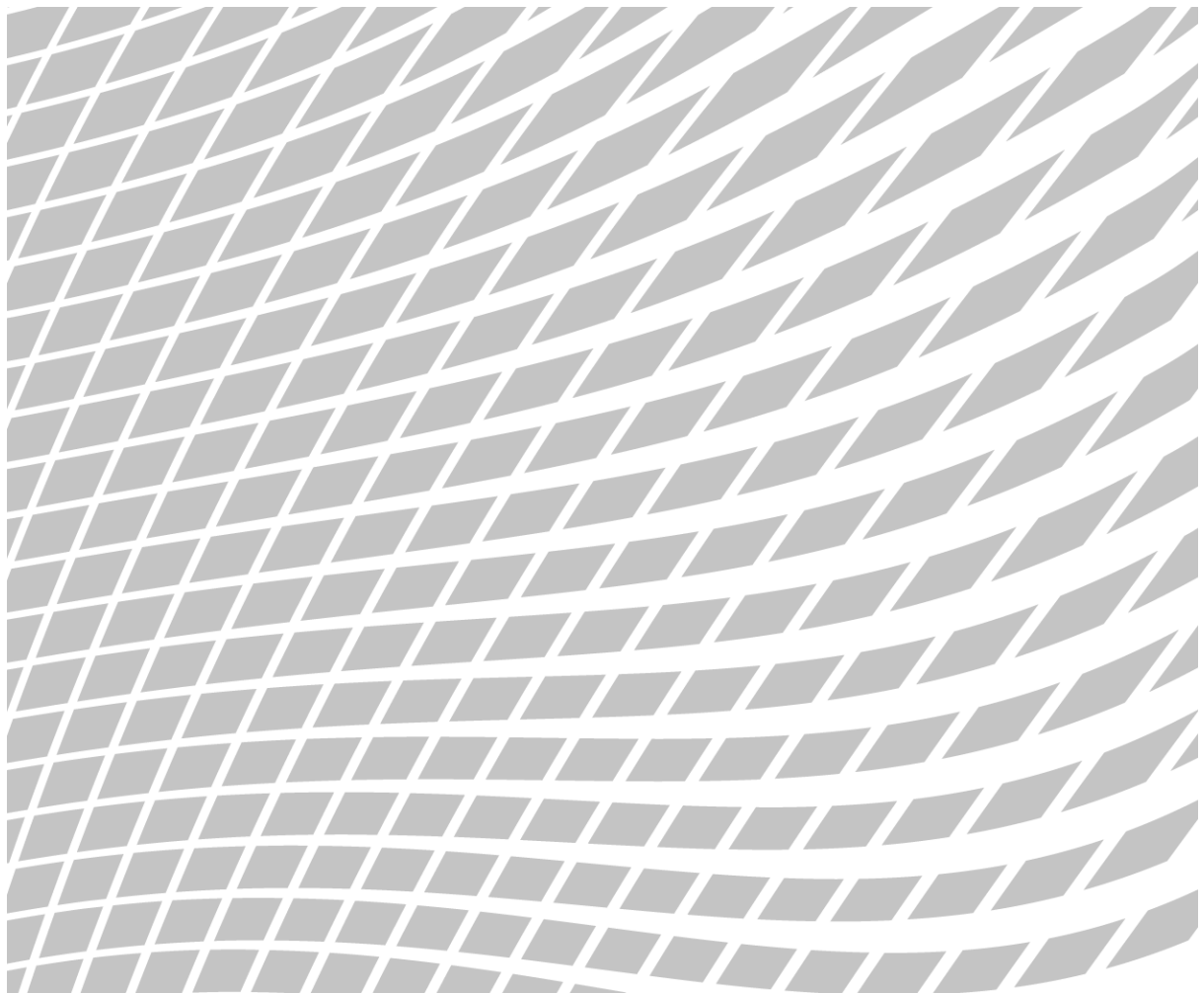


17 January 2014

Full revision of FINMA Circular 2013/06: ‘Liquidity – banks’

Key points



- Following revision of the Liquidity Ordinance that came into force on 1 January 2013 (LO; SR 652.06), FINMA Circular 2013/6 'Liquidity – banks' will be fully overhauled. The revision of both legal texts is part of the implementation of the Basel III framework and gradual introduction of liquidity requirements in Switzerland.
- Apart from clarifying the scope of application and the rules on liquidity transfer pricing, qualitative requirements on liquidity risk management are to remain unchanged. Expanding upon FINMA-Circ. 2013/6, the new circular will also specify the quantitative requirements on the holding of liquidity (liquidity coverage ratio [LCR]) which had not been determined before the Liquidity Ordinance came into force.
- The authority the Liquidity Ordinance gives FINMA with regard to structuring LCR and technical implementation provisions are to be specified as part of the quantitative requirements.
- Future LCR disclosure requirements are to be regulated similarly to the approach adopted to regulatory capital disclosure requirements in a separate circular.
- The new circular will still not fully put Article 3 LO into concrete terms. This particularly concerns reporting on long-term structural liquidity indicators (net stable funding ratio [NSFR]) and monitoring indicators foreseen under the Basel framework.