



TRAINING COURSE

THE FLORENCE SCHOOL OF BANKING AND FINANCE

LEGAL ASPECTS OF LIQUIDITY COVERAGE RATIO, NET STABLE FUNDING RATIO AND THE INTERNAL LIQUIDITY ADEQUACY ASSESSMENT PROCESS

Course Instructor: Bart Joosen | University of Amsterdam

Teatro

Badia Fiesolana, Via dei Roccettini, 9 - San Domenico di Fiesole

16-17 FEBRUARY 2017

■ INTRODUCTION

Since 2014 European Banking laws have been supplemented with harmonised rules for liquidity management. The 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, Commission Delegated Regulation on Liquidity Coverage requirement, to be Revised CRR in 2017) course participants will get acquainted with the full details of this complex framework. Also, the framework's impact on the (contractual) relationship between banks and its customers and liquidity providers will be assessed.

■ PROGRAMME

16 FEBRUARY

On-site bar opens at 8.30

09.15 - 09.30

Welcome by **Pierre Schlosser** | Florence School of Banking and Finance

09.30 - 11.00

Session 1

Basel III: International framework for liquidity risk measurement, standards and monitoring

- 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

Implementation of the Liquidity Coverage Ratio in European law

- Commission Delegated Regulation on liquidity coverage requirement inflows versus outflows
- LCR Ratio, meeting the stress testing of outflows
- Relationship with Deposit Guarantee Scheme

13.00 - 14.00

Lunch break

14.00 - 15.30

Session 3

Net Stable Funding Ratio

- Contextualizing the rules in the Capital Requirements Regulation II of 2017
- NSFR: calculation and reporting
- NSFR Ratio: mechanism and consequences for existing relationships

15.30 - 16.00

Coffee break

16.00 - 17.30

Session 4

A case study: differences in treatment of securitisation positions and covered bonds

- System of treatment securitisation positions as High Quality Liquid Assets
- System of treatment of covered bonds as High Quality Liquid Assets

- Comparison and analysis

17.30 *Shuttle to the city centre*

18.00 - 19.00 *Optional guided tour of the private art collection of Ente Cassa di Risparmio di Firenze*

19.30 - 22.30 *Optional Aperitivo and Dinner @ Restaurant Finisterrae (Piazza Santa Croce, 12)*

17 FEBRUARY

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09.00 - 11.00 **Session 5**
Internal Liquidity Adequacy Assessment Process

- Preparing the ILAAP, formats and best practices

11.00 - 11.30 *Coffee break*

11.30 - 13.00 **Session 6**
A primer on the Supervisory Review and Evaluation Process and its Liquidity Assessment

13.00 - 14.00 *Lunch break*

14.00 - 15.30 **Session 7**
LCR and NSFR combined effects and impact

- Inter-relationship between the LCR and the NSFR rules
- Testing viability of existing contractual relationships on compliance with both ratio's simultaneously

15.30 - 16.50 **Session 8**
Theoretical Case: do LCR and NSFR rules make banks more resilient (case materials will be made available prior to course for advance preparation)

16.50 - 17.00 Closing Remarks

