Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-33-2016
May 6, 2016

Net Stable Funding Ratio: Proposed Rule

Summary: The Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System (the agencies) have issued a proposed rule that would implement a liquidity requirement consistent with the net stable funding ratio (NSFR) agreed to by the Basel Committee on Banking Supervision. The NSFR would reduce the likelihood that disruptions to a banking organization's regular sources of funding would compromise its liquidity position. The proposal also would promote improvements in the measurement and management of liquidity risk. Comments on the proposed rule are being accepted through August 5, 2016.

Statement of Applicability to Institutions with Total Assets Under $1 Billion: This Financial Institution Letter is not applicable to depository institutions with total assets of less than $1 billion.

Distribution:
FDIC-Supervised Banks (Commercial and Savings)

Suggested Routing:
Chief Executive Officer
Chief Financial Officer
Chief Risk Officer

Related Topics:
Interagency Policy Statement on Funding and Liquidity Risk Management

Liquidity Coverage Ratio

Attachment:
Net Stable Funding Ratio: Liquidity Risk Measurement Standards and Disclosure Requirements

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Highlights

The proposed rule would:

- Establish a minimum requirement for banking organizations covered by the rule to hold sufficient levels of stable funding, consisting of regulatory capital, long-term debt and other stable sources over a one-year time horizon.
- Apply to large and internationally active banking organizations. The more stringent requirements would apply to those with $250 billion or more in total assets or $10 billion or more in total on-balance sheet foreign exposure, as well as those banking organizations' subsidiaries that are depository institutions with $10 billion or more in total assets.
- Measure a covered company's amount of stable funding against the liquidity characteristics of its assets, commitments, and derivative exposures.
- Complement the Liquidity Coverage Ratio (LCR) rule and its goal of improving resiliency to short-term financial stress by focusing on the stability of a covered company's funding profile.
- Provide enhanced information about liquidity risk to supervisors and the public, allowing for more effective oversight and supervision of liquidity risk and the prospect of better market discipline through disclosure.
- Take effect on January 1, 2018.