Annex

Revisions to *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools* (January 2013)

To give effect to the RCLF within the LCR framework, the following text will be added to *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools* (January 2013), immediately after paragraph 54:

54a. In addition, supervisors may choose to include within Level 2B assets the undrawn value of any contractual committed liquidity facility (CLF) provided by a central bank, where this has not already been included in HQLA in accordance with paragraph 58 below. When including such facilities within Level 2B assets, the following conditions apply:

(a) The facility (termed a Restricted-use committed liquidity facility (RCLF)) must, in normal times, be subject to a commitment fee on the total (drawn and undrawn) facility amount that is at least the greater of:

- 75 basis points per annum; or
- at least 25 basis points per annum above the difference in yield on the assets used to secure the RCLF and the yield on a representative portfolio of HQLA, after adjusting for any material differences in credit risk.

In periods of market-wide stress the commitment fee on the RCLF (drawn and undrawn amount) may be reduced, but remain subject to the minimum requirements applicable to CLFs used by countries with insufficient HQLA.

(b) The RCLF must be supported by unencumbered collateral of a type specified by the central bank. The collateral must be held in a form which supports immediate transfer to the central bank should the facility need to be drawn and sufficient (post haircut) to cover the total size of the facility. Collateral used to support a RCLF cannot simultaneously be used as part of HQLA.

(c) Conditional on the bank being assessed to be solvent, the RCLF contract must otherwise be irrevocable prior to maturity and involve no other ex-post credit decision by the central bank. The commitment period must exceed the 30-day stress period stipulated by the LCR framework.

(d) Central banks that offer RCLFs to banks in their jurisdiction should disclose their intention to do so and, to the extent that facilities are not available to all banks in the jurisdiction, to which class(es) of banks they may be offered. National authorities should also disclose whether RCLFs (offered domestically, or by central banks in other jurisdictions) are able to be included within the HQLA of banks within their jurisdiction. National authorities should disclose when they consider there to be a market-wide stress that justifies an easing of the RCLF terms.

54b. Implementation of the RCLF will be subject to ex post peer review.

Centralbahnplatz 2 · CH-4002 Basel · Switzerland · Tel: +41 61 280 8080 · Fax: +41 61 280 9100 · email@bis.org