



Press Release

Central Bank Proposed Legislative Amendments for Basel III Liquidity Risk Reforms

The Central Bank of The Bahamas (“the Central Bank”) has issued, for a 90-day consultation, its second round of industry consultation on the ***Draft Bank and Trust Companies (Liquidity Risk Management) Regulations*** and ***Draft Guidelines on the Management of Liquidity Risk***.

The liquidity rules being introduced provide Supervised Financial Institutions (“SFIs”) with a comprehensive outline for managing liquidity risks in their day-to-day operations. Further, the framework allows bank supervisors to monitor liquidity risks in a timely and more effective manner.

The Basel III: International Framework for Liquidity Risk introduces the **Liquidity Coverage Ratio** (“LCR”) and **Net Stable Funding Ratio** (“NSFR”) as regulatory standards to address liquidity risks in the banking sector. The LCR ensures that banks maintain sufficient high-quality liquid assets to cover their net cash outflows over a 30-day stress period. The NSFR promotes long-term resilience by requiring banks to fund their activities with stable sources of funding over a one-year horizon.

The introduction of this standard is keeping with the Central Bank’s adoption and development of international standard setting prudential policies and regulations that balance safety, efficiency and competitiveness in the Bahamian banking system, while promoting financial system stability.

As part of the consultation process, selected SFIs will be invited to participate in a focus group to review and complete a Liquidity Quantitative Impact Study (“QIS”) Template, and consult with the Central Bank on any material liquidity concerns. The SFIs selected will be notified directly. The draft legislative documents are available on the Central Bank’s website at www.centralbankbahamas.com.

Questions and comments on these proposals should be submitted, by 22 August 2025, to the following:

Policy Unit,
Bank Supervision Department
Email policy@centralbankbahamas.com

22 May 2025 ■

www.centralbankbahamas.com