



CENTRAL BANK OF TRINIDAD AND TOBAGO

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June 14, 2023

CIRCULAR LETTER TO:

Financial Institutions and

Financial Holding Companies under the Financial Institutions Act, 2008

The Bankers Association of Trinidad and Tobago

REF: CB-OIFI-1831/2023

LIQUIDITY COVERAGE RATIO CONSULTATION PAPER (“LCR CP”) FEEDBACK ON INDUSTRY CONSULTATION AND COMMENCEMENT OF QUANTITATIVE IMPACT STUDY (“QIS”)

The Central Bank of Trinidad and Tobago (“Central Bank” / “Bank”), issued the draft LCR CP and accompanying documents on November 18, 2022. Comments were due by February 17, 2023 and thereafter the Central Bank met with the Basel II/III Technical Working Group and other industry representatives on April 26, 2023 to discuss the feedback received prior to finalising its response.

The Central Bank now advises that it has updated the following documents as at June 2023 and published them on its website at <https://www.central-bank.org.tt/core-functions/supervision/basel-ii-iii-implementation>:-

- LCR Consultation Paper (updated)
- LCR Reporting Template
- Liquidity Monitoring Tools Reporting Template
- Liquidity Monitoring Tools Instruction for Completion

The most significant amendments to the LCR CP are highlighted in red in the revised LCR CP. In addition, the Central Bank’s responses to the industry’s comments are in a table which has been posted on the Bank’s website at <https://www.central-bank.org.tt/core-functions/supervision/basel-ii-iii-implementation>.

In the November 18th letter, we advised that a QIS on the LCR would likely have been conducted over the period April to June 2023. However, given the time taken to review carefully the significant industry feedback the QIS will now commence from the date of issue of these revised documents using data over a three-month period **May to July 2023**. Consolidated reports for financial groups and financial holding companies (“FHCs”) should be submitted using data as at the quarterly period ending **June 2023 only**. **All reports must be submitted by September 8, 2023 using the LCR reporting template – June 2023.**

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Please note that the Liquidity Monitoring Tools (“LMT”) reporting template will **not** be included as part of the QIS. Those additional documents contain minor changes and at this time are only provided for your information. Further guidance regarding LMT reporting will be provided at a later date.

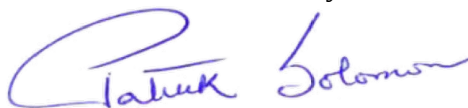
You are reminded that the purpose of the QIS is to assess licensees and FHCs’ ability to meet the LCR on a solo and consolidated basis, respectively. Please note that the Central Bank is not testing the licensees and FHCs ability to meet the desired reporting timeframe in the LCR CP at this time. Nevertheless, licensees and FHCs are encouraged to develop actions plans that address steps to be taken to facilitate reporting of the LCR and Liquidity Monitoring Tools within the best practice timeframes as stated in the LCR CP.

All queries and QIS submissions are to be sent to Baselconsultation@central-bank.org.tt. In addition, Ms. Karyn Stewart (kastewart@central-bank.org.tt) and Ms. Denise Layne (dlayne@central-bank.org.tt) of our Basel II/ III Implementation team can be contacted for assistance and Webex or Team video calls can be arranged where required.

Similar to the ICAAP and Leverage Ratio (when effected), the Central Bank proposes to implement the LCR requirement via a combination of a Regulation and a Guideline, whereby certain mandatory requirements are set out in the Regulation and the technical, operational details are established in the Guideline. These documents will be circulated for review post conduct of the QIS.

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

Yours sincerely



Patrick Solomon

INSPECTOR OF FINANCIAL INSTITUTIONS