



TRAINING COURSE

LIQUIDITY REGULATION: CONCEPTS, METHODS AND APPLICATIONS

Organised by: The Florence School of Banking and Finance

Course Instructors:

Bart P.M. Joosen | VU University, Solicitor (course director)

Stefano Capiello | Single Resolution Board

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Villa Schifanoia, Via Boccaccio 121 - Florence

27-28 SEPTEMBER 2018

INTRODUCTION

Since 2014 European Banking laws have been supplemented with harmonised rules for liquidity management. This course focuses on the legal and regulatory aspects of this new framework for banks. By close reading the relevant rules and regulations adopted since 2014 (Capital Requirements Regulation, LCR Regulation, to be revised LCR Regulation in 2018, to be Revised CRR in 2020) course participants will get acquainted with the full details of this complex framework and the impact it has on the (contractual) relationship between banks and its customers and liquidity providers.

PROGRAMME

27 SEPTEMBER

09.15 - 09.30 Welcome and presentation of the Florence School of Banking and Finance

09.30 - 11.00

Session 1.

Basel III: International framework for liquidity risk measurement, standards and monitoring (Bart Joosen)

- Background of the Basel III framework, rationale and innovative elements
- Qualitative and quantitative liquidity management
- Calibration and ongoing work of the Basel Committee to finalise the Basel III framework, impact on sector

11.00 - 11.30

Coffee break

11.30 - 13.00

Session 2.

Liquidity Management, a Banker's Perspective (Jean Jacques Van Helten)

- Three lines of defence model
- Performance by Treasury & Risk of discrete & complementary functions within the overall liquidity management architecture & governance
- Does liquidity management result in different products offered by banks, to align product conditions with the mandatory requirements?
- Stress tests and dry runs to explore the resilience of the bank against liquidity shocks

13:00 - 14.00

Lunch

14.00 - 15.30

Session 3.

Implementation of the Liquidity Coverage Ratio and Net Stable Funding Ratio in European law (Bart Joosen)

- LCR-Regulation of European Commission, and its revisions
- Place of the NSFR rules in the Capital Requirements Regulation proposals of November 2017
- Relationship with Deposit Guarantee Scheme

15.30 - 16.00

Coffee break

16.00 -17.30 **Session 4.**
Case: classification of Securitisation Products and Covered Bonds as High Quality Liquid Assets (Bart Joosen)

18.00 *Social Activities outside the EUI*

28 SEPTEMBER

09.00 - 11.00 **Session 5.**

The role of Collateral, repo's and interbank lending in the context of liquidity management (Bart Joosen)

- Uncollateralised assets as prerequisite of available liquidity
- Permissible transactions in the context of definition of High Liquid Assets for LCR purposes
- Interaction NFSR and LCR in determination of “available” liquid assets and supporting the stability in funding

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 6.**

Internal Liquidity Adequacy Assessment Process (Senior Policy-Maker - TBC)

13.00 - 14.00 *Lunch*

14.00 -15.30 **Session 7.**

Bank liquidity in the perspective of Supervisory Early Intervention (Senior Policy-Maker - TBC)

15.30 - 16.00 *Coffee break*

16.00 - 17:30 **Session 8.**

Liquidity Management in the context of Recovery and Resolution (Stefano Cappiello)

- Liquidity and the Point of Non-Viability
- Liquidity stress and influence on the determination of eligibility for a resolution
- Avoiding bank runs and liquidity constraints as reason to define “public interest” justifying resolution

17.30 - 17.40 **Closing remarks (Bart Joosen)**