Central Bank of Trinidad and Tobago

Liquidity Monitoring Tools

Draft - Instructions for the Completion of the Reporting Templates for the Liquidity Monitoring Tools

Draft-November 2022

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Draft - Instructions for the completion of the reporting templates

I. General Instructions

Purpose

The Liquidity Monitoring Tools will provide information related to a reporting institution's cash flows, balance sheet structure, and available unencumbered collateral. These monitoring tools and metrics together with the Liquidity Coverage Ratio (LCR) provide the cornerstone of information that should aid the institution and the Central Bank in assessing liquidity risk. These tools will therefore be monitored consistently by reporting institutions and the Central Bank.

These instructions should be used along with the detailed guidance provided in the Central Bank's LCR Guideline.

Frequency of Reporting

Reporting institutions are required to report the Liquidity Monitoring Tools on a monthly basis, and on a quarterly basis for consolidated submissions. The reporting template is to be submitted to the Central Bank within 10 working days of the last day of the month for which the report is due.

Scope of Reporting

Reporting is required from licensees on both an individual and consolidated basis (where applicable) and from financial holding companies on a consolidated basis only.

Unit of Measure and Reporting Values

Reporting institutions must report all values in thousands of Trinidad and Tobago dollars (TTD $000s).

Cells and Validations

Reporting Institutions must adhere to the following:

i. Data is to be entered into entered in the white cells only. Except for the white cells, the cells must not be edited. Reporting institutions must not delete or insert rows or columns in any worksheet. Data must not be entered in grey cells.

ii. Where applicable, balances reported should be consistent with values reported to the Central Bank in other prudential returns.

II. Specific Instructions

A. Worksheet 1, Contractual Maturity Gap Report

In completing this worksheet, reporting institutions should be guided by the following:

i. The contractual maturity mismatch profile identifies the gaps between the contractual inflows and outflows of liquidity for defined time bands.

ii. This metric considers the contractual cash and security inflows and outflows from all on- and off-balance sheet items, mapped to defined time bands based on their respective maturities.

iii. Reporting institutions should report contractual cash and security flows in the relevant time bands based on their residual contractual maturity.

B. Worksheets 2 to 4. Concentration of Funding

The metrics should be reported separately for the time horizons of a) less than one month, b) 1-3 months, c) 3-6 months, d) 6-12 months, and e) longer than 12 months.

In completing these worksheets, reporting institutions should be guided by the following:

I. Worksheet 2: Funding liabilities sourced from each significant counterparty as a % of total liabilities

a. The numerator for counterparties should be calculated by aggregating the total of all types of liabilities to a single counterparty or group of connected or affiliated counterparties, and direct borrowings, both secured and unsecured, which the institution can determine arise from the same counterparty.

b. A “significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the institution’s total balance sheet.

c. A group of connected counterparties is defined as set out in the Central Bank's "Guideline for the Reporting of Large Credit Exposures".

II. *Worksheet 3: Funding liabilities sourced from each significant product/instrument as a % of total liabilities*

a. The numerator for type of instrument/product should be calculated for each individually significant funding instrument/product, as well as by calculating groups of similar types of instruments/products.

b. A "significant instrument/product" is defined as a single instrument/product or group of similar instruments/products that in aggregate amount to more than 1% of the institution's total balance sheet.

iii. *Worksheet 4. List of asset and liability amounts by significant currency*

a. Institutions are required to provide a list of the amount of assets and liabilities in each significant currency.
b. A currency is considered "significant" if the aggregate liabilities denominated in that currency amount to 5% or more of the institution's total liabilities.

C. Worksheets 5 and 6- Unencumbered Assets

In completing these worksheets, financial institutions are required to report:

a. The amount, type and location of available unencumbered assets that could serve as collateral for secured borrowing in secondary markets at prearranged or current haircuts at reasonable costs (Worksheet 5).

b. The amount, type and location of available unencumbered assets that are eligible for secured financing with central banks at prearranged or current haircuts at reasonable costs, for standing facilities only (i.e. excluding emergency assistance arrangements). This would include collateral that has already been accepted at the central bank but remains unused (Worksheet 6).

c. Customer collateral received that the institution is permitted to deliver or re-pledge, as well as the part of such collateral that it is delivering or re-pledging at each reporting date.

d. The estimated haircut that the secondary market or relevant central bank would require for each asset. In the case of the Central Bank, an institution would be expected to reference, under business as usual, the haircut required by the Central Bank that it would normally access.

e. The expected monetised value of the collateral (rather than the notional amount) and where the assets are actually held.

D. Liquidity Coverage Ratio (LCR) by Significant Currency

i. The worksheets for the Liquidity Coverage Ratio (LCR) by significant currency are included in the LCR reporting template and should be completed for each significant currency[1].

ii. The instructions for the completion of the LCR by significant currency is included in the Central Bank's "*LCR- Instructions for the completion of the Reporting Template".*

[1] A significant currency is one for which the aggregate liabilities denominated in that currency amount to 5% or more of the licensee's total liabilities.