

Central Bank of Trinidad and Tobago

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July 31, 2024

CIRCULAR LETTER TO:

*All licensees and financial holding companies
under the Financial Institutions Act, Chap. 79:90
Bankers Association of Trinidad and Tobago (BATT) and
Trinidad and Tobago Securities and Exchange Commission (TTSEC)*

REF: CB-OIFI-2413/2024

CONSULTATION ON THE DRAFT LIQUIDITY COVERAGE RATIO REGULATIONS

As you are aware, the Central Bank of Trinidad and Tobago (“Central Bank”/“Bank”) is in the process of implementing the Liquidity Coverage Ratio (“LCR”). The LCR will come into force via Regulations to be made in accordance with section 9 of the Financial Institutions Act, Chap. 79:09 (“The Act”).

To date, the Central Bank has completed two rounds of consultation on the LCR Consultation Paper and Reporting Framework and has conducted two Quantitative Impact Studies (“QIS”) to assess the readiness of the banking sector to adhere to the LCR requirement and reporting framework. The first QIS was conducted over a three-month period (May to July 2023) for all banking sector licensees and financial holding companies. While the second more targeted QIS was conducted for commercial banks and selected non-bank financial institutions only in March 2024 using data for a one-month period as at December 2023. The results of the two QIS were used to inform the draft LCR Regulations and further changes to the LCR framework.

Accordingly, attached for your review and comments are draft LCR Regulations which contains the high level requirements for implementing the LCR – namely key definitions, scope of application, minimum LCR requirement, reporting and transitions; and a draft LCR Guideline which contains the operational elements for calculating the LCR. Please note that the draft LCR Guideline contains the key operational details that were in the form LCR Consultation Paper.

In addition, a report on the results of the two QIS conducted on the LCR is attached for your information.

We look forward to your feedback on the draft Regulations and Guidelines no later than **August 30, 2024**. Following industry consultation, appropriate adjustments will be made where necessary, and thereafter the draft Regulations will be submitted to the Minister of Finance for approval and promulgation.

CIRCULAR LETTER TO:

-2-

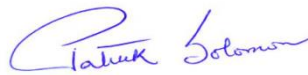
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BATT and TTSEC

All feedback regarding the draft Regulations should be sent to Baselconsultation@central-bank.org.tt. In addition, Ms. Denise Layne (dlayne@central-bank.org.tt) and Ms. Karyn Stewart (kastewart@central-bank.org.tt) of our Basel II/III Implementation team can be contacted for assistance.

We anticipate your usual cooperation as we progress the rollout of this very important prudential liquidity standard.

Yours sincerely

A handwritten signature in blue ink that reads "Patrick Solomon". The signature is fluid and cursive, with the first name "Patrick" being more prominent than the last name "Solomon".

Patrick Solomon
INSPECTOR OF FINANCIAL INSTITUTIONS

Attch.