भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2015-16/320
DBR. BP. BC. No. 77/21.04.098/2015-16 **February 11, 2016**

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir,

Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards

Please refer to our circulars DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014 and DBR.BP.BC.No.52/21.04.098/2014-15 dated November 28, 2014 on 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards'.

2. Presently, the assets allowed as the Level 1 High Quality Liquid Assets (HQLAs) for the purpose of computing the LCR of banks, *inter alia*, include Government securities in excess of the minimum SLR requirement, and within the mandatory SLR requirement, Government securities to the extent allowed by RBI, under Marginal Standing Facility (MSF) [presently 2 per cent of the bank's NDTL] and under Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) [presently 5 per cent of the bank's NDTL].

3. It has been decided that henceforth, in addition to the above-mentioned assets, banks will be permitted to reckon government securities held by them up to another 3 per cent of their NDTL under FALLCR within the mandatory SLR requirement as level 1 HQLA for the purpose of computing their LCR. Hence the total carve-out from SLR available to banks would be 10 per cent of their NDTL. For this purpose, banks should continue to value such reckoned government securities within the mandatory SLR requirement at an amount no greater than their current market value (irrespective of the category of holding the security, i.e., HTM, AFS or HFT).

Yours faithfully,

(Sudarshan Sen)

Principal Chief General Manager

Department of Banking Regulation, Central Office, 12th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai - 400 001
बैंकिंग **विनियमन** विभाग, केंद्रीय कार्यालय, 12वीं मंज़िल, भारतीय रिजर्व बैंक, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, मुंबई - 400 001
Tel No: 022-2266 1602 Fax No: 022-2270 5691 Email ID: cgmicdbodco@rbi.org.in