

## CONDENSED AGENDA: 1-DAY SEMINAR ON BASEL III LIQUIDITY

### Status quo and existing pressure points

- Definition of Liquidity Management for a treasurer of a corporate and of a bank
- Policy framework
- Managing 'net' and 'gross' settlement clearing memberships
- Finality, collateralisation of intraday overdrafts and end-of-day dispositioning
- Managing correspondent relationships:
  - SWIFT messages used for payments and for information
  - Time-zone and cut-off time

### New challenge: intraday, real-time and global

- CLS (Continuous Linked Settlement)
- ILAAP – Intraday Management of Liquidity and Reporting to Central Bank
- Global Group Cash & Liquidity Management structure “following the sun”
- Disposition options
- Centralized and linked nostros, and techniques for linking nostros

### New challenge: Basel III Liquidity (on top of ILAAP)

- Liquidity Coverage Ratio (LCR):
  - Scope, objectives and implementation dates
  - Components of the ratio:
    - High Quality Liquid Assets (“HQLAs”)
    - Net cash outflows over 30 days
  - Differences between US and EU implementations
  - Stress scenarios
  - Haircuts and assumed liquidity of different types of HQLA
  - Weightings attached to different liability types to determine Net cash outflows
- Net Stable Funding Ratio:
  - Scope, objectives and implementation dates
  - Components of the ratio:
    - Available Amount of Stable Funding
    - Required Amount of Stable Funding
  - Weightings of assets and liabilities

### New challenge: zero or negative interest rates, and local setting of (L)IBOR

- Low or negative interest rates:
  - Inversion of tiered interest accounts
  - Safety or yield?
  - How Money Market funds try to obtain yield and cover risks through credit enhancement
- Change of (L)IBOR setting:
  - Place where the benchmark interest rate is set, who by and under what procedure
  - How closely the Central Bank for the currency is involved in setting the benchmark
  - Are funds actually available to market participants directly based on the benchmark?