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PRESS RELEASE

CENTRAL BANK PROPOSALS REGARDING BASEL III LIQUIDITY REFORMS

The Central Bank of The Bahamas (“the Central Bank”) is pleased to release for a 60 day consultation period, a discussion paper on ***Implementing Basel III: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)*** in The Bahamas. The consultation period will run from 27th December, 2018 to 28th February, 2019.

The liquidity rules introduced by the Basel Committee provide SFIs with a credible and comprehensive framework for managing liquidity risks in their day-to-day operations. Further, they allow bank supervisors to monitor liquidity risks in a timely and more effective manner.

Although the Basel standard is intended for much more complex banking systems and capital markets, the proposed Bahamian liquidity standards will be much simpler and cheaper to comply with. This is in keeping with the Central Bank’s intent to develop prudential policies and regulations that balance safety, efficiency and competitiveness in the Bahamian banking system, while promoting financial system stability.

The liquidity discussion paper outlines the Central Bank’s approach to implementing the LCR and NSFR framework. Specifically, these proposals detail:

- What will qualify as High Quality Liquid Assets (HQLA);
- The calculation and requirements for the LCR and NSFR; and
- The Central Bank’s approach to implementing enhanced liquidity monitoring tools.

As part of the consultation process, accompanying this Paper is a **Liquidity QIS Template**. We request that SFIs review and complete the Liquidity QIS Template, and consult with the Central Bank on any material liquidity concerns. The full Discussion Paper is available on the Central Bank’s website at www.centralbankbahamas.com – Bank Supervision – Regulatory Framework – Documents for Consultation.

Questions and/or comments on these proposals and/or the Liquidity QIS Template, should be directed to the Policy Unit, Bank Supervision Department via email policy@centralbankbahamas.com.

INSPECTOR OF BANKS & TRUST COMPANIES

24th December, 2018