

RESPONSE TO FEEDBACK RECEIVED

December 2015

Response to Feedback Received – Liquidity Coverage Ratio (“LCR”) Disclosure Requirements

MAS

Monetary Authority of Singapore

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1 Preface

1.1 In October 2015, MAS issued a consultation paper to seek industry comments on the proposed Liquidity Coverage Ratio (“LCR”) disclosure requirements which aims to improve the transparency of regulatory liquidity requirements, reinforce the Sound Principles for Liquidity Risk Management and Supervision promulgated by the Basel Committee on Banking Supervision (“BCBS”), enhance market discipline, and reduce uncertainty in the markets as the LCR is implemented.¹

1.2 The LCR disclosure requirements comprise a common LCR disclosure template to promote consistency and comparability in banks’ disclosure of their liquidity risk position. In addition, banks are required to provide qualitative discussion around the LCR to help users understand the results and data provided in the LCR disclosure template. Banks are also encouraged to disclose additional qualitative and quantitative information related to its internal liquidity risk measurement and management framework.

1.3 The consultation period closed on 9th November 2015, and MAS would like to thank all respondents for their contributions. The list of respondents is in Annex A and the full submissions are provided in Annex B.²

1.4 MAS has considered all feedback received, and is responding to feedback deemed to be of wider interest as detailed below. Areas not covered in this document will be addressed directly with the respondents involved. The finalised Notice is appended in Annex C will take effect on 1st January 2016.

2 Scope of Application

2.1 MAS sought comments on our proposal to impose the LCR disclosure requirements on all locally incorporated domestic systemically important banks in Singapore (“D-SIBs”), regardless of whether they are headquartered in Singapore or otherwise; and for foreign bank branches to be exempt from this requirement.

2.2 All but one respondent agreed with the proposed scope. The one respondent suggested extending the LCR disclosure requirements to all D-SIBs in Singapore.

¹ The consultation paper can be accessed [here](#).

² Some names and submissions are omitted on request of confidentiality by respondents.

MAS’ Response

2.3 The informational content of LCR disclosures are better appreciated when read in conjunction with financial statements. Given that financial statements are only published by locally incorporated D-SIBs, the LCR disclosure requirements will apply to all locally incorporated D-SIBs as proposed.

3 Retention Period

3.1 MAS sought comments on the proposal to impose a retention period of five years for banks’ publicly available archive of LCR disclosures, in line with the retention period specified in Section 199(2) of the Companies Act and MAS Notice 637.

3.2 All respondents support the proposed retention period of five years.

4 Reporting Currency

4.1 MAS sought comments on the proposal to align the reporting currency of the all-currency LCR disclosure requirements to that of the reporting banks’ financial statements. Reporting currency of the Singapore Dollar (“SGD”) LCR disclosure will always be in SGD.

4.2 All but one respondent agreed with the proposal. The one respondent suggested standardizing the reporting currency of the all-currency LCR disclosure to SGD, as SGD is the currency used for regulatory reporting.

MAS’ Response

4.3 MAS continues to see merit in aligning the reporting currency of the all-currency LCR disclosure to that of the reporting bank’s financial statements. Unlike regulatory submissions which are available only to MAS, financial statements are publicly available. Thus reporting both LCR disclosures and financial statements, which are intended to be read together, in the same currency will allow useful cross referencing by data users.

5 Treatment of Country-Level Groups

5.1 MAS sought comments on the proposed disclosure requirements for locally incorporated D-SIBs not headquartered in Singapore, and that are approved to comply

with LCR requirements on a country level basis. Specifically, MAS sought to understand the preference of data users and concerns of data providers.

5.2 Respondents generally agreed that country-level LCR information would better reflect how liquidity is managed for banks that are approved to comply with LCR requirements on a country level basis. There was a respondent that highlighted that the lack of country-level financial statement might limit the usefulness of a full country-level quantitative LCR disclosure. All the respondents did not see value in entity level information. A respondent was concerned that disclosing both country-level and subsidiary information could allow users to derive branch level information, which might be inaccurate and misinterpreted.

MAS’ Response

5.3 MAS agrees with the general feedback that country-level LCR information would better reflect the liquidity management practices of banks approved for LCR compliance on a country-level basis. MAS also notes the feedback on the limited value of entity level information for such banks on country-level LCR compliance.

5.4 From 1 January 2016, locally incorporated D-SIBs that are approved to comply with LCR requirements on a country level basis will only need to comply with the disclosure requirements on a country-level basis. These banks may disclose additional entity level information on a voluntary basis, to facilitate the better appreciation of the published country-level LCR information.

MONETARY AUTHORITY OF SINGAPORE

11 December 2015

Annex A

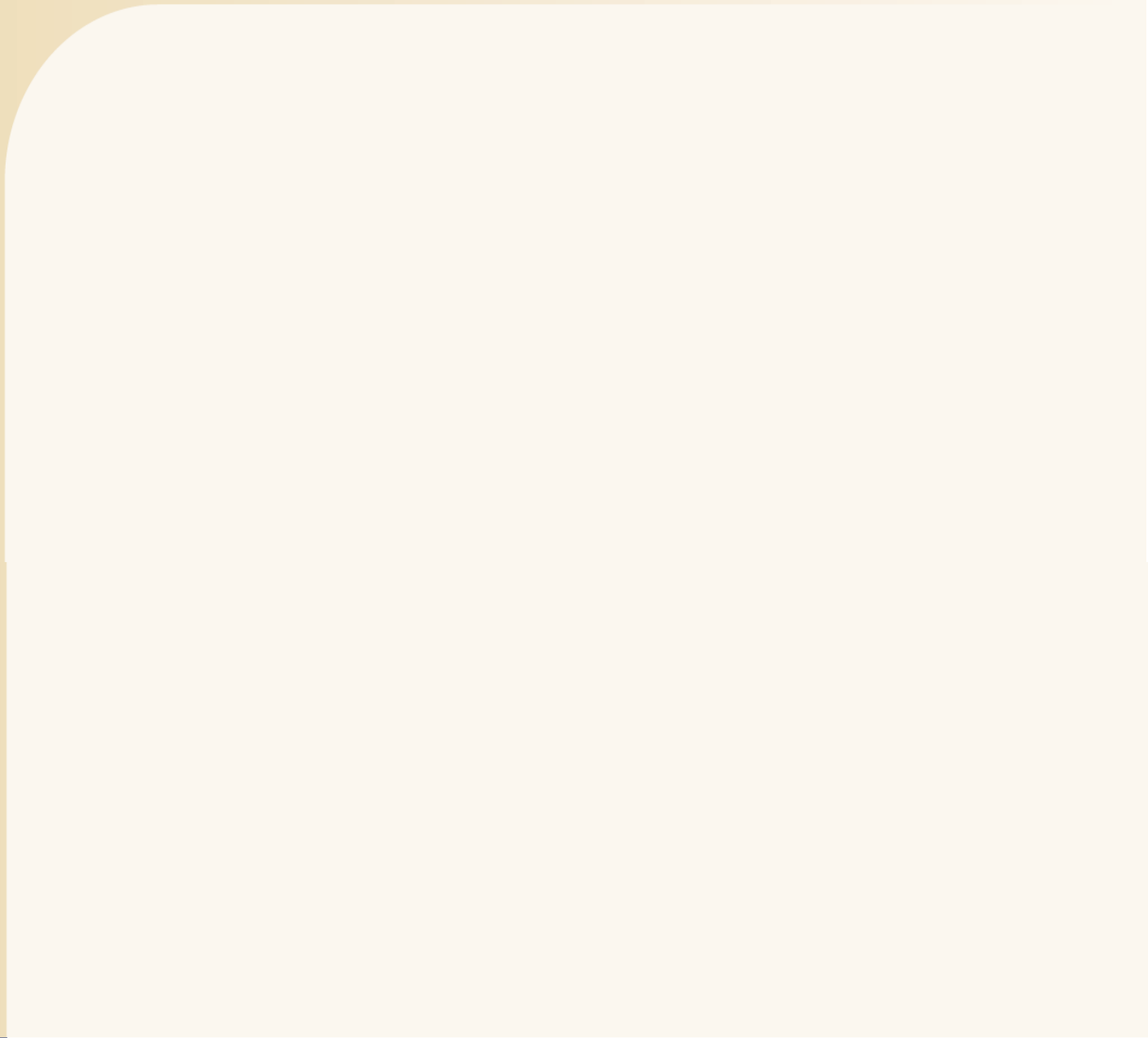
List of Respondents to the Liquidity Coverage Ratio Disclosure Requirements

1. Deutsche Bank AG
2. Respondent A who requested for confidentiality of identity
3. Respondent B who requested for confidentiality of identity
4. Respondent C who requested for confidentiality of identity
5. Respondent D who requested for confidentiality of identity
6. Respondent E who requested for confidentiality of identity
7. Respondent F who requested for confidentiality of identity

Annex B**Full Submissions from Respondents to the Liquidity Coverage Ratio Disclosure Requirements**

S/N	Respondent	Full Responses from Respondent
1	Deutsche Bank AG	<p>Deutsche Bank (DB) welcomes the opportunity to provide feedback on this consultation, which proposes a set of disclosures to complement the Liquidity Coverage Ratio (LCR) requirement, to help investors better understand the risk profile of banks, consistent with the recommendations made by the Basel Committee on Banking Supervision (“BCBS”).</p> <p>We support the MAS’ proportionate approach of not applying these disclosure requirements to domestic systemically important banks in Singapore (“D-SIBs”) that are foreign bank branches. For cases where banks have sought (and obtained) MAS approval to comply with the LCR requirement on a country-level group basis, we note that the MAS is leaning towards requiring the disclosure of aggregated LCR information for the country level group (section 2.4.3 of the consultation paper).</p> <p>Notwithstanding that DB is not a D-SIB, in the interest of contributing to policy formulation, we would like to share that we do not believe such disclosure of aggregated LCR information for the country level group would bring any practical benefit to financial stability or be meaningful to investors. The value of such public information being used as a comparative benchmark between institutions in the local market would be severely curtailed, given the need to understand each institution approach to managing their balance sheet on a local and global basis. Alternatively, we propose that MAS ask such entities to share LCR disclosures made at a consolidated global group level to satisfy MAS disclosure requirements.</p>
2	Respondent A	<p>Question 1: We support the proposal to exclude D-SIBs that are foreign bank branches from LCR disclosure requirements.</p>

		<p>Question 3: We recommend using SGD as the reporting currency across all-currency LCR disclosure. This approach is consistent with the other MAS regulatory reporting.</p> <p>Notwithstanding the above recommendation, we would like to clarify the intention of cross referencing the LCR disclosure with the reporting banks’ financial statements. We also seek to confirm “the reporting banks’ financial statements” refers to MAS610, or to the annual audited financials of the banks.</p>
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