

CONDENSED AGENDA: 1-DAY SEMINAR ON BASEL III LIQUIDITY

Status quo ante 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?