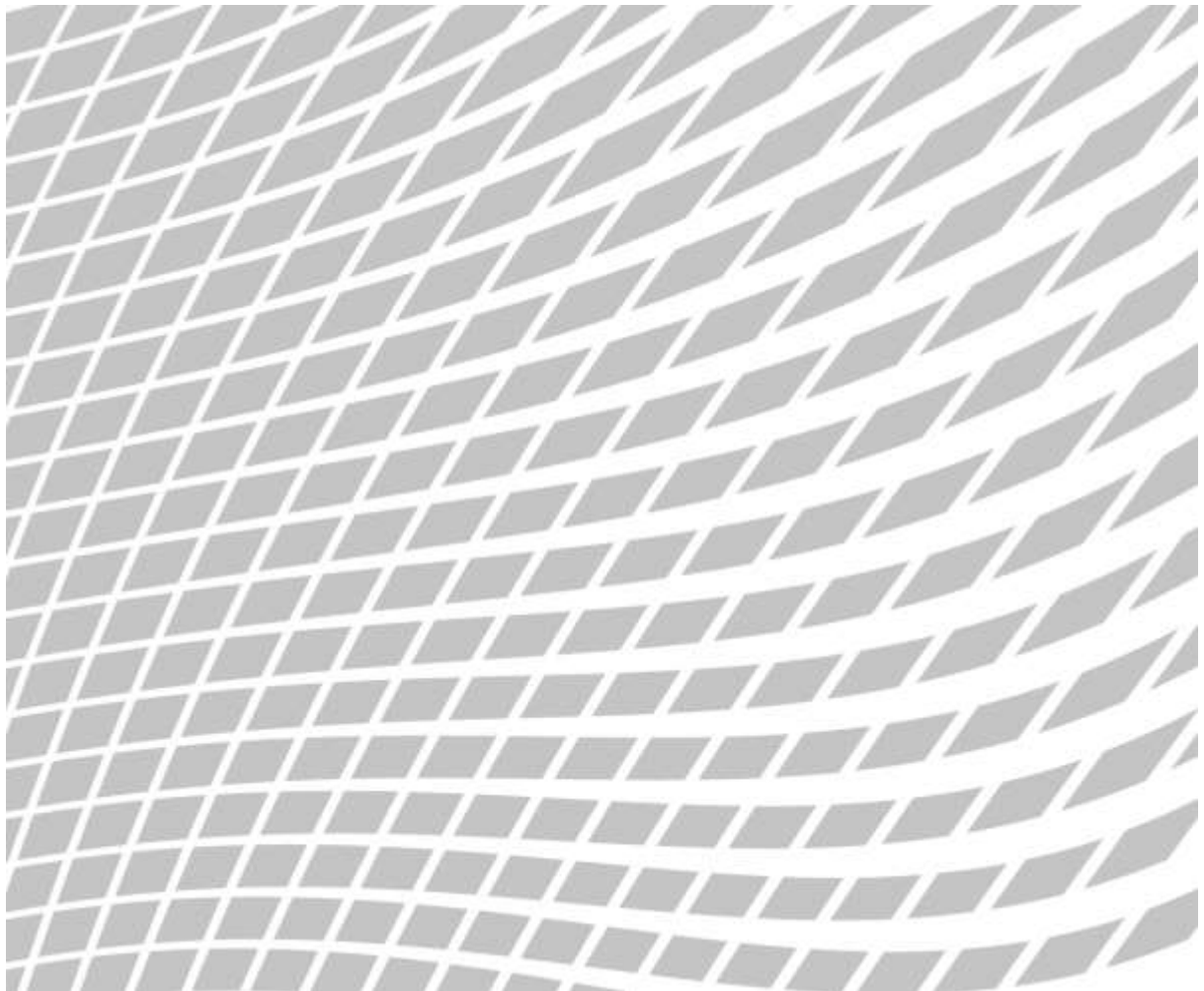


10 January 2017

Circular 2015/2 “Liquidity risks – banks” – partial revision

Key points



The Federal Council and FINMA have amended the Liquidity Ordinance (LiqO; SR 952.06) and FINMA Circular 2015/2 "Liquidity risks – banks" to reflect the international standards defined in the Basel-III regulatory framework (*Net Stable Funding Ratio* [NSFR]). FINMA has also conducted an ex post evaluation of the *Liquidity Coverage Ratio* (LCR) which also resulted in changes to the Liquidity Ordinance and FINMA Circular 15/2. The Federal Department of Finance and FINMA have announced a consultation period for the draft partial amendment of the Liquidity Ordinance and FINMA Circular 15/2 which will end on 10 April 2017.

In addition to setting minimum standards for calculating risk-weighted capital adequacy requirements, Basel III, as the international framework agreement, also defines minimum liquidity and funding requirements for banks.

The revised drafts of the Liquidity Ordinance and FINMA Circular 15/2 implement the new Basel III standards for the NSFR in national law. They also address the revision of the LCR following the ex-post evaluation. The new requirements are scheduled to come into force on 1 January 2018.

The amendments to FINMA Circular 15/2 for the quantitative minimum requirements LCR and NSFR essentially relate to three areas:

1. NSFR: Technical implementing provisions and detailed specification for the new NSFR requirements as set out in Articles 17f-17s LiqO; simplifications for small banks when submitting the NSFR templates; and a reduction in the number of templates to be completed.
2. Ex-post evaluation of LCR: Clarifications and amendments relating to some aspects of the LCR; simplifications of the LCR for small banks when submitting the LCR templates; and a reduction in the number of templates to be completed.
3. Extension of the principle of proportionality for small banks to all banks in FINMA supervisory categories 4 and 5.