value that should be reported in D390), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E390).	48, 113, 146, Annex 1
392	Other assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped other assets, than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113,146, Annex 1
393	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LMR" worksheet (which should also be reported in E393), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D393).	48, 113, 146, Annex 1
395	Other assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
396	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LMR" worksheet (which should also be reported in E396), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets(which is the value that should be reported in D396).	48, 113, 146, Annex 1
398	Other assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
399	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E399), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D399).	48, 113, 146, Annex 1
401	Other assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

402	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LMR" worksheet (which should also be reported in E402), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D402).	48, 113, 146, Annex 1
404	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
405	Of which the borrowed assets are re-used (ie are rehypothecated) in transactions to cover short positions	If the collateral obtained in these transactions is re-used (i.e. rehypothecated) to cover short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. If the collateral is not re-used, the transaction should be reported in lines 332 to 404.	48, 113, 146, Annex 1
406	Level 1 assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
407	Level 1 assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
408	Level 1 assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
409	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
410	Level 1 assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
411	Level 2A assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
412	Level 2A assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1
413	Level 2A assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
414	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
415	Level 2A assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
416	Level 2B RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
417	Level 2B RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1

418	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
419	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
420	Level 2B RMBS assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
421	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
422	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
423	Level 2B non-RMBS assets are lent and Level 2B RMB assets are borrowed	Such transactions in which the bank has swapped Level 2B, S non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113146, Annex 1
424	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
425	Level 2B non-RMBS assets are lent and other assets borrowed	Such transactions in which the bank has swapped Level 2B, are non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113146, Annex 1
426	Other assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
427	Other assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped other assets, than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
428	Other assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
429	Other assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
430	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

Appendix 1

Calculation of the cap on Level 2 assets with regard to short-term securities financing transactions

Explanation

This appendix seeks to clarify the appropriate method for the calculation of the cap on Level 2 (including Level 2B) assets with regard to short-term securities financing transactions.

The calculation of the 40% cap on Level 2 assets should take into account the impact on the stock of HQLA of the amounts of Level 1 and Level 2 assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2 assets in the stock of HQLA is equal to two-thirds of the adjusted amount of Level 1 assets after haircuts have been applied. The calculation of the 40% cap on Level 2 assets will take into account any reduction in eligible Level 2B assets on account of the 15% cap on Level 2B assets.

Further, the calculation of the 15% cap on Level 2B assets should take into account the impact on the stock of HQLA of the amounts of HQLA assets involved in secured funding, secured lending and collateral swap transactions maturing within 30 calendar days. The maximum amount of adjusted Level 2B assets in the stock of HQLA is equal to 15/85 of the sum of the adjusted amounts of Level 1 and Level 2 assets or, in cases where total Level 2 assets exceed 40% of Level 1 assets, up to a maximum of 1/4 of the adjusted amount of Level 1 assets, both after haircuts have been applied.

The adjusted amount of Level 1 assets is defined as the amount of Level 1 assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 1 assets (including cash) that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2A assets is defined as the amount of Level 2A assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2A assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

The adjusted amount of Level 2B assets is defined as the amount of Level 2B assets that would result after unwinding those short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 2B assets that meet, or would meet if held unencumbered, the operational requirements for HQLA set out in this guidance.

In **this context**, short-term transactions are transactions with a maturity date up to and including 30 calendar days. Relevant haircuts should be applied prior to calculation of the respective caps.

Formula

The formula for the calculation of the stock of HQLA is as follows:

Stock of HQLA = Level 1 + Level 2A + Level 2B – Adjustment for 15% cap – Adjustment for 40% cap.

Where:

Adjustment for 15% cap = Higher of:

- Adjusted Level 2B – 15/85 * (Adjusted Level 1 + Adjusted Level 2A);
- Adjusted Level 2B - 1/4 * Adjusted Level 1; and
- 0.

Adjustment for 40% cap = Higher of:

- (Adjusted Level 2A + Adjusted Level 2B – Adjustment for 15% cap) – 2/3 * Adjusted Level 1 assets; and
- 0.

Appendix 2

Operational deposits: clearing, custody and cash management

Qualifying criteria

Activities in this context refer to clearing, custody and cash management activities that meet the following criteria:

- The customer is reliant on the bank to perform these services as an independent third party intermediary in order to fulfil its normal banking activities over the next 30 days;
- The services are provided under a legally binding agreement to institutional customers; and
- The termination of such agreements are subject either to a notice period of at least 30 days or significant switching costs (such as those related to transaction, information technology, early termination or legal costs) to be borne by the customer if the operational deposits are moved before 30 days.

Qualifying operational deposits generated by such an activity are ones where:

- The deposits are by-products of the underlying services provided by the banking organisation and not sought out in the wholesale market in the sole interest of offering interest income. Specifically, brokered deposits are excluded; or

- The deposits are held in specifically designated accounts (not pooled) and priced without giving an economic incentive to the customer (not limited to paying market interest rates) to leave any excess funds on these accounts. In the case that interest rates in a jurisdiction are close to zero, it would be expected that such accounts are non-interest bearing. Banks should be particularly aware that during prolonged periods of low interest rates, excess balances (as defined below) could be significant.

Banks must determine the methodology for identifying excess deposits that are excluded from this treatment. This assessment should be conducted at a sufficiently granular level to adequately assess the risk of withdrawal in an idiosyncratic stress. The methodology should take into account relevant factors such as the likelihood that wholesale customers have above average balances in advance of specific payment needs, and consider appropriate indicators (e.g. ratios of account balances to payment or settlement volumes or to assets under custody) to identify those customers that are not actively managing account balances efficiently.

Notwithstanding these operational categories, if the deposit under consideration arises out of correspondent banking or from the provision of prime brokerage services, it must be treated as if there were no operational activity for the purpose of determining run-off factors.

The following paragraphs describe the types of activities that may generate operational deposits. A bank should assess whether the presence of such an activity does indeed generate an operational deposit as not all such activities qualify due to differences in customer dependency, activity and practices:

- A clearing relationship, in this context, refers to a service arrangement that enables customers to transfer funds (or securities) indirectly through direct participants in domestic settlement systems to final recipients. Such services are limited to the following activities: transmission, reconciliation and confirmation of payment orders; daylight overdraft, overnight financing and maintenance of post-settlement balances; and determination of intra-day and final settlement positions;

- A custody relationship, in this context, refers to the provision of safekeeping, reporting, processing of assets or the facilitation of the operational and administrative elements of related activities on behalf of customers in the process of their transacting and retaining financial assets. Such services are limited to the settlement of securities transactions, the transfer of contractual payments, the processing of collateral, and the provision of custody related cash management services. Also included are the receipt of dividends and other income, client subscriptions and redemptions. Custodial services can furthermore extend to asset and corporate trust servicing, treasury, escrow, funds transfer, stock transfer and agency services, including payment and settlement services (excluding correspondent banking) and depository receipts; and

- A cash management relationship, in this context, refers to the provision of cash management and related services to customers. Cash management services, in this context, refers to those products and services provided to a customer to manage its cash flows, assets and liabilities, and conduct financial transactions necessary to the customer's ongoing operations. Such services are limited to payment remittance, collection and aggregation of funds, payroll administration and control over the disbursement of funds.

Appendix 3

Personal Investment Companies (PICs)

A PIC is defined as an undertaking or a trust whose owner or beneficial owner, respectively, is a natural person or a group of closely related natural persons, which was set up with the sole purpose of managing the wealth of the owners and which does not carry out any other commercial, industrial or professional activity. The purpose of the PIC may include other ancillary activities such as segregating the owners' assets from corporate assets, facilitating the transmission of assets within a family or preventing a split of the assets after the death of a member of the family, provided these are connected to the main purpose of managing the owners' wealth.

A PIC deposit is eligible to be treated as a non-financial corporate deposit, eligible for a 40% outflow rate.