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Publication

Supervisory Statement | SS24/15

The PRA's approach to supervising liquidity and funding risks

January 2026 (Updating December 2023)

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The PRA's approach to supervising liquidity and funding risks

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1 Introduction

1.1 This supervisory statement sets out the Prudential Regulation Authority's (PRA's) approach to supervising liquidity and funding risks. It is addressed to firms to which the Capital Requirements Directive (CRD)[1] applies.

1.2 The statement should be read alongside the 'Internal Liquidity Adequacy Assessment' part of the PRA Rulebook (ILAA rules), the 'Liquidity Coverage Requirement — UK Designated Investment Firms' part of the PRA Rulebook; the PRA's approach to banking supervision;2 Part Six (Liquidity) of the Capital Requirements Regulation (CRR) and the European Commission Delegated Act with regards to the liquidity coverage requirement (LCR) for credit institutions ('Delegated Act').3 The PRA's approach is informed by the European Banking Authority's (EBA's) guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP).4 The PRA expects firms to have regard to the detail contained in Titles 8 and 9 of the EBA SREP Guidelines to understand the PRA's expectations of them in respect of liquidity and funding risk management and control.

1.3 The Delegated Act specifies in detail the LCR provided for in CRR Article 412 and is directly applicable in the United Kingdom. It took effect from 1 October 2015. The Delegated Act only applies to credit institutions. PRA-designated investment firms must comply with the obligations laid down in the Delegated Act as they apply to credit institutions, by virtue of rule 2.1 of the 'LCR — UK designated investment firms' Part of the PRA Rulebook. They should read references in this statement to the Delegated Act accordingly.

1.4 The PRA is required under CRD to apply the Liquidity Supervisory Review and Evaluation Process (L-SREP) and any supervisory measures in accordance with the level of application of the requirements set out in the CRD framework. Therefore, the ILAA rules, including the requirement to carry out an Internal Liquidity Adequacy Assessment Process (ILAAP), apply on an individual basis and on a consolidated basis where firms must comply with Part Six (Liquidity) of the CRR on a consolidated basis. This enables the PRA to apply the L-SREP and any supervisory measures at both individual and consolidated level, where appropriate.

1.5 This statement is structured as follows:

- Section 2: The Internal Liquidity Adequacy Assessment Process.
- Section 3: The Liquidity Supervisory Review and Evaluation Process.
- Section 4: Drawing down Liquid Asset Buffers.
- Section 5: Collateral placed at the Bank of England.
- Section 6: Reporting.

1.6 In this statement, reference to provisions of CRR or associated delegated act are references: (i) where any provision has not been revoked, to that provision in the CRR as it has effect in domestic

1 CRD implements the international regulatory framework for banks know as Basel 3 in Europe.
2 www.bankofengland.co.uk/prudential-regulation/supervision.
3 European Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions.
4 European Banking Authority: 'Guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP)', available at www.eba.europa.eu/regulation-and-policy/supervisory-review-and-evaluation-srep-and-pillar-2/guidelines-for-common-procedures-and-methodologies-for-the-supervisory-review-and-evaluation-process-srep-.

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law; and (ii) where the provision has been revoked, to the corresponding provision in PRA rules. References to CRD should be interpreted as references to the domestic law that implements that framework, taking into account published PRA materials5 regarding interpretation of legacy references to EU legislation.

2 The Internal Liquidity Adequacy Assessment Process

2.1 The ILAA rules require firms to identify, measure, manage and monitor liquidity and funding risks across different time horizons and stress scenarios, consistent with the risk appetite established by the firm's management body. A firm must carry out an ILAAP in accordance with the ILAA rules, and the ILAAP should be proportionate to the nature, scale and complexity of the firm's activities as set out in Chapter 13 of the ILAA rules.

2.2 An ILAAP document sets out a firm's approach to liquidity and funding. Small Domestic Deposit Takers (SDDTs) and SDDT consolidation entities[6] that are not new and growing banks[7] should update their ILAAP documents at least every two years. All other firms should update their ILAAP documents annually. A firm should update its ILAAP document more frequently than the expected frequency if changes in the business, strategy, nature or scale of its activities or operational environment suggest that the current level of liquid resources or the firm's funding profile is no longer adequate. To ensure that SDDT resilience is maintained, the PRA may request an updated ILAAP from an SDDT if necessary. For example, if an SDDT's ILAAP is of poor quality, supervisors could ask the SDDT to remediate issues in the next year, and evidence this through submission of an updated ILAAP document.

ILAAP governance

2.3 The PRA expects the ILAAP to be the responsibility of a firm's management body.[8] The ILAAP document must be approved by the management body and be consistent with the risk appetite set by the management body. It also must be consistent with the firm's approach for measuring and managing liquidity and funding risks. The management body is also expected to ensure that the ILAAP is well integrated into management processes and the firm's decision-making culture.

Producing an ILAAP document

2.4 As a general guide, the PRA expects that the ILAAP document which supports its liquidity review and evaluation process is in line with the EBA guidelines on common procedures and methodologies for SREP[9] and aligns with the further guidance in this supervisory statement. The PRA has provided templates in Appendices 1 and 2 as a guide for firms when producing their ILAAP documents.

2.5 The PRA recognises that for small firms with simple business models it may not be necessary to follow the template in appendix 1, or all elements in the template, provided all the key aspects are covered. For SDDTs, the PRA has developed the template in Appendix 2. This approach is consistent with the PRA's secondary competition objective. The PRA expects the document to be firm specific,

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5 See SS1/19 'Non-binding PRA materials: The PRA's approach after the UK's withdrawal from the EU': www.bankofengland.co.uk/prudential-regulation/publication/2019/non-binding-pra-materials-the-pras-approach-after-the-uks-withdrawal-from-the-eu-ss.

6 The full definition of an SDDT and an SDDT consolidation entity, including the SDDT and SDDT consolidation entity criteria, are set out in the SDDT Regime – General Application Part of the PRA Rulebook. For ease of reading, any references to SDDT(s) in this SS should be treated as applicable to both SDDTs and SDDT consolidation entities.

7 As defined in SS3/21 'Non-systemic UK banks: The Prudential Regulation Authority's approach to new and growing banks': www.bankofengland.co.uk/prudential-regulation/publication/2021/april/new-and-growing-banks-ss

8 As defined in the Glossary section of the PRA Rulebook, http://media.fshandbook.info/Handbook/Glossaryv7_PRA_20150402.pdf.

9 www.eba.europa.eu/documents/10180/935249/EBA-GL-2014-13+%28Guidelines+on+SREP+methodologies+and+processes%29.pdf.

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not prepared in a formulaic manner, and to reflect the applicable business model. The PRA is equally sceptical of overly large, unwieldy documents as it is of documents providing too little detail.

2.6 Firms should refer to Title 5 of the EBA SREP guidelines when assessing the soundness, effectiveness, and comprehensiveness of their ILAAP document. In particular, the PRA expects a firm to demonstrate in its ILAAP document that it complies with the expectations outlined in the rest of this chapter.

2.6A An overview of how the firm applies the LCR and Net Stable Funding Ratio (NSFR) rules in its reporting may also be appropriate, including, if relevant, how the firm has interpreted the classifications of retail and operational deposits and the work undertaken annually in response to Liquidity Coverage Ratio (CRR) Article 23 and Liquidity (CRR) Article 428p(10).

Transition from ILAA/ILSA to ILAAP

2.7 [Deleted]

2.8 [Deleted]

2.9 [Deleted]

2.10 [Deleted]

2.11 [Deleted]

2.12 [Deleted]

Overall liquidity adequacy

2.13 A key purpose of the ILAAP is to document and demonstrate overall liquidity adequacy. The PRA's approach to liquidity supervision is based on the principle that a firm must have adequate levels of liquidity resources and a prudent funding profile, and that it comprehensively manages and controls liquidity and funding risks.

2.14 The firm itself is responsible for the effective management of its liquidity and funding risks. This overarching principle is set out in the overall liquidity adequacy rule (OLAR) in Chapter 2 of the ILAA rules, and supplemented by Chapter 3 of the ILAA rules on overall strategies, processes and systems.

2.15 As part of the ILAAP, a firm should undertake a regular assessment of the adequacy of its liquidity resources to cover its liabilities as they fall due in stressed conditions. Central to this process is an appropriate and clearly articulated risk appetite statement defining the duration and type of stress or stresses that the firm aims to survive. This risk appetite should be cascaded throughout the firm in the form of appropriate limits, which may include gap limits or concentration limits around currency, funding sources, the makeup of liquid asset buffers, encumbrance of assets, and the firm's structural liquidity position. The PRA also expects firms to articulate for themselves the amount of risk they are willing to take across different business lines to achieve their strategic objectives. This risk appetite should be consistent with the PRA's duty to advance its general objective of promoting the safety and soundness of firms.10

2.16 For the purposes of the OLAR, liquidity resources are not confined to the amount or value of a firm's marketable, or otherwise realisable, assets. Rather, in assessing the adequacy of those

10 See also, 'The Prudential Regulation Authority's approach to banking supervision'; available at: www.bankofengland.co.uk/prudential-regulation/publication/2018/pra-approach-documents-2018.

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resources, a firm should have regard to the overall nature of the liquidity resources available to it, which enable it to meet its liabilities as they fall due.

2.17 The LCR and NSFR are distinct from and do not replace the concept of overall liquidity adequacy. The LCR and NSFR are rules applying to a wide range of firms and therefore could fail to capture firm-specific risks. The LCR and NSFR also do not capture any of the qualitative arrangements that the PRA requires a firm to implement to ensure compliance with the OLAR. It follows that a firm cannot rely solely on meeting the NSFR, LCR and/or LCR and Pillar 2 guidance in order to satisfy the OLAR.

Prudent funding profile

2.17A As part of the overall liquidity adequacy requirement, the PRA requires firms to ensure that they maintain a 'prudent funding profile'.[11] A firm's funding profile is prudent if it demonstrates sufficient access to an appropriate diversity of funding sources which are highly likely to continue to be sufficient and available at a reasonable cost in a variety of normal and stressed market conditions. Firms should ensure that areas of heightened risk in their funding profiles are not excessive in terms of potentially leading to an increased cost of funding, vulnerability to stress, or outflows during stress, beyond acceptable boundaries. Such areas might include: maturity mismatches, concentration of funding sources, levels of asset encumbrance, or unstable funding of long-term assets.

2.17B The ILAA Part of the rules requires firms to put in place risk management policies to define their approach to asset encumbrance, as well as procedures and controls that ensure that the risks associated with collateral management and asset encumbrance are adequately identified, monitored and managed. Such policies are also essential for firms to meet the broader requirement of ensuring a prudent funding profile.

2.17C As a firm encumbers a higher proportion of its available assets in normal times, it will have less capacity remaining, should a stress occur, to encumber additional assets to raise cash to meet its obligations. This makes the firm less resilient to stress, which may cause creditors to charge higher spreads or respond more quickly to signs of stress. Therefore, higher levels of asset encumbrance in normal times can negatively affect funding stability. In addition, unsecured creditors become increasingly subordinated as a firm encumbers more of its assets. As such, excessive encumbrance may affect the losses of a firm's unsecured creditors, given the firm's default. Consequently, unsecured creditors may react more quickly to signs of stress in firms with higher levels of encumbrance. This is an additional channel through which asset encumbrance can negatively affect funding stability.

2.17D The PRA expects that firms consider appropriately these and other impacts of asset encumbrance on the stability of their funding profiles. Firms should articulate a tolerance for the risks that excessive encumbrance poses through clearly defined metrics which are reported both internally and to the PRA in firms' ILAAP documents. They should monitor these metrics against their appetite regularly at appropriate forums (eg as part of their board risk committees' regular monitoring of financial risks) and where approach, should set limits to constrain the business and keep risks to tolerance.

Stress testing

2.18 Comprehensive, robust stress testing is vital to ensure compliance with the OLAR. The PRA expects firms to consider in their stress testing the impact of a range of severe but plausible stress scenarios on their cash flows, liquidity resources, profitability, solvency, asset encumbrance, funding

11 Internal Liquidity Adequacy Assessment (ILAA) Part, 2.2(1)(b).

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profile and survival horizon. Stress scenarios should be selected to reveal the vulnerabilities of the firm's funding, including for example, a vulnerability to previously liquid markets becoming unexpectedly illiquid. Stress testing scenarios should include a macroeconomic stress. The PRA expects the degree of conservatism of the scenarios and assumptions to be discussed in the ILAAP document.

2.18A The PRA expects firms to consider the effects of the stress scenario on the stability of their funding. Firms should consider the impacts that the stress is likely to have on their asset encumbrance. Firms should also consider, for example, the effects that increasing asset encumbrance, or reduced profitability or solvency, might have on their credit rating or market perception of their creditworthiness, their cost of funding, and the behaviour of unsecured creditors throughout the stress.

2.19 The PRA expects, in line with paragraph 3.12, firms to consider the lowest point of cumulative stressed net cashflows both within the 30-day LCR horizon and within the context of survival days along the horizon of their own risk appetite. Daily granularity is necessary for this analysis.

2.20 In analysing the key risk drivers set out in Chapter 11 of the ILAA rules, the PRA expects firms to make appropriate assumptions, both quantitative and qualitative. In particular, firms should include the following assumptions, discussed in detail in the EBA SREP Guidelines, where appropriate (the PRA's presumption is that these are consistent with existing internal liquidity management policies adopted by firms).

(i) The run-off of retail funding

This includes an assessment of the likely run-off of different components of the retail book, taking into account common features such as guarantee cover, maturity, interest rate sensitivity, customer type, product type, deposit size, or the channel through which the deposits were affected.

(ii) The reduction of secured and unsecured wholesale funding

This includes an assessment of the type and geographical location of the counterparty, the level of creditor seniority, the nature of the relationship the firm has with the counterparty, the type of underlying collateral (if applicable), and the speed of outflow. The risk of shortening tenors should also be assessed. Excessive levels of asset encumbrance and/or insufficient quantities of unencumbered high quality assets before or during a stress may act as a risk factor in this assessment.

(iii) The correlation and concentration of funding

Firms should include an assessment that takes into account instrument type, markets, currency, liability term structure, counterparty and market access, as appropriate. A firm should also consider the effectiveness of its diversification strategy, including in relation to the diversity of the assets which it could encumber to generate liquid resources if needed.

(iv) Additional contingent off-balance sheet exposures

Firms should include, where appropriate, an assessment of derivative cash flows caused by maturity, exercise, repricing, margin calls, a change in the value of posted collateral, collateral substitution, sleeper collateral, and volatile market conditions. Firms should also consider funding commitments (facilities, undrawn loans and mortgages, overdrafts and credit cards), guarantees and trade finance contracts, as well as facilities to support securitisation vehicles, including sponsored and third-party structures.

(v) Funding tenors

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Firms should consider vulnerabilities within the term structure due to external, internal or contractual events (where the funding provider has call options).

(vi) The impact of a deterioration in the firm's credit rating

Firms should consider all types of contractual and behavioural outflows resulting from credit downgrades of varying magnitude, the types of collateral which may be required and the speed of outflow where appropriate.

(vii) Foreign exchange convertibility and access to foreign exchange markets

Firms should calculate stressed outflows by individual currency and tenor where appropriate. This information must support an assessment of how shortfalls can be funded in a stressed market with impaired access to foreign exchange markets and loss of convertibility.

(viii) The ability to transfer liquidity across entities, sectors and countries

Firms should assess the intragroup support assumed available in stress, or the impact of a failure of a group entity to repay loans in a timely manner, where appropriate. This assessment should include considering existing legal, regulatory and operational limitations to potential transfers of liquidity and unencumbered assets amongst entities, business lines, countries and currencies. Firms should detail information on their approach for measuring and managing intragroup liquidity risk and develop their own assessment of the risk of contingent trapped liquidity, on an individual, sub-consolidated (where applicable) and consolidated level. Firms should consider the likely implications of these risks in their stress scenarios and discuss the degree of conservatism and assumptions applied.

(ix) Estimates of future balance sheet growth

This should include considering how planned or forecast balance sheets may behave in stress and whether the firm's risk appetite would be breached.

(x) The impact on a firm's reputation or franchise

Firms should include an assessment of implicit liquidity requirements arising from a need to fulfil expectations to acquire assets, rollover or buy back assets, to extend or maintain other forms of liquidity support, or to permit premature termination of retail term or notice liabilities or derivative exposures for reputational reasons or to protect the franchise, as appropriate. Firms should also bear in mind that responses to a liquidity stress cannot include actions that would significantly damage their franchise.

2.21 In addition, the PRA also expects firms to consider the quantitative and qualitative assumptions for the following risk drivers which are not explicitly addressed in the EBA SREP Guidelines, where appropriate:

(i) Marketable asset risk

Firms should include a consideration of how factors affecting their ability to liquidate assets or monetise them through sale or repurchase agreements may change in stress. This should include market access, haircuts, timelines, pricing, operational capacity or eligibility.

(ii) Non-marketable asset risk

The PRA defines non-marketable assets as being those assets which cannot be monetised via repo or immediate outright sale. They could be monetised, for example, via the securitisation market or as covered bonds. Firms should include an assessment of how factors affecting the liquidity of those assets (eg counterparty stress, whether market access is frequent and established, early amortisation triggers, or financing of warehoused assets) may change under stress. This assessment should be sensitive to factors including the proportion of the firm's assets which become encumbered throughout the stress, the nature of the stress, the types of assets the firm holds, and the sophistication of the firm's capabilities to monetise similar

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assets. Firms should consider the effects that this monetisation could have on their overall levels of asset encumbrance.

(iii) Internalisation risk

Internalisation risk occurs where firm or customer long positions are funded using the proceeds from customer short trades. When clients close out their short positions and these arrangements unwind, this may generate substantial liquidity outflows. Internalisation and netting efficiencies within synthetic prime brokerage also give rise to liquidity risk. Firms should include an assessment of these risks.

2.22 Consistent with Chapter 11 of the ILAA rules, the PRA expects the results of the stress testing exercise to be presented to the firm's management body on a regular basis.

Intraday liquidity risk management

2.23 A further risk driver where the PRA expects firms to make appropriate assumptions is intraday liquidity risk. This is the risk that a firm is unable to meet its daily settlement obligations, for example, as a result of timing mismatches arising from direct and indirect membership of relevant payment or security settlement systems. Firms should ensure that they have sufficient liquidity at all times to maintain normal payment activity if:

- incoming payments are delayed by several hours or until close to the payment cut off times;
- credit lines are withdrawn and/or require full collateralisation; or
- large individual clients default on their payments.

2.24 The PRA assesses that intraday liquidity risk exposures are material for firms and firms are therefore expected to demonstrate robust analysis of their intraday liquidity risk profile both in business-as-usual and under stress scenarios.

2.24A All direct participants in payment and securities settlement systems should be able to calculate their maximum net debit position for each respective system in which they participate. Indirect participants that are currently unable to calculate their maximum net debit position are encouraged to engage with their correspondent bank(s), with the aim of improving the granularity and timeliness of payment settlement data to enable them to do this. The PRA will be proportionate in its expectations on the ability of indirect participants to be able to do this for all markets.

Managing the High Quality Liquid Assets (HQLA) buffer

2.25 As part of their ILAAP, and within OLAR, firms should consider carefully the appropriateness of the liquid assets held, even where they comply with the Delegated Act. Firms should note, for example, that the Delegated Act permits a far wider range of eligible liquid assets than was eligible under Chapter 12 of the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU 12). Firms should also assess their ability to convert their buffers of liquid assets into cash in a short timeframe. The PRA would expect firms to set a risk appetite and framework which will govern the management and monitoring of their liquid asset portfolio. This includes having appropriate internal limits and controls to ensure that the ability to monetise HQLAs in stress is not limited in any way.

2.26 Some of the risk drivers identified above inform the assessment of firms' ability to monetise their buffers. These include 'marketable asset risk', 'foreign exchange convertibility and access to foreign exchange markets' and 'the ability to transfer liquidity across entities, sectors and countries'. Related to consideration of these risk drivers, the operational requirements in Delegated Act Article 8 also establish key principles which firms should observe.

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2.27 This section highlights certain factors which the PRA regards as particularly important if firms are to demonstrate their ability to monetise their buffers on an appropriate timescale.

Testing the ability to monetise

2.28 Delegated Act Article 8(4) requires firms to regularly monetise a sufficiently representative sample of their holdings of HQLA (with the exception of certain asset classes). The PRA's expectations of firms' compliance with this requirement will be proportionate, taking into account the firm's business model.

2.29 Firms are also reminded of the obligation in of Delegated Act Article 8(2) to have ready access to their holdings of HQLAs and to ensure that there are no legal or operational restrictions to monetising HQLAs at any time during the 30 calendar day stress period. In particular, while accounting classifications remain decisions for firms, where firms hold HQLAs in the held-to-maturity portfolio, they should be able to demonstrate that this does not create barriers to their ability to monetise these assets.

Cashflow mismatch risk (CFMR) monetisation assumptions

2.29A From the date firms first report PRA110, the PRA expects firms to assess, at least annually (or every two years for SDDTs that are not new and growing banks) in their ILAAP, the speed with which they expect to be able to monetise different types of non-cash HQLA, on a daily basis, through repo markets and outright sales in times of stress. Firms should take into account relevant factors such as market depth, number of regular counterparties, the firm's individual turnover and incremental market access in stress, the need to rollover short-term repo transactions and settlement times etc. Firms should also consider the extent to which their ability to monetise HQLA through outright sale could be adversely affected by the accounting classification, in particular where sale of the asset would crystallise a loss that arises because of the difference between the fair value at the point of sale and the carry value in the firm's accounts. Firms should provide evidence of the data used for their assessments in their ILAAPs. Firms should not include public liquidity insurance as a non-cash HQLA monetisation channel in this assessment. This enables the PRA to monitor firms' resilience to different stresses using self-insurance alone. The monetisation profile will not be included in the granular LCR stress scenario for the purposes of assessing compliance with the guidance outlined in paragraph 3.12.

2.29B Firms should use their assessments to apply daily monetisation limits to their stock of different types of non-cash HQLA available at the reporting date, in the CFMR framework. The monetisation profiles should be computed on a consolidated currency level as well as in each significant currency. Firms will report the resulting monetisation profiles in PRA110.[12]

Diversification of assets

2.30 Delegated Act Article 8(1) requires firms to have in place appropriate internal limits and controls to ensure that they appropriately diversify their HQLA buffer. This should be sufficient to demonstrate that their ability to monetise HQLAs in a short timeframe without significant loss of value is not compromised by exposure to a common risk factor. In addition, the PRA expects larger firms to take into account the absolute size of their HQLA holdings and to be able to monetise these without compromising on either speed of disposal or price. They should also consider the impact of their actions on the wider market and on financial stability.

2.31 Firms should have due regard to their own business model when determining the appropriate level of diversification in their buffer. In particular, they should consider the risk that a particular

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12 PRA110 is available on the Regulatory reporting – banking sector section of the Bank of England's website: www.bankofengland.co.uk/prudential-regulation/regulatory-reporting/regulatory-reporting-banking-sector.

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asset holding becomes illiquid just when the firm itself needs to draw down its buffer, for example, because both the firm and the asset are exposed to a common risk factor. Conversely, they should also consider whether their choice of assets is appropriate given their ability to manage properly the risk in those assets, and to access the relevant repo or sale market.

2.32 The PRA may consider exercising its statutory powers under FSMA to set requirements on a firm to enforce increased diversification of the HQLA buffer, or conversely to restrict holdings of particular asset classes. This may include requirements on a firm's liquidity management practices or investment policies. The PRA may also restrict holdings of particular asset classes if it observes that this exposes several firms to a common set of risk factors.

Currency mismatch (see also risk driver vii)

2.33 Currency conversion is an additional step between monetising HQLA and using HQLA to meet specific outflows. Therefore, firms should have appropriate policies and controls to manage the risk that the currency denomination of assets is an obstacle to using their assets when meeting outflows in a specific currency in stress.

2.34 The PRA may consider exercising its statutory powers under FSMA to restrict currency mismatches. It could do so by setting limits on the proportion of currency-specific net stressed outflows that can be met by holding HQLAs not denominated in that currency. The PRA may exercise its powers through a range of firm-specific measures, including setting the LCR by currency on significant currencies (therefore including the reporting currency). In determining the level of any restriction, the PRA would consider all relevant factors, including:

- Whether the firm has the ability to do any of the following:

  (i) use the liquid assets to generate liquidity in the currency and jurisdiction in which the net liquidity outflows arise;

  (ii) swap currencies and raise funds in foreign currency markets during stressed conditions, consistent with the 30 calendar day stress period; and

  (iii) transfer a liquidity surplus from one currency to another and across jurisdictions and legal entities within its group during stressed conditions consistent with the 30 calendar day stress period.

- The impact of a sudden adverse exchange rate movement on existing mismatched positions and on the effectiveness of any foreign exchange hedges in place.

Transferability of funds (see also risk driver viii)

2.35 With regard to the risk that, in severely stressed circumstances, liquidity might not be freely transferable between and within group entities, across national borders, as well as between currencies, the PRA expects firms to demonstrate that the assumptions they make are realistic. Further to PRA Rulebook Internal Liquidity Adequacy Assessment Rule 8, firms should include detailed information, at all relevant levels of application of liquidity requirements, in their ILAAPs, on:

(a) The distribution of outflows, inflows and liquid assets by location, with a breakdown by all significant currencies, as determined under the CRR.

(b) The distinction between intragroup and external inflows;

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(c) Where liquid assets are not aligned to net outflows by currency or by location, a consideration of how liquid assets located elsewhere in the group may be immediately available, with particular emphasis on:

(i) the ease with which liquid assets can be moved across legal entities and jurisdictions (including within the same legal entity, for example between a firm's overseas branch and a firm's head office);

(ii) the ease with which liquid assets can be moved across different time zones;

(iii) the ease with which liquid assets can be transferred from one currency into another (including the operational ease of monetisation);

(iv) the potential consequences of moving liquid assets across different legal entities and jurisdictions; and

(v) the entities, decision-making bodies and processes involved in the control of the movement of these liquid assets, and the potential impact on the immediate availability of those liquid assets.

(d) Where outflows at an individual (or sub-group) level are significantly covered by intragroup inflows, a consideration of the impact of stress on intragroup inflows.

2.35AA Under the Senior Managers Regime (SMR), firms are required to allocate a Prescribed Responsibility (PR) for managing the allocation and maintenance of the firm's capital, funding and liquidity to an individual performing a Senior Management Function (SMF). The PRA expects:

- the SMF allocated this PR to ensure that the firm conducts the assessment specified in paragraph 2.35, and to document it in the firm's ILAAP submissions; and
- firms to ensure this expectation is explicitly reflected in the relevant SMF's Statement of Responsibilities.

Eligibility of reserves held at the Bank of England

2.35A Delegated Act Article 10(1)(b)(iii) requires the conditions for withdrawal of central bank reserves to be specified in an agreement between the relevant competent authority and the central bank in order for such reserves to be eligible as Level 1 HQLA. An agreement between the PRA, as competent authority, and the Bank of England, acting in its capacity as the central bank, states that:

'All reserves held in firms' primary reserve accounts, and in their reserve collateralisation accounts that are in excess of the minima required to pre-fund deferred net settlement payment systems, are withdrawable in times of stress. This is without prejudice to the Bank of England's ability to set a minimum balance on a reserve account. Reserves subject to a minimum balance would not be withdrawable up to the amount of the minimum balance. In the event that the Bank of England set a minimum balance it would, other than in exceptional circumstances (for example in response to a Court order), notify the account holder.'

Eligibility of shares for HQLA

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2.35B For the purposes of Delegated Act Article 12(1)(c)(i), when considering whether shares form part of a major stock index of a third country, firms should take into consideration stock indices identified as 'major' by the relevant public authority in that country.

Eligibility of non-interest bearing assets, including sukuk[13]

2.36 Delegated Act Article 12(1)(f) allows firms to include in their liquidity buffer non-interest bearing assets which do not otherwise meet the minimum rating criteria, provided these assets meet other specified criteria and if these firms are unable for reasons of religious observance to hold interest-bearing assets, in accordance with their statutes of incorporation. The PRA expects that this provision will apply only to firms whose entire operations are structured and conducted in accordance with Islamic commercial jurisprudence and its investment principles. However, firms should satisfy themselves that their assets are eligible for inclusion in their HQLA buffers.

2.37 As set out in the Statement of Policy 'Liquidity and Funding Permissions', these firms may also benefit from a permission that allows firms to omit two specific criteria that determine the eligibility of corporate debt securities for inclusion in a firm's Level 2B HQLA buffer: these two criteria are the minimum issue size and maximum time to maturity. The PRA expects that a number of sukuk will meet the conditions that allow the PRA to exercise this discretion.

2.38 Delegated Act Article 7(6) requires firms to assess whether a trading venue provides for an active and sizeable market, in order to confirm that assets that are not listed on recognised exchanges are tradable via outright sale. In particular, firms are required to take into account the minimum criteria specified in Delegated Act Article 7(6)(a) and (b) when making this assessment. The PRA acknowledges that firms will need to exercise judgement in deciding whether these criteria are met in relation to specific assets, including sukuk. It is the responsibility of firms to satisfy themselves that their assets are eligible for inclusion in their HQLA buffers. Firms should contact their PRA supervisor if, after completing their assessment, they are still unsure whether their assets meet the requirement stated in the Delegated Act.

2.39 When considering the option of restricting currency mismatches, the PRA will take into account all relevant considerations: this will include considerations relevant to firms that, for reasons of religious observance, are unable to hold interest-bearing assets.

Liquidity contingency plan

2.40 Chapter 12 of the ILAA rules sets out the requirements a firm needs to meet in relation to its liquidity contingency plan. In addition, the PRA requires firms to prepare a recovery plan under the Recovery Plans part of the PRA Rulebook.

2.40A The PRA strongly encourages firms to combine their liquidity contingency plan (also known as a contingency funding plan) and their recovery plan into one integrated document. This would ensure that the firm has a coherent process for being alerted to and addressing a liquidity stress and helps to ensure a coherent risk management framework. The PRA recognises that there may be some instances when it is necessary to maintain separate documents (eg due to the requirements of local regulators), but expects these to be exceptional and that any separate documents should be consistent with each other.

2.40B When integrating the two documents, firms should ensure that no content is lost which could hinder the response to a liquidity stress, particularly relating to the implementation of 'earlier stage' liquidity options. If a firm decides to maintain two different documents and processes, the recovery

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13 Certificates of equal value representing an undivided interest in the ownership of specified assets or investments acquired or to be acquired and that comply with Islamic commercial jurisprudence and its investment principles, but excluding shares.

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plan should clearly explain the rationale for doing so and how the two documents and processes interact in terms of indicators, recovery options and governance. These arrangements should also be informed by the results of firms' liquidity stress testing, as detailed in the ILAAP document. Regardless of firms' arrangements, they should be cross-referenced, where appropriate, in the ILAAP document. The PRA expects to review these arrangements as part of its review of firms' liquidity management.

Transfer pricing

2.41 As part of their compliance with Chapter 6 of the ILAA rules, the PRA expects firms to ensure that liquidity and funding costs, benefits and risks are fully incorporated into firms' product pricing, performance measurement and incentives, and new product and transaction approval processes. All significant business lines should be included, whether on or off-balance sheet. Both stressed and business-as-usual costs should be assessed. The process should be transparent and understood by business line management, and regularly reviewed to ensure it remains appropriately calibrated. The PRA expects to review these arrangements as part of its review of firms' liquidity management

Management of Required Stable Funding (RSF) in the Net Stable Funding Ratio (NSFR)

Eligibility of shares in the NSFR

2.42 For the purposes of Liquidity (CRR) Article 428ad(a)(i), when considering whether shares form part of a major stock index of a third country, firms should take into consideration stock indices identified as 'major' by the relevant public authority in that country.

2.43 For the purposes of Liquidity (CRR) Article 428ad(a)(iii), firms are required to consider whether shares have a proven record as a reliable source of liquidity, which will be the case if the shares have a maximum decline of price over a 30 day period not exceeding 40%, or increase in haircut over a 30 day period not exceeding 40 percentage points, during a relevant period of significant liquidity stress. For these purposes, a 'relevant period of significant liquidity stress' is a period during which the major stock index on which the equity is traded has had a decline in value of 40% or more over a 30 day period. When considering this, firms should identify any such periods which have occurred during the preceding 11 years, with a one year lag. For example, as at 1 January 2022, firms should consider the period from 1 January 2011 to 1 January 2021.

Currency mismatches

2.44 For the purposes of Liquidity (CRR) Article 428b(5), when considering whether the distribution of their funding profile by currency denomination is generally consistent with the distribution of their assets by currency, firms may take into account their use of off-balance sheet derivatives to manage currency mismatches.

Application of the NSFR to Small Domestic Deposit Takers

2.45 Chapter 4 of the Liquidity (CRR) Part sets out the requirements a firm must meet in relation to its stable funding profile, including the application of the NSFR.

2.46 The following examples provide guidance on how the test works for the application of the NSFR for SDDTs,[14] in accordance with the Chapter 5 of the Liquidity (CRR) part of the PRA Rulebook. Chapter 5 sets out the calculation of the Retail Deposit Ratio (RDR). Chapter 5 also sets out that a firm may disapply the NSFR if it meets the RDR condition i.e. if its four-quarter moving average RDR is greater than or equal to 50% for four consecutive quarters. Firms should calculate the RDR on a

[14] 'SDDTs' or 'firms' refers to SDDTs and SDDT consolidation entities for the rest of this section ('Application of the NSFR to Small Domestic Deposit Takers').

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quarterly basis using data submitted in the C68 template by the remittance date for the relevant quarter.

2.47 These examples consider:

- a reporting reference date of 31 March 2025;
- a remittance date of six weeks from the 31 March 2025 (ie 12 May 2025).

Example of a firm that may disapply the NSFR because its four-quarter moving average RDR is greater than or equal to 50% for four consecutive quarters

By 12 May 2025, the firm calculates the four-quarter moving average using its RDR as at 31 March 2025 and as at the three preceding quarterly reference dates:

(1) $$\frac{RDR_{2025\ Q1} + RDR_{2024\ Q4} + RDR_{2024\ Q3} + RDR_{2024\ Q2}}{4}$$

The firm would also consider the moving averages as at the end of the three preceding quarters:

(2) $$\frac{RDR_{2024\ Q4} + RDR_{2024\ Q3} + RDR_{2024\ Q2} + RDR_{2024\ Q1}}{4}$$

(3) $$\frac{RDR_{2024\ Q3} + RDR_{2024\ Q2} + RDR_{2024\ Q1} + RDR_{2023\ Q4}}{4}$$

(4) $$\frac{RDR_{2024\ Q2} + RDR_{2024\ Q1} + RDR_{2023\ Q4} + RDR_{2023\ Q3}}{4}$$

If the firm's four-quarter moving average RDRs for the most recent four quarters were all greater than or equal to 50%, the NSFR requirement would not apply to the firm.

Example of a firm that must apply the NSFR because its four-quarter moving average RDR is below 50%

On 12 May 2025, the firm calculates the four-quarter moving average using its RDR as at 31 March 2025 reference date, and as at the three preceding quarterly reference dates:

$$\frac{RDR_{2025\ Q1} + RDR_{2024\ Q4} + RDR_{2024\ Q3} + RDR_{2024\ Q2}}{4}$$

If the output from this calculation is below 50% on the remittance date on 12 May 2025, then under Rule 5.7 of Chapter 5 of the Liquidity (CRR) Part of the Rulebook, the firm would be required to notify the PRA without delay and, under Rule 5.6, the firm would be required to implement the NSFR one year from the day after the remittance date.

However, if the firm's four-quarter moving average RDRs for the quarters Q2 2025, Q3 2025, Q4 2025 and Q1 2026 were all greater than or equal to 50%, the firm would now meet the RDR condition so the NSFR requirement would not apply.

New firms

2.48 An SDDT may disapply the NSFR provisions, including Chapters 3 and 4 of the Liquidity (CRR) Part of the PRA Rulebook, if the four most recent four-quarter moving average RDRs (using data submitted in the C68 template from the previous seven quarters) are all greater than or equal to 50%.

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2.49 However, a new firm including one in mobilisation will not have reported sufficient historical data to calculate four four-quarter moving average RDRs. For new firms that are eligible for, and intend to enter, the SDDT regime, the PRA recognises that, in many cases, it may not be appropriate for them to be required to apply the NSFR. For example, a firm may be able to demonstrate how it will be primarily retail funded and so have a high RDR. In such a case, the firm may be able to show how it would be unduly burdensome to require it to apply the NSFR for what would likely to be a temporary period until it built up sufficient quarterly data points.

2.50 The PRA encourages new firms that are eligible for, and intend to enter, the SDDT regime to consider whether there is a case for the PRA to modify its rules to disapply the NSFR. The PRA would consider applications for such modifications as part of the new firm authorisations process.

2.51 For new firms who are authorised without restriction on accepting deposits exceeding an aggregate of £50,000 (i.e. new firms not utilising mobilisation), the PRA expects that RDRs calculated for reporting reference dates from the point of authorisation should be representative of its long term business model. A modification to disapply the NSFR for such a firm would generally be expected to have effect for 7 quarters starting from the point of authorisation (i.e. until the point at which it can calculate its fourth four quarter moving average RDR using data submitted in the C68 template).

2.52 New firms utilising mobilisation are authorised with a restriction on their permissions to prevent them accepting deposits exceeding an aggregate of £50,000 while in mobilisation. For these firms, the PRA considers that an RDR calculated while this mobilisation restriction is in place would be unlikely to be representative of the funding model of the firm once no longer subject to the restriction. The PRA therefore expects that only RDRs calculated for reporting reference dates after this mobilisation restriction has been removed should be used in assessing whether a firm should disapply the NSFR. Therefore, where the PRA grants a modification to a firm in mobilisation to disapply the NSFR, it would expect the modification to only have effect until the firm can calculate its fourth four-quarter moving average RDR after the restriction is lifted. Once the modification stops having effect, the firm could disapply the NSFR if its four-quarter moving average RDR was greater than or equal to 50% for four consecutive quarters, as set out in Chapter 5 of the Liquidity (CRR) Part of the Rulebook.

Monitoring of the RDR

2.53 The RDR should be calculated using data submitted in the C68 template, and as set out in Chapter 5 of the Liquidity (CRR) Part of the Rulebook. Firms should calculate the RDR on a quarterly basis using data from the relevant quarter end reference dates.

2.54 Chapter 5 sets out that firms must notify the PRA without delay from the remittance date if they cease to meet the RDR condition (or if, having previously notified the PRA that they ceased to meet the condition, they now meet it). The PRA also expects firms to notify the PRA if their funding model shifts materially towards wholesale funding intra-quarter, further to Fundamental Rule 7 of the PRA Rulebook. If the PRA believes that a firm's funding position could pose shorter-term risks, it may consider using its powers to require the firm to apply the NSFR before the application date specified in Rule 5.6 of Chapter 5 of the Liquidity (CRR) Part of the Rulebook.

Use of Additional Liquidity Monitoring Metrics (ALMM) data pre-dating the SDDT Regime

2.55 The quarterly submission of a completed C68 template provides the PRA with information on SDDTs' concentration of funding by product type. SDDTs must report the ALMM information specified in the C68 template showing all product totals, without distinguishing product types

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showing concentrations greater than 1% of total liabilities from other product types. During the first year of implementation of the SDDT regime, SDDTs may use data from C68 submissions prior to the SDDT regime effective date (which exclude liabilities of a product type comprising less than 1% of total) together with new quarterly C68 data (without the 1% threshold applied, including all liabilities) to calculate their RDR. The PRA considers that this would be proportionate, in light of basis for the reporting of liabilities in the C68 prior to the date of implementation of the SDDT regime.

3 The Liquidity Supervisory Review and Evaluation Process (L-SREP)

3.1 Consistent with the process set out in the EBA SREP Guidelines and building on previous liquidity reviews and ongoing supervisory activities, the PRA will carry out an L-SREP of the firm in a manner and at a frequency which is proportionate to the nature, scale and complexity of a firm's activities. This approach is consistent with the PRA's secondary competition objective.

3.2 In carrying out the L-SREP, the PRA will as a minimum undertake the following:

- review the arrangements, strategies, and processes implemented by a firm to comply with the liquidity standards laid down in the ILAA rules, the Liquidity (CRR) Part of the PRA Rulebook, and the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook. This includes reviewing firms' Common Reporting (COREP) liquidity returns.
- evaluate the liquidity and funding risks to which the firm is or might be exposed, for example as a result of the proportion of the firm's assets that are encumbered;
- assess the risks that the firm poses to the financial system;
- evaluate the further liquidity and funding risks revealed by stress testing; and
- evaluate whether the level and composition of the firm's liquidity resources are adequate to meet the firm's liquidity needs over different time horizons.

3.3 Based on this assessment, the PRA will:

- determine specific quantitative ILG (individual liquidity guidance);
- determine specific qualitative ILG; and
- determine firms' overall liquidity risk scoring.

3.4 The following paragraphs detail how the PRA will carry out L-SREPs, and how it will set ILG.

L-SREP

3.5 The PRA will assess whether a firm, in its ILAAP document, has adequately identified its liquidity needs across appropriate time horizons in severe but plausible stresses for all relevant risk drivers and whether its liquidity resources are adequate to meet those needs.[15] In addition, the L-SREP will also review the governance arrangements of the firm, its risk management culture, and the ability of members of the management body to perform their duties. The degree of involvement of the management body will be taken into account, as will the appropriateness of the internal processes and systems underlying the ILAAP. Examples of review topics might cover the firm's risk appetite, liquidity contingency plans, non-stressed funding plans, collateral management, the ability to

15 Including the amount of liquidity resources which could be generated by encumbering other assets.

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monetise HQLAs and wider liquidity in a timely fashion, intraday arrangements, market access and the firm's management of risks associated with asset encumbrance, including how asset encumbrance might develop over time during and absent stress.

3.6 The PRA may need to request further information and meet with the management body and other representatives of a firm in order to evaluate fully the comprehensiveness of the ILAAP and the adequacy of the governance arrangements around it. The management body should be able to demonstrate an understanding of the ILAAP consistent with its taking responsibility for the ILAAP. And the management of the firm at appropriate levels should be prepared to discuss and defend all aspects of the ILAAP, covering both quantitative and qualitative components. Additionally, the PRA will consider the business model of the firm and the advocated rationale for the model, as well as the firm's expectations regarding the future market and economic environment and how they might affect its liquidity position and funding profile.

3.7 The PRA will review if a firm accurately and consistently complies with the obligations of the Delegated Act, including whether a firm is appropriately applying the outflow rates prescribed in the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook and the funding factors specified in the Liquidity (CRR) Part of the PRA Rulebook.

3.8 On the basis of the L-SREP, the PRA will determine whether the arrangements, strategies, processes and mechanisms implemented by a firm, its funding profile, and the liquidity it holds provide sound management and adequate coverage of its risks. This assessment is reflected in the PRA's ILG.

Setting ILG

3.9 Following the L-SREP, the PRA will give ILG. Compliance with ILG does not relieve firms of their responsibility to comply with OLAR.

3.10 A key element of the PRA's ILG is to advise a firm of the amount and quality of HQLAs which it considers are appropriate, having regard to the liquidity risk profile of the firm. Quantitative guidance will extend beyond the liquidity buffer the firm is required to maintain under the LCR and will cover liquidity risks to which the firm is exposed to but which are not captured by the LCR ('Pillar 2' quantitative requirements). Qualitative guidance will include actions required to mitigate those risks identified as inconsistent with the PRA's objectives. Where appropriate, the PRA may also set specific guidance on pre-positioning collateral at the Bank of England.

3.11 Typically, ILG given to firms covers whether the:

- quantity of HQLAs held is sufficient;
- quality and composition of HQLAs held are appropriate;
- operational arrangements to manage HQLA are appropriate;
- firm's funding profile is appropriate; and
- firm should undertake any further qualitative arrangements to mitigate its liquidity risk.

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Pillar 2 guidance

3.12 The PRA expects16 that firms should survive throughout the granular LCR stress scenario (30 day horizon) of the CFMR framework on a consolidated currency basis. This guidance should be read as being part of a firm's ILG. This does not preclude the use of other stress scenarios or tools to set guidance, for example, in temporary and targeted ways based on tests of firms' resilience to specific, foreseeable, future stress events.

3.13 Mismatches under the CFMR scenarios are taken into account when assessing compliance with the Overall Liquidity Adequacy Rule.

Pillar 2 asset eligibility

3.14 The type of HQLAs held to meet interim Pillar 2 add-ons should be no wider than defined in the Delegated Act and follow the same composition by asset level as set out in the Delegated Act. The quality of HQLAs should be appropriate to mitigate firm-specific risks17 and be consistent with the OLAR.

3.15 [Deleted]

3.16 [Deleted]

3.17 [Deleted]

4 Drawing down liquid asset buffers

4.1 Firms may draw down their liquid asset buffers as required in times of stress, including where this involves falling below the level of their quantitative ILG.18 When this happens, the PRA will be content for firms to rebuild their buffers over a reasonable period of time. The PRA does not expect firms to hold higher liquid asset buffers than the amount advised in their ILG or as required to meet their assessment of overall liquidity adequacy, as appropriate. Specifically, there is no expectation on firms to hold excess liquid assets so as to avoid falling below this level in the event of a potential stress.

4.2 A firm is expected to notify the PRA without delay if it falls, or is expected to fall, below the level of its quantitative ILG. It should also expect to discuss with its supervisors its plan for restoring compliance with the guidance, including actions already documented in the firm's liquidity contingency plan or broader recovery plan.

4.3 In exercising its judgement on what constitutes a reasonable time to rebuild buffers drawn down in stress, the PRA will take into account how far the firm has run down its liquidity buffer and the expected duration of a stress. It will also consider the drivers of the firm's shortfall, including in the context of current and forecast macroeconomic and financial conditions. The PRA will also take into account the amount of pre-positioned collateral held at the Bank of England, or the amount available for drawing at other central banks to which the firm has access.

4.4 The PRA continues to expect firms to have robust levels of pre-positioning. However, the PRA also acknowledges the need for flexibility for firms to be able to use these assets to access market

16 This guidance will apply from a date, not before 1 January 2020, of which at least two months' notice will be provided on the PRA website.

17 For example, where the PRA advises a firm of an amount of HQLAs which the PRA considers appropriate to mitigate intraday liquidity risk, the PRA expects the firm to be able to liquidate these HQLAs on an intraday basis, as required.

18 If a firm falls below the level of HQLAs indicated in its ILG and the minimum LCR requirement where this is lower that does not create a presumption that it is not meeting Threshold Conditions.

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funding. The PRA would normally expect firms to pre-position collateral assets at the Bank of England, as part of a complete suite of contingency funding arrangements and may provide explicit guidance as to minimum expected levels.

4.5 The PRA expects that firms required to apply the NSFR will maintain a NSFR of at least 100% in normal times. In times of market-wide or idiosyncratic stress, the PRA recognises that NSFRs may fall below 100%. In those situations, the PRA requires19 that firms take action to return their NSFRs to at least 100% in a timeframe that is consistent with the anticipated duration of the stress. The PRA intends that such a timeframe will ensure that firms have sufficient time to restore their NSFR to at least 100%, and without taking actions which are harmful to UK financial stability, or to firms' financial resilience.

4.6 The PRA anticipates that, in times of stress, the Bank of England and/or third country central banks may seek to support the financial system by providing non-standard, temporary liquidity facilities. The PRA will consider carefully how drawing on these facilities might affect firms' regulatory ratios. The PRA will stand ready to take action as appropriate to mitigate the risk that regulatory liquidity and funding standards discourage borrowing from these facilities, consistent with the Bank's financial stability objective.

5 Collateral placed at the Bank of England

5.1 The Bank of England announced a number of changes to its liquidity insurance facilities in October 2013,20 which were further updated with the publication of the Bank of England Market Operations Guide in October 2019.21 These changes were designed to increase the availability and flexibility of liquidity insurance, by providing liquidity at longer maturities, against a wider range of collateral, at a lower cost and with greater predictability of access. The certainty with which a firm can expect to be able to access the Bank of England's facilities has been reinforced through a presumption that all firms that meet Threshold Conditions may sign up for the Sterling Monetary Framework and have full access to Sterling Monetary Framework facilities against eligible collateral.

5.2 [Deleted]

5.2A All of the Bank of England's liquidity facilities are intended to be open for business. As such there is no presumptive order of use for firms between using the Bank of England's liquidity facilities, including the Discount Window Facility (DWF), and drawing down of their liquidity buffers to meet a liquidity need. Firms should exercise their own judgement in applying for, and using, the Bank of England's liquidity facilities. Although the PRA does not expect firms to rely on the DWF for routine day-to-day liquidity management, neither is it intended to be a last resort.

5.2B As noted in SS9/17 'Recovery Planning', firms are expected to have credible options to restore their financial position under different types of stresses.[22] Firms might consider the use of central bank facilities, whether at the Bank of England or other central banks, in their recovery plans. As part of recovery planning, firms are required to consider the circumstances in which they would need to access these facilities and also test the operational aspects of their plan for accessing central banks facilities. They should undertake an analysis of eligible assets and the drawing capacity against these, and ensure that an appropriate amount of assets are pre-positioned.

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19 Liquidity (CRR) Article 414(1)(b).
20 'Liquidity Insurance at the Bank of England: developments in the Sterling Monetary Framework', October 2013; www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/liquidity-insurance-at-the-boe.pdf.
21 www.bankofengland.co.uk/markets/bank-of-england-market-operations-guide.
22 www.bankofengland.co.uk/prudential-regulation/publication/2017/recovery-planning-ss.

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5.3 A firm can count assets pre-positioned at the Bank of England to meet the PRA's quantitative liquidity guidance, if these assets are eligible for inclusion in the HQLA buffer under the Delegated Act. If pre-positioned assets are not eligible for inclusion in the HQLA buffer, they cannot be used to meet the PRA's quantitative liquidity guidance. However the PRA will consider the firm's pre-positioning position as part of its assessment of the effectiveness of the firm's liquidity contingency plans and will take appropriate mitigating action where it is inadequate.23

5.4 The PRA continues to expect firms to have robust levels of pre-positioning. However, the PRA also acknowledges the need for flexibility for firms to be able to use these assets to access market funding. The PRA would normally expect firms to pre-position collateral assets at the Bank of England, as part of a complete suite of contingency funding arrangements and may provide explicit guidance as to minimum expected levels.

6 Reporting

6.1 [deleted]

6.2 [deleted]

6.2A [deleted]

6.3 [deleted]

6.4 The PRA will be proportionate in its approach to additional or more frequent reporting from a firm during a stress.

6.5 The PRA expects all firms to have the capability to produce key data to monitor liquidity buffers, contractual and stress-tested cashflows, wholesale counterparties and Financial Services Compensation Scheme balances in the event of a crisis.

7 Disclosure of Pillar 2 guidance

7.1 In line with legal requirements, firms report all eligible HQLA within their publically disclosed liquidity coverage ratios (LCRs). This includes HQLA held for Pillar 1 requirements, Pillar 2 guidance, and any eligible 'surplus' above that. However, firms should be clear to investors that the HQLA they report in their LCRs is to cover both Pillar 1 and Pillar 2 risks.

The PRA expects firms not to disclose publically their total ILG. Disclosure of ILG may lead to an expectation, from both firms and markets, that firms should hold a further buffer of liquid assets, above their level of ILG. The PRA has no such expectation, as outlined in paragraph 4.1. Therefore, the PRA expects that firms will not provide any further details on their Pillar 2 guidance unless disclosure is required by law, and that firms will notify the PRA in advance of any proposed disclosure announcement.

23 Note that 'holding collateral immediately available for central bank funding' is a specific operational step which firms must take to ensure that their plans can be implemented immediately (see ILAA rule, 12.3 and Article 86(11) of the CRD.

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Appendix 1: Suggested structure and content of ILAAP document

Heading	Detail
Overview	This section is for introductory text describing the business model, the reach and systemic presence of the firm. Internal and external changes since the last liquidity review should be described. Changes in the scope of the document since the last review by the management body should be included. Firms should justify the comprehensiveness and proportionality of their process. (Proportionality may also be addressed under the relevant headings below where this fits better).
Summary conclusions	Firms should provide the summarised conclusions of their overall liquidity adequacy review, stating how and whether they meet the Overall Liquidity Adequacy Rule (Internal Liquidity Adequacy Assessment 2.1) and with regard to the additional guidance provided in supervisory statement SS24/15, 'The PRA's approach to supervising liquidity and funding risks', under 'Overall liquidity adequacy'. Any shortcomings and remedial plans should be discussed. The firm should present its assessment of any additional liquidity it believes it should hold on account of risks not captured in Pillar 1.
LCR and NSFR reporting	
Major indices	In this section, firms should discuss the approach they have taken to major stock indices of third countries (referred to in Liquidity Coverage Ratio (CRR) Article 12 and Liquidity (CRR) Article 428ad) and how they have taken into consideration the views of relevant public authorities for each major stock index (as referred to in paragraphs 2.35B and 2.44).
LCR reporting	
HQLA	In this section, firms should discuss their approach to ensure compliance with the Delegated Act overall. The following areas, where relevant, should receive particular focus: the approach to implementation of Article 7, the operational requirements detailed in Article 8, the work undertaken in response to Article 23, the approach to classification of retail deposits specified in Articles 24 and 25 and classification of operational deposits specified in Article 27.
Outflows	
Inflows	
NSFR reporting	
Available Stable Funding	In this section, firms should discuss their approach to ensure compliance with the NSFR. The following areas, where relevant, should receive particular focus: the approach to determining the residual maturity of a liability or of own funds as per Liquidity (CRR) Article 428j, the approach to determining the RSF factors for off balance-sheet exposures as per Liquidity (CRR) Article 428p, the approach to determining the residual maturity of assets as per Liquidity (CRR) Article 428q, an overview of items that are excluded from the NSFR including derivative client clearing items to which the firm applies Liquidity (CRR) Article 428da.
Required Stable Funding	
Liquidity Risk Assessment	
Evaluation of liquidity needs in the short and medium term	In this section, firms should describe their liquidity profile at appropriate time horizons out to 12 months, the sources and uses on gross and net basis, and their activities undertaken to cover such liquidity needs in both BAU and stress. The firm should also describe any ways in which the LCR metric does not capture its liquidity risks within 30 days and how that risk will be managed. Where firms use long-term collateral swap transactions to borrow liquid assets against non-liquid assets, firms should assess the risk that the counterparty seeks to terminate the transaction before it matures and the liquidity needs that may arise from this. For further guidance, firms should refer to EBA Guidelines 2014/13, 'Evaluation of liquidity needs in the short and medium term', within Title 8.

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Heading	Detail
Evaluation of intraday risk	In this section, firms should describe how intraday risk is created within their business, whether part of the payments system or not, their appetite for and approach to managing intraday liquidity risk of both cash and securities accounts and in both business as usual and stress conditions. They should include the approach to stress testing and conclusions. For further guidance, firms should refer to the EBA Guidelines 2014/13 'Evaluation of intraday liquidity risk' within Title 8, as well as additional material contained within SS24/15.
Evaluation of liquidity buffer and counterbalancing capacity	In this section, firms should describe the procedures for calculating, controlling and monitoring the liquid assets buffer and counterbalancing capacity, and their effectiveness in different scenarios which should include those affecting the liquidity of the assets and counterbalancing capacity. The firm's use of pre-positioning at the Bank of England or any other central bank should be included. For further guidance, firms should refer to the EBA Guidelines 2014/13 'Evaluation of liquidity buffer and counterbalancing capacity' within Title 8, as well as additional material contained within SS24/15, especially under 'Managing the HQLA buffer' and 'Role of collateral pre-positioned for use in the Bank of England's liquidity insurance facilities'.
Inherent funding risk assessment	
Evaluation of funding risk strategy and appetite	In this section, firms should describe the funding risk strategy and appetite, and the profile, both the sources and uses on a gross and net basis. For further guidance, firms should refer to the EBA Guidelines 2014/13 'Evaluation of the firm's funding profile', within Title 8.
Evaluation of risks to stability of the funding profile	In this section, firms should analyse the stability of the liabilities within the funding profile and the circumstances in which they could become unstable. This could include market shifts including changes in collateral values, excessive maturity mismatch, inappropriate levels of asset encumbrance, concentrations (including single or connected counterparties, or currencies). For further guidance, firms should refer to the EBA Guidelines 2014/13 'Evaluation of the risks to the stability of the funding profile', within Title 8.
Evaluation of market access	In this section, firms should analyse market access and current or future threats to this access, including the impact of any short-term liquidity stresses or negative news. For further guidance, firms should refer to the EBA Guidelines 2014/13 'Evaluation of actual market access', within Title 8.
Evaluation of expected change in funding risks based on firms' funding plan.	Refer to EBA Guidelines 2014/13 Evaluation of expected change in funding risks based on the firm's funding plan.
Risk management assessment (both liquidity and funding)	
Assess risk strategy and risk appetite	In this section, firms should describe the risk appetite and strategy, how they were devised, approved, monitored and reported, and how they are communicated throughout the firm. For further guidance, firms should refer to EBA Guidelines 2014/13 'Liquidity risk strategy and liquidity risk tolerance' within Title 8.
Organisational framework, policies and procedures	In this section, firms should describe the governance and management arrangements around the ILAAP including the involvement of the governing body. They should describe also the risk framework overall and as it pertains to liquidity and funding risks, the technical and staff resources. The approach to maintaining market access should be included. For further guidance, firms should refer to EBA Guidelines 2014/13, 'Organisational framework, policies and procedures', within Title 8. SS24/15 also provides

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Heading	Detail
	guidance on the involvement of the management body and proportionality of the framework.
Risk identification, measurement, management, monitoring and reporting	In this section, firms should describe the framework and IT systems for identifying, measuring, managing and monitoring and both internal and external reporting of liquidity and funding risks, including intraday risk. The assumptions and methodologies adopted should be described. Key indicators should be evidenced and the internal information flows described. For further guidance, firms should refer to EBA Guidelines 2014/13, 'Risk identification, measurement, management, monitoring and reporting' within Title 8. SS24/15 provides further guidance on management involvement and proportionality of the ILAAP process.
Firm's liquidity specific stress testing	In this section, firms should analyse the internal stress testing framework, including the process and governance of and challenge to scenario design, derivation of assumptions and design of sensitivity analysis, and the process of review and challenge and relevance to the risk appetite. The process by which the stress results are produced, and incorporated into the risk framework and strategic planning, and the liquidity recovery process should be scrutinised. The results and conclusions must be analysed, with breakdown by each relevant risk driver. For further guidance, firms should refer to EBA Guidelines 2014/13, 'Firm's liquidity specific stress testing,' within Title 8, as well as SS24/15, under the heading 'Stress testing', where a more detailed description of the risk drivers can be found.
Liquidity risk internal control framework	In this section, firms should describe their internal limit and control framework, including the limits and controls around liquid asset buffers, and the appropriateness of the limit structure to the risk appetite. The transfer pricing framework should also be described here, for example how the methodology was developed, the process controlled, monitored and reviewed, and the results cascaded throughout the firm to drive behaviours and support performance measurement and business incentives. For further guidance, firms should refer to EBA Guidelines 2014/13, 'Liquidity risk internal control framework', within Title 8. Some additional guidance can be found in SS24/15 under the heading 'Transfer pricing system'.
Liquidity contingency plans	The PRA strongly encourages firms to combine their liquidity contingency plan (also known as a contingency funding plan) and their recovery plan into one integrated document. If a firm decides to maintain two different documents (as set out in paragraph 2.40B of this SS), then it should include in its ILAAP document its reasons for doing so.
Funding plans	Firms should provide the full funding plan to demonstrate how it will support the projected business activities in both business as usual and stress, implementing any required improvements in the funding profile and evidencing that the risk appetite and key metrics will not be breached by the planned changes. Risks to the plan should be discussed. Where a funding strategy is new, implementation procedures should be detailed. For further guidance, firms should refer to EBA Guidelines 2014/13, 'Funding plans', within Title 8.

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Appendix 2: Suggested structure and content of an ILAAP document for SDDTs

- The ILAAP document must record a firm's process for the identification, measurement, management, and monitoring of liquidity and funding risks (the ILAAP) carried out in accordance with the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook (ILAA rules). A key purpose is to help a firm's management body to approve the ILAAP and to conclude that Chapter 2 of the ILAA rules (Overall Liquidity Adequacy Rule) is met. Firms should structure the document with this purpose in mind.

- To that end, each SDDT and SDDT consolidation entity is encouraged to produce a document that is proportionate to the nature, scale, and complexity of its activities. It should be clear, concise, and avoid unnecessary duplication. Firms are not required to follow this template, and should structure their ILAAP document in the way they consider would best deliver its purpose.

- The PRA considers that the following template may help to cover the relevant information in an ILAAP document in a concise fashion without unnecessary duplication.

- In producing the ILAAP document, firms should also consider paragraphs 2.4-2.6A of this Supervisory Statement.

Heading	Guidance
1. Overview	• Describe the business model of the firm. This information can be the same as that provided in other documents such as the ICAAP document or Recovery Plan. - Presentation of a current and forecast balance sheet would be helpful to provide an overview of how the firm is funded and how the funding is used, in broad product categories. • Describe material internal and external changes impacting the liquidity or funding profile, or the risk management framework for liquidity and funding since the ILAAP document was last approved.
2. Overall Liquidity Adequacy Rule (OLAR) – risk strategy and appetite	• Present the risk strategy and appetite established for ensuring compliance with OLAR. - The liquidity and funding risk strategy and appetite should capture any elements of bespoke liquidity risk which are not captured well either in LCR or in the Statement of Policy on Pillar 2 liquidity, bearing in mind that compliance with LCR does not guarantee that OLAR is met. • Explain which quantified risk appetite(s) represents the firm's binding constraint.
3. Stress testing	

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Heading	Guidance
3.1. Framework	• Explain the internal stress testing framework, including: - stress scenarios used; - how these were chosen and why they are considered appropriate; - how stress testing is linked to the risk appetite, including how the survival horizon has been chosen and what the 'point of failure' is considered to be (eg remaining liquid asset buffers or LCR falling below a certain level); and - the process by which the stress testing results are produced, with what frequency and timeliness.
3.2. Evaluation of liquidity buffers and counterbalancing capacity	• Present a breakdown of the liquid asset buffers. This should include assets considered to be liquid or committed facilities assumed to be drawable in stress but which are not eligible as HQLA in LCR, if they meet the firm's internal definition of liquid assets. • For non-cash liquid assets, describe the monetisation options for these assets and how these are tested (note that reference to coverage of Article 8 in Section 4: 'LCR and NSFR reporting' below may be sufficient to avoid duplication). • Explain how the risk driver 'marketable assets risk' in Article 11.5 of the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook is taken into account in each stress scenario (for example, in haircut and monetisation timing assumptions).
3.3. Evaluation of liquidity risk and funding risk	*Purpose of this section* • The purpose of this section is to identify the liquidity and funding risks the firm is exposed to, set out how these are measured, managed, and monitored, and to quantify them for the purpose of liquidity stress testing. *Presentation of risk assessment* • Analysis should be limited to risk drivers that firms are exposed to, among those set out in Article 11.5 of the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook and listed below, and risks related to asset encumbrance. Note that: - no coverage is necessary for risk drivers that are not relevant to the firm's business model; for example, a single-entity SDDT with a GBP-only balance sheet will not need to assess cross-currency funding risk or intragroup funding risk;

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Heading	Guidance
	- certain risk drivers may be best discussed in the context of another risk driver to avoid duplication; for example, risks arising from the correlation between funding markets and risks arising from the firm's funding tenors may be discussed in the context of the retail funding risk and/or wholesale secured and unsecured funding risk drivers, without necessarily needing to be separately discussed; - internalisation risk is assumed not to be relevant to SDDTs and has been omitted from the list below; - funding risks resulting from estimates of future balance sheet growth are assumed to be considered in the funding plan and have been omitted from the list below; - marketable assets risk is covered in Section 3.2 and need not be covered in this section; and - for relevant risk drivers, coverage should include an explanation of how the risk has been captured in each stress scenario, such as setting out the outflow/inflow factors that have been applied to relevant on and off-balance sheet items. (1) Retail funding risk • Present deposit balances outstanding by product and customer type, and analyse the likelihood and magnitude of run-off of each in stress, given the features of the products and customers who hold them. • When presenting the analyses on the likelihood and magnitude of run-off, firms should consider not only the factors considered in categorising deposits for the LCR calculation, but also any bespoke risk factors that are relevant to their specific product or customer type. (2) Wholesale secured and unsecured funding risk • Present balances outstanding for wholesale secured and unsecured funding, by product type, and analyse the likelihood and magnitude of run-off of each in stress, taking account of features such as the level of creditor seniority, the type of counterparty and the relationship they have with the firm, the type of underlying collateral (if applicable) and the residual maturity. (3) Non-marketable assets risk

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Heading	Guidance
	• Explain if: assets that cannot be monetised immediately via repo or outright sale are used, or could be used, to generate liquidity; and how the ability to use those funding instruments may be affected in stress. • Explain the inflows received on non-marketable assets (eg repayments of principal and interest) and analyse the potential impact on these inflows in stress. (4) Off-balance sheet funding risk • Explain any exposures to off-balance sheet funding risk and how these are monitored. These should include a list of committed and uncommitted lending arrangements (eg facilities, undrawn loans and mortgages, overdrafts, and credit cards), with total amounts that can be drawn down. Consideration should also be given to the potential for new lending arrangements that would continue to be generated after the onset of the stress scenarios. Explain how any derivative or repo transactions would require additional cash outflow (eg additional margin). • Any analysis of historical drawdown/outflow rates should be presented, and how this analysis is used to determine drawdown/outflow rates in stress should be explained. (5) Cross currency funding risk • If there are material exposures to non-GBP currencies, describe the overall approach to cross currency funding risk explaining: the sources and uses of non-GBP exposure; the firm's risk appetite, limits and monitoring framework for currency mismatch; and how any breaches would be managed. • Discuss the approach to the use of FX swaps, and assess exposures to cross currency funding risk in the event of disruption to the FX swaps market. (6) Risks arising from the correlation between funding markets and lack of diversification between funding types • Assess any concentration risks from factors such as product or instrument type, market, currency, customer type, or counterparty. (7) Risks arising from the firm's funding tenors • Assess any vulnerabilities to liabilities resulting from their term structure – such as maturity concentrations – that might materialise due to external or internal events or contractual events (including where the funding provider has call options). (8) Franchise risk

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Heading	Guidance
	• Assess any implicit liquidity requirements arising from a need to fulfil non-contractual expectations to, for example: acquire assets; roll over or buy back assets; permit premature termination of retail term/notice deposits; permit premature termination of non-margined derivative exposures; or extend/maintain other forms of liquidity support. (9) Risks related to asset encumbrance • Assess whether levels of asset encumbrance have potential to make the funding profile unstable, having regard to the risks outlined in paragraph 2.17C of this Supervisory Statement (SS24/15). Such assessment should make reference to any metrics and limits used to monitor or constrain asset encumbrance as outlined in paragraph 2.17D. (10) Risks associated with a deterioration of a firm's credit rating • If rated by an external credit rating agency, assess the outflows that would result from credit downgrades, the types of collateral which may be required, and the speed of outflow where appropriate. (11) Risk that liquidity resources cannot be transferred across entities, sectors and countries • Only where relevant, explain how intragroup funding arrangements could create any liquidity risk. (12) Intra-day risk • Summarise payment and settlement activities and assess to what extent this creates intra-day risk. This should include: - what payment schemes the firm accesses and how; - what the payment flows are across these payment schemes and how these are funded; and - what the risk management framework is for payment and settlement activity, including how payment flows are controlled, any limits or risk appetite metrics used and how these are monitored. • Explain how intra-day risk is quantified for each stress scenario, either: - following one of the methods set out in the Statement of Policy on Pillar 2 liquidity; or - using an alternative (potentially simpler) method that sets out and justifies the amount of liquidity held for intra-day risk in each stress scenario.

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Heading	Guidance
3.4. Stress testing output	• Present the output of stress testing for each stress scenario; this may be presented both: - in the form of a table showing: (i) starting liquid asset buffers gross and net of any assumed haircuts; (ii) for key outflow and inflow components: balances and (where relevant) off-balance sheet exposures; outflow/inflow factors; and cash flows across the survival horizon that is, or is used to calibrate, the firm's liquidity risk appetite; (iii) the inflows/reduction in outflows resulting from any management actions; and (iv) remaining liquid asset buffers at the end of the survival horizon. *Illustrative example:* [illustrative table below] - in the form of a graph plotting remaining liquid asset buffers on the y axis and time on the x axis; this would show – for at least the survival horizon that is, or is used to calibrate, the firm's liquidity risk appetite – the changing level of the firm's liquid asset buffers as these are impacted by stressed cash flows; this should enable assessment of any low-point and cliff risk and demonstrate whether their liquid asset buffers are sufficient to cover for the largest net cash outflow positions in the survival horizon.

			i	ii	iii=i x ii	iv
			Initial balance	Haircut / Outflow/inflow factor**	Post haircut value / Outflow / Inflow at the end of survival horizon	Position at low point (if earlier than Day X)
					Day X	Day Y
	Liquid asset buffer (LAB)					
		Cash				
		Non-cash HQLA*				
		Other*				
A		Total				
	Outflows (cumulative)					
		Retail funding*				
		Wholesale funding*				
		Off-balance sheet*				
		Other (e.g. intraday)*				
B		Total				
	Inflows (cumulative)					
		Loans*				
		Other*				
C		Total				
D=A-B+C	**Remaining LAB pre management actions**					
E	Management actions					
F=D+E	**Remaining LAB post management actions**					

* NB firms should provide appropriate levels of granularity.

** NB this column should summarise the outflow/inflow factors set across the survival horizon. Firms should describe the detailed outflow/inflow assumptions in Section 3.3.

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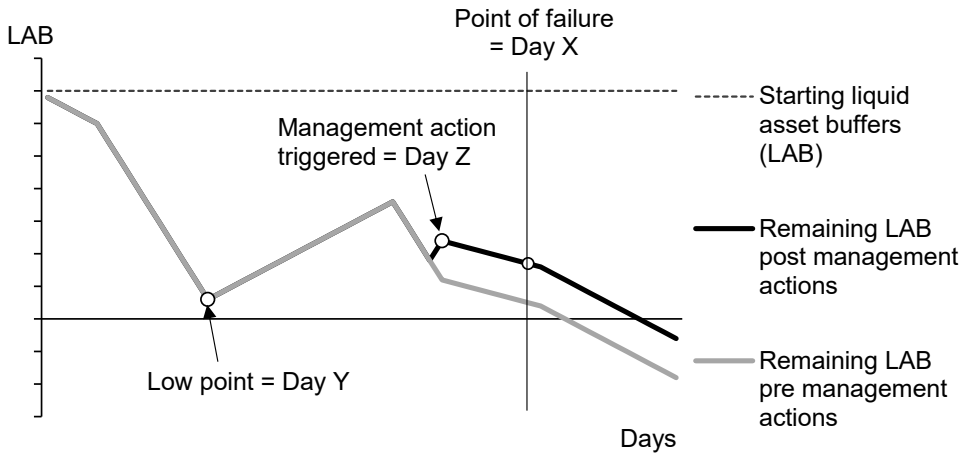
Heading	Guidance
	Illustrative example:  NB: The graph above is for illustrative purpose only and should not be used for determining the firm's point of taking management action or survival horizon. • Explain whether and how OLAR (as per Section 2 above) is met, referencing the stress testing output above. Where relevant, comment on the impact of the stress scenarios on other risk appetite metrics such as asset encumbrance. • Present any sensitivity analysis of key stress testing assumptions that has been undertaken (e.g. through reverse stress testing) and consider whether such sensitivity analysis is plausible.
4. LCR and NSFR reporting	• Discuss the approach to compliance with the PRA Rulebook Parts on Liquidity Coverage Ratio (CRR) and, if applicable, Liquidity (CRR) on the Net Stable Funding Ratio. • The following areas, where relevant, should receive particular focus: Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook: • Article 8: explain the framework for testing the ability to monetise liquid assets, referencing Article 8. • Article 23: explain how Article 23 is applied, particularly with regard to undrawn loans such as mortgages, credit cards and overdrafts. • Articles 24 and 25: explain how Articles 24 and 25 are applied to classify retail deposits. If non-natural persons are treated as retail depositors (e.g. SMEs), explain how it is determined that they are retail rather than wholesale depositors.

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Heading	Guidance
	• Article 27: explain how Article 27 is applied to classify operational deposits.
5. Liquidity and funding risk management framework	
5.1 Organisational framework, policies, and procedures	• Describe the following. Where possible, avoid coverage of the overall risk management framework or other risk types (eg credit, market or operational risk) where this does not relate to the management of liquidity and funding risks. - policies, processes and procedures in place to manage liquidity and funding risks; - governance arrangements (how the management body and senior management are involved in the risk management framework); - the risk appetite and limit structure; - the organisational structure (including whether a three lines of defence model is followed, and, if so, how this is used to manage liquidity and funding risks). • Firms should also describe how the risk appetite and strategy are devised, approved, monitored, and reported, and how they are communicated throughout the firm.
5.2 Risk identification, measurement, monitoring, and reporting	• Summarise the framework for measuring and monitoring liquidity and funding risks through internal and external reporting by setting out the following. This section should be simple and concise. - a complete list of all liquidity risk metrics monitored and any other management information (MI) reported in business as usual; - the frequency and timeliness with which they are produced; - whether the firm is able to produce ad-hoc MI specific to a stressed part of the portfolio if a stress occurs; - teams responsible for producing the MI; - who receives the MI; - the IT systems used in MI production; and - the escalation process in the event of a limit breach.
6. Other materials	In order to avoid the need to summarise the following documents in the ILAAP document, firms are encouraged to include the following documents directly as part of their ILAAP document.

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Heading	Guidance
6.1 Contingency plans	• The liquidity contingency plan, or the recovery plan if the liquidity contingency plan is integrated with the recovery plan.
6.2 Funding plans	• The full funding plan (or if not formalised in a document, a summary of how projected business activities will be funded in both business as usual and stress).
6.3 Funds transfer pricing policy	• The full funds transfer pricing policy (or if not formalised in a policy document, a summary of how Chapter 6 of the Internal Liquidity Adequacy Assessment Part of the PRA Rulebook is met).
6.4 Minutes related to ILAAP document	• Minutes from governance committees where final or near-final versions of the ILAAP were recommended for approval or approved.

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Appendix 3: Glossary of Abbreviations

BIPRU 12	Prudential sourcebook for Banks, Building Societies and Investment Firms — Chapter 12, Liquidity Standards
CRR	Capital Requirements Regulation
CRD	Capital Requirements Directive
EBA	European Banking Authority
HQLA	High Quality Liquid Assets
ILAA	Internal Liquidity Adequacy Assessment
ILAAP	Internal Liquidity Adequacy Assessment Process
ILG	Individual Liquidity Guidance
ILSA	Individual Liquidity Systems Assessment
L-SREP	Liquidity Supervisory Review and Evaluation Process
LCR	Liquidity Coverage Ratio
NSFR	Net Stable Funding Ratio
OLAR	Overall Liquidity Adequacy Rule
SDDT	Small Domestic Deposit Taker
SREP	Supervisory Review and Evaluation Process