

**LIQUIDITY STANDARDS (MISCELLANEOUS AMENDMENTS NO 7)
INSTRUMENT 2013**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers); and
 - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 21 January 2013.

Amendments to the Handbook

- D. The Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Liquidity Standards (Miscellaneous Amendments No 7) Instrument 2013.

By order of the Board
17 January 2013

Annex A

Amendments to the Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)

In this Annex, underlining indicates new text and striking through indicates deleted text.

12.6 Simplified ILAS

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- 12.6.9 R (1) A *simplified ILAS BIPRU firm* must ensure that the size of its liquid assets buffer is at all times greater than or equal to 50% of the amount produced by adding:

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- 12.6.17 G In mathematical terms the calculation *BIPRU 12.6.9R* and *BIPRU 12.6.16R* may be represented as follows:

$\text{Liquidity Buffer} \geq (\text{Wholesale net cash outflow component} + \text{Retail and SME deposit component} + \text{Credit pipeline component}) \times 0.5$
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12.7 Liquid assets buffer

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- 12.7.6A R For the purpose of *BIPRU 12.7.2R(2)*, a *firm* may not include securities issued by a *designated multilateral development bank* unless:
- (1) the *designated multilateral development bank* in question has been assessed by at least two *eligible ECAIs* as having a credit rating associated with *credit quality step 1* in the *credit quality assessment scale* published by the *FSA* for the purpose of *BIPRU 3* (The Standardised Approach: mapping of the *ECAIs'* credit assessments to credit quality steps (Long term mapping)); and
 - (2) those securities are denominated in any of Canadian dollars, euros, Japanese yen, sterling, Swiss francs or United States dollars.

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TP 29 Liquid assets buffer scalar: simplified ILAS BIPRU firms

Application

29.1 R ~~*BIPRU TP 29 applies to a simplified ILAS BIPRU firm.*~~ [deleted]

Duration of transitional provisions

29.2 R ~~*BIPRU TP 29 applies from 1 December 2009 until 31 December 2015.*~~
[deleted]

Transitional provisions

29.3 R ~~*A simplified ILAS BIPRU firm falling into BIPRU TP 29.1 must ensure that:*~~

- ~~(1) at all times between 1 October 2010 and, 29 February 2012, its liquid assets buffer is no less than 30% of the amount of its *simplified buffer requirement*;~~
- ~~(2) at all times between 1 March 2012 and 30 June 2013, its liquid assets buffer is no less than 50% of its *simplified buffer requirement*; and~~
- ~~(3) at all times between 1 July 2013 and 31 December 2015, its liquid assets buffer is no less than 70% of its *simplified buffer requirement*.~~ [deleted]

29.4 G ~~*The effect of BIPRU TP 29.3 is that a firm that is a simplified ILAS BIPRU firm has a transitional period until 31 December 2015 to build up its liquid assets buffer so that at the end of that period it holds in its buffer assets equal to 100% of its *simplified buffer requirement*.*~~ [deleted]

29.5 G ~~*In relation to a firm which becomes a simplified ILAS BIPRU firm after 25 March 2011, the FSA will consider as part of that firm's *simplified ILAS waiver* application how to apply the scalar approach described in BIPRU TP 29.3 to the firm in question. The FSA will incorporate the scalar into the terms of the firm's *simplified ILAS waiver*.*~~ [deleted]

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Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

16 Annex 25G Guidance notes for data items in SUP 16 Annex 24R

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FSA048 Enhanced Mismatch Report

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Part 2 Security, transferable whole-loan and commodity flows

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Repos, reverse repos, securities loans and collateral swaps:

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In the case ~~of~~ of reverse repos and repos corresponding cash outflows and inflows should be reported in lines 25 to 30 and lines 34 to 39 as appropriate.

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50 Conditional liabilities pre-trigger contractual profile

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In addition to reporting in this line, a *firm* should further breakdown the liabilities where those triggers are dependent on its credit rating, in the appropriate *data element* on line ~~70~~ 71.

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FSA053 Retail, SME and Large Enterprises Type B Funding

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Part 2 SME and large enterprises Type B

A *firm* should report information related to the SME and Large financial Enterprise (Type B) accounts reported in lines 52 and 53 of FSA 048 in rows 6 to ~~9~~ 10.