



EDBS/KH/54/2018
16th August, 2018

Chief Executive Officers/General Managers
All Banks
Manama
Kingdom of Bahrain

Dear Sir,

Liquidity Risk Management Module

Following the industry consultation process, the CBB is pleased to issue the new requirements in relation to liquidity risk management included in Module LM for both of Rulebook Volumes 1 and 2. The new requirements are an important enhancement to the regulatory framework and incorporate the Basel Committee's qualitative principles for sound liquidity risk management and supervision, and the Basel III standards on Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR) both of which have a significant impact on banks' asset and liability management strategies and approaches.

While the qualitative principles included in Chapter LM-1 to LM-10 apply to all banks, the requirements for monitoring and reporting LCR and NSFR apply only to Bahraini banks. Chapters LM-1 to LM-11 must be fully met by 30 June 2019 and the requirements in Chapter 12 must be fully met by 31 December 2019.

Bahraini banks shall continue reporting their LCR and NSFR ratios under the current arrangements until the new rules become applicable.

The modules shall be available on the CBB website under Volumes 1 & 2 in due course.

Should you have any further queries on this matter, please contact your normal supervisory point of contact at the CBB.

Yours sincerely,


Khalid Hamad

cc: Bahrain Association of Banks