Comments on the Basel Committee on Banking Supervision's Consultative Document:
"*Liquidity Coverage Ratio Disclosure Standards*"

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I would like to express my gratitude for this opportunity to comment on the consultative document: *Liquidity Coverage Ratio Disclosure Standards,* released on July 19, 2013 by the Basel Committee on Banking Supervision.

Here are some recommendations for modification or enhancement of the LCR Disclosure Standards in the following areas:

- According to paragraph 11, "banks must publish this disclosure with the same frequency as, and concurrently with, the publication of their financial statements, irrespective of whether the financial statements are audited (ie typically quarterly or semi-annually)". In most cases, liquidity of the bank can change more rapidly compared to the value changes disclosed in financial statements. As LCR is intended to capture short term vulnerabilities, disclosure frequency should be consistent with the time horizon embedded in the LCR calculation. The market's confidence in LCR disclosure could be increased if it is published at least monthly.

- As paragraph 14 defines, "Data must be presented as simple averages of daily observations over the previous quarter (ie the average is calculated over a period of, typically, 90 days)". LCR by its nature is forward looking. Averaging dampens this nature. Publishing end of period values along with average ratios could give to the market greater confidence that within one month bank will not face liquidity vulnerability. (Alternatively, if LCR disclosure becomes more frequent, averaging can be dropped altogether without much cost to confidence).

- In the LCR common disclosure template table, there are separate columns for unweighted and weighted values of different items, which must be calculated after the application of haircuts (for HQLA) or rates (for inflow and outflow). These weights can be country specific and different from general Basel standards. Some countries will tend to go above Basel's weights and international comparison of LCR will be quite difficult. In order to make LCR comparable for such countries, we could have 2 columns for weighted values, based on both Basel's and country specific weights (haircuts, inflow and outflow rates or caps).
  Alternatively, we could make unweighted column more detailed (for example to distinguish items HLQAs or Secured wholesale funding) in order to make manual computation of standard LCR possible.

I hope the comments above will assist your work towards finalizing the framework.

Respectfully submitted,

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