

Annex

1. Amendments to existing text

[Circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 09, 2014](#) on 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards'

Sr. No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	5.4	Level 1 assets of banks would comprise of the following and these assets can be included in the stock of liquid assets without any limit as also without applying any haircut:	<p>Level 1 assets of banks would comprise of the following and these assets can be included in the stock of liquid assets <u>HQLA</u> without any limit as also without applying any haircut; and shall be valued at an amount not greater than their current market value.</p> <p><u>Provided that Level 1 HQLA denominated in Government securities shall attract haircuts in line with those prescribed under Liquidity Adjustment Facility and Marginal Standing Facility as per RBI circular FMOD.MAOG No.125/01.01.001/2017-18 dated June 6, 2018 as amended from time to time.</u></p> <p><u>Level 1 assets are limited to the following.....</u></p>

2. Amendments to existing text

[Circular DBR.BP.BC.No.86/21.04.098/2015-16 dated March 23, 2016](#) on 'Liquidity Risk Management & Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards'

Sr. No.	Reference Para	Existing text	Amended text (in track-change mode)
1	9	<p>Banks generally allow loans against deposits of customers. If a deposit is contractually pledged to a bank as collateral to secure a credit facility or loan granted by the bank that will not mature or be settled in the next 30 days, then banks may exclude such pledged deposit from the LCR calculation, i.e. outflows, only if the following conditions are met:</p> <ul style="list-style-type: none"> • the loan will not mature or be settled in the next 30 days; • the pledge/lien arrangement is subject to a legally enforceable contract disallowing withdrawal of the deposit before the loan is fully settled or repaid; and • the amount of deposit to be excluded cannot exceed the outstanding balance of the loan (which may be the drawn portion of a credit facility). <p>The above treatment does not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.</p>	<p><u>a.</u> Banks generally allow loans against deposits of customers. If a deposit is contractually pledged to a bank as collateral to secure a credit facility or loan granted by the bank that will not mature or be settled in the next 30 days, then banks may exclude such pledged deposit from the LCR calculation, i.e. outflows, only if the following conditions are met:</p> <ul style="list-style-type: none"> • the loan will not mature or be settled in the next 30 days; • the pledge/lien arrangement is subject to a legally enforceable contract disallowing withdrawal of the deposit before the loan is fully settled or repaid; and • the amount of deposit to be excluded cannot exceed the outstanding balance of the loan (which may be the drawn portion of a credit facility). <p><u>b.</u> The above treatment does not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.</p>

			<u>c. In case a deposit, hitherto excluded from LCR computation (for instance, a non-callable fixed deposit), is contractually pledged as a collateral to a bank to secure a credit facility or loan, such deposit shall be treated as callable for LCR purposes and provisions of above paras (a) and (b) shall apply.</u>
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3. Amendments to BLR 1: Statement on Liquidity Coverage Ratio (LCR)

Name of the Bank				
Reporting Frequency		Monthly		
Position as on				
		(Amount in Rupees crore)		
I	II	III	IV	V (III*IV)
	Panel I			
	High Quality Liquid Assets (HQLA)	Unweighted Amount	Factor Multiplier (per cent)	Weighted Amount
	Level 1 Assets			
1	Cash in hand		100	
2	Excess CRR balance		100	
3	Government Securities in excess of minimum SLR requirement ²		100	
4	Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF ²		100	
5	Marketable securities issued or guaranteed by foreign sovereigns having zero per cent risk-weight under Basel II Standardised Approach (country-wise details to be provided under memo item no		100	
6	Facility to Avail Liquidity for Liquidity Coverage Ratio ²		100	
7	Total Level 1 Assets (1+2+2A+3+4+5+6)			
8	Add amount lent under a reverse repo transaction undertaken for up to and including 30 days in repo-eligible non-Level 1 assets (irrespective of whether they qualify as Level 2 assets or not)		100	
9	Deduct amount borrowed under a repo transaction undertaken for up to and including 30 days in repo-eligible non-Level 1 assets (irrespective of whether they qualify as Level 2 assets or not)		100	
10	Total Adjusted Level 1 Assets (7+8-9)			
	Level 2 Assets			
	Level 2A Assets			
11	Marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks that are assigned a 20 per cent risk weight under the Basel II Standardised Approach for credit risk and provided that they are not issued by a bank/ financial institution/ NBFC or any of its affiliated entities. (issuer-wise details to be provided under memo item no.2)		85	
12	Corporate bonds, not issued by a bank/ financial institution/ NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency.		85	
13	Commercial Papers not issued by a bank/ PD/ financial institution or any of its affiliated entities, which have a short-term rating equivalent to the long-term rating of AA- or above by an Eligible Credit Rating Agency.		85	
14	Total Level 2A Assets (11+12+13)			
15	Add market value of repo-eligible Level 2A securities placed as collateral under a repo transaction undertaken for up to (and including) 30 days.		85	
16	Deduct market value of repo-eligible Level 2A securities acquired as collateral under a reverse repo transaction undertaken for up to (and including) 30 days.		85	
17	Total Adjusted Level 2A Assets (14+15-16)			
	Level 2B Assets			
18	Marketable securities representing claims on or claims guaranteed by sovereigns having risk weights higher than 20 per cent but not higher than 50 per cent		50	

² Unweighted amount for Level 1 HQLA in the form of Government Securities to be included in BLR 1 shall be after application of haircuts in line with LAF/MSF. This unweighted amount will be applied 100 per cent factor multiplier.

19	Common Equity Shares not issued by a bank/ financial institution/ NBFC or any of its affiliated entities and included in NSE CNX Nifty and/ or S&P BSE Sensex indices		50	
20	Total Level 2B Assets (18+19+19A)			
21	Add market value of repo-eligible Level 2B securities placed as collateral under a repo transaction undertaken for upto (and including) 30 days.		50	
22	Deduct market value of repo-eligible Level 2B securities acquired as collateral under a reverse repo transaction undertaken for upto (and including) 30 days.		50	
23	Total Adjusted Level 2B Assets (20 + 21 -22)			
24	Total Stock of HQLA = Level 1 (Unadjusted) + Level 2A(Unadjusted) + Level 2B(Unadjusted)-Adjustment for 15 per cent cap - Adjustment for 40 per cent cap Where: Adjustment for 15 per cent cap = Max (Adjusted Level 2B- 15/ 85*(Adjusted Level 1 + Adjusted Level 2A), Adjusted Level 2B - 15/ 60*Adjusted Level 1, 0) Adjustment for 40 per cent cap = Max ((Adjusted Level 2A + Adjusted Level 2B-Adjustment for 15 per cent cap) - 2/ 3*Adjusted Level 1 assets, 0) [Note-Only Weighted Amounts of various assets to be taken for this formula]			
25	Adjustment in HQLA to reflect liquidity transfer restrictions (applicable for banks operating in multiple jurisdictions) -Details in Memo item 3			
26	Consolidated Total Stock of HQLA (applicable to banks operating in multiple jurisdiction)			
Panel II				
Sl no	Net Cash outflows over the 30 days period	Unweighted amount	Run-off factors (in per cent)	Weighted amount
	A. Cash Outflows			
1	Retail Deposits [(i) + (ii)]			
1.(i)	Stable deposits		5	
1.(i).a	Deposits with IMB ³		10	
1.(i).b	Deposits without IMB		5	
1.(ii)	Less stable deposits		40	
1.(ii).a	Deposits with IMB		15	
1.(ii).b	Deposits without IMB		10	
2	Unsecured wholesale funding[(i) + (ii) + (iii) + (iv)]:			
2.(i)	Demand and term deposits (less than 30 days maturity) provided by small business customers [(a) + (b)]			
2.(i).a	Stable deposits		5	
2.(i).a.i	Deposits with IMB		10	
2.(i).a.i	Deposits without IMB		5	
2.(i).b	Less stable deposits		40	
2.(i).b.i	Deposits with IMB		15	
2.(i).b.i	Deposits without IMB		10	
2.(ii)	Operational deposits generated by clearing, custody and cash management activities [(a) + (b)]			
2.(ii).a	Portion covered by deposit insurance		5	
2.(ii).b	Portion not covered by deposit insurance		25	
2.(iii)	Non-financial corporate, sovereigns, central banks, multilateral development banks, and PSEs		40	
2.(iv)	Funding from other legal entity customers		100	
3	Secured Funding [(i) + (ii) + (iii) + (iv)]:			
3.(i)	Secured funding transaction with RBI/ central bank or backed by Level 1 assets with any counterparty		0	
3.(ii)	Backed by Level 2A assets with any counterparty		15	
3.(iii)	Backed by Level 2B assets with any counterparty		50	
3.(iv)	Any other secured funding		100	
4	Additional requirements [(i) +(ii) +(iii) +(iv) +(v) +(vi) +(vii) +(viii) +(ix)+(x)+(xi)]			

³ Internet and Mobile Banking facilities (IMB) includes all facilities such as but not limited to internet banking, mobile banking and Unified Payments Interface (UPI) which enables a customer to digitally transfer funds from their account/s.

4.(i)	Net derivative cash outflows		100	
4.(ii)	Liquidity needs (e.g., collateral calls) related to financing transactions, derivatives and other contracts where - downgrade triggers - up to and including a 3-notch downgrade		100	
4.(iii)	Market valuation changes on derivatives transactions (largest absolute net 30-day collateral flows realised during the preceding 24 months) based on look back approach		100	
4.(iv)	Increased liquidity needs related to the potential for valuation changes on non-Level 1 posted collateral securing derivatives		20	
4.(v)	Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty		100	
4.(vi)	Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted		100	
4.(vii)	Increased liquidity needs related to derivative transactions that allow collateral substitution to non-HQLA assets		100	
4.(viii)	ABCP, SIVs, SPVs etc. maturing within the 30 days period [(a)+(b)]			
4(viii)a	liabilities from maturing ABCP, SIVs, SPVs, etc. (applied to maturing amounts and returnable assets)		100	
4(viii)b	Asset Backed Securities applied to maturing amounts		100	
4.(ix)	Currently undrawn committed credit and liquidity facilities ⁴ provided to [(a)+(b)+(c)+(d)+(e)+(f)+(g)]			
4(ix).a	retail and small business clients		5	
4.(ix).b	non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs - Credit facilities		10	
4.(ix).c	non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs - Liquidity facilities		30	
4(ix).d	Banks		40	
4.(ix).e	Other financial institutions (including securities firms, insurance companies) - Credit facilities		40	
4.(ix).f	other financial institutions (including securities firms, insurance companies) - Liquidity facilities		100	
4(ix).g	other legal entity customers		100	
4.(x)	Other contingent funding liabilities [(a) + (b) + (c)]			
4.(x).a	Guarantees, Letters of credit and Trade Finance		3	
4.(x).b	Revocable credit and liquidity facilities		5	
4.(x).c	Any other		5	
4.(xi)	Any other contractual outflows not captured elsewhere in this template		100	
	B. Total Cash Outflows (1+2+3+4)			
	C. Cash Inflows			
1.	Maturing secured lending transactions backed by the following collaterals [(i) + (ii) + (iii)]			
1.(i)	With Level 1 assets		0	
1.(ii)	With Level 2A assets		15	
1.(iii)	With Level 2B assets		50	
2	Margin Lending backed by all other collateral		50	
3	All other assets		100	
4	Lines of credit - Credit or liquidity facilities or other contingent funding facilities that the bank holds at other institutions for its own purpose		0	
5	Other inflows by counterparty [(i) + (ii) + (iii)]			
5.(i)	Retail and small business counterparties		50	
5.(ii)	Amounts to be received from non-financial wholesale counterparties, from transactions other than those listed in above inflow categories		50	
5.(iii)	Amounts to be received from financial institutions and RBI/ central banks, from transactions other than those listed in above inflow categories		100	
6	Net derivatives cash inflows		100	
7	Other contractual cash inflows (please specify as footnotes)		50	
	D. Total Cash Inflows [1 + 2 + 3 + 4 + 5 + 6 + 7]			
	E. Total Cash Outflows less Total Cash Inflows [B-D]			

⁴ Excluding unconditionally revocable and unconditionally cancellable facilities, which will be covered under SI No 4.(x) 'other contingent funding facilities'.

	F. 25 per cent of Total Cash outflows [B*0.25]			
	G. Total Net Cash Outflows [Higher of E or F]			
	Liquidity Coverage Ratio			
	$\frac{\text{Total HQLAs (item 23 in Panel 1)} * 100}{\text{Total Net Cash Outflows (Item G in Panel 2)}}$			

Memo Item No. 1		
	Investment in securities issued or guaranteed by zero per cent risk weighted foreign sovereigns, as reported at S.No. 5 under Panel I above – country-wise break up to be provided below:	
Serial No	Name of the Country	Amount
1		
2		
Memo Item No. 2		
	Investment in securities representing claims on or claims guaranteed by sovereigns, PSEs or multilateral development banks that are assigned a 20 per cent risk-weight, as reported in S. No. 11 under Panel I above – Issuer-wise break up to be provided below:	No
Serial No	Name of the Issuer	Amount
2.1	Foreign Sovereigns (give Country names)	
(i)		
(ii)		
2.2	Public Sector Entities (PSEs)	
(i)		
(ii)		
2.3	MDBs, BIS, IMF	
(i)		
(ii)		