



Jersey Financial
Services Commission

Glossary of Terms

Consultation Paper No. 3 2017
Basel III: Liquidity Management

Glossary of Terms

Adjustment factor	Used in the <i>LCR</i> and <i>LMR</i> calculations, being the amount of any flow that is contractually due that must be recognised when calculating predicted flows.
Adjusted Amount	For each component of <i>HQLA</i> , the amount that is eligible, after considering the general and operational requirements and the <i>JIB's</i> diversification policy and any resultant limits that are applicable but not any haircuts that are applicable (see <i>Haircut Amount</i>).
ASF	Available Stable Funding
ASF Factor	Modifier used when calculating the <i>ASF</i> .
Available Stable Funding	Numerator used in calculating the <i>NSFR</i> .
Balance sheet assets/liability	For each relevant asset/liability: this is the total value of the <i>JIB's</i> asset/liability measured at the balance sheet value
Banking Law	Banking Business (Jersey) Law 1991, as amended
Banking Code	Code of Practice for Deposit-Taking Business
Basel Committee	Basel Committee on Banking Supervision
Basel II	<i>"International Convergence of Capital Measurement and Capital Standards"</i> , re-issued in comprehensive form in June 2006 by the <i>Basel Committee</i> .
Basel III	Collectively, a comprehensive set of reform measures, developed by the <i>Basel Committee</i> , to strengthen the regulation, supervision and risk management of the banking sector that either revise <i>Basel II</i> or establish new international standards regarding the financial management of international banks.
Basel III DP	Discussion Paper on <i>Basel III</i> , issued by the <i>Tri-party Group</i> in September 2012. Available at: http://www.jerseyfsc.org/pdf/Tri-Party-Discussion-Paper-Basel-III-September-2012.pdf
CDs	Crown Dependencies – Guernsey, Isle of Man and Jersey
Commission Law	Financial Services Commission (Jersey) Law 1998
Contractually Due Inflow	Inflows contractually due in the next 30 days that fall within the relevant item description. Required to be reported for all items unless otherwise specified.
Contractually Due Outflow	Outflows contractually due in the next 30 days that fall within the relevant item description. Required to be reported for all items unless otherwise specified.
CRD IV	<i>EU</i> package of proposals to address the <i>Basel III</i> requirements
CRR	Capital Requirements Regulation, part of CRD IV
DCS	Deposit Compensation Scheme

EBA	European Banking Authority
EU	European Union
Fiduciary deposit	A deposit managed by a financial entity on behalf of beneficiaries (see Appendix C 'LCR/LMR Guide' for more details).
Financial institution	Banks, other deposit-taking institutions and companies, such as investment or securities firms, trust and companies services providers, insurance or reinsurance companies, pension/superannuation funds, that are subject to prudential supervision by the <i>JFSC</i> or an overseas regulator.
GFSC	Guernsey Financial Services Commission
haircut	Used to refer to the <i>JFSC</i> specified (in the HQLA Guide) percentage by which the <i>Adjusted Amount</i> for an <i>HQLA</i> item should be reduced to arrive at the <i>Haircut Amount</i> .
Haircut Amount	The value of an asset for <i>HQLA</i> purposes, determined after applying the relevant specified <i>haircut</i> .
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IOMFSA	Isle of Man Financial Services Authority, the <i>JFSC</i> 's counterpart in the Isle of Man.
IOMFSC	Isle of Man Financial Supervision Commission, predecessor to the <i>IOMFSA</i> .
Jersey Finance	Jersey Finance Limited
Jersey Incorporated Bank	Person incorporated in Jersey that is registered under the <i>Banking Law</i> .
JFSC	Jersey Financial Services Commission
JIB	Jersey Incorporated Bank
LBA	Liquidity Behavioural Adjustment
Level 1 HQLA	The highest category of <i>HQLA</i> , to which the lowest <i>haircuts</i> and no restrictions apply.
Level 2 HQLA	Lower quality <i>HQLA</i> , to which higher <i>haircuts</i> apply and a restriction that the total of all <i>Level 2 HQLA</i> may not contribute more than 40% of total <i>HQLA</i> .
Level 2A HQLA	<i>Level 2A HQLA</i> that are not classified as <i>Level 2B HQLA</i> (and hence not subject to further restrictions).
Level 2B HQLA	Lowest quality <i>HQLA</i> , to which higher <i>haircuts</i> and apply and further restrictions.
LCR	proposed local standard set out in this consultation, closely aligned to the <i>Basel Committee's LCR Standard</i>
LCR Delegated Act	" <i>Liquidity Coverage Requirement Delegated Act</i> " - part of the <i>EU's</i> Implementation of the <i>LCR</i> – enacted by the <i>EU</i> on 10 October 2014

LCR Disclosure Rules	" <i>Liquidity coverage ratio disclosure standards</i> ", issued by the <i>Basel Committee</i> in January 2014, revised March 2014
LCR Standard	" <i>Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools</i> ", issued by the <i>Basel Committee</i> in January 2013. Available at: http://www.bis.org/publ/bcbs238.htm
Liquidity DP	Discussion Paper on liquidity elements in <i>Basel III</i> , issued by the <i>Tri-party Group</i> in July 2015. Available at: http://www.jerseyfsc.org/pdf/DP-Basel-III-Liquidity-July-2015.pdf
LMP	Liquidity Management Policy
LMR	Liquidity Mismatch Ratio, an alternative proposed local standard that dispenses with the 75% cap (in the <i>LCR</i>) on projected inflows from group banks, subject to certain conditions.
LTV	loan-to-value
Nominal	Defined in Appendix C " <i>LCR/LMR Guide</i> " and Appendix G " <i>NSFR Guide</i> " for each classification of off-balance sheet items
NSFR	Net Stable Funding Ratio, global consolidated standard for international banks, most recently updated in the <i>NSFR standard</i>
NSFR Standard	" <i>Basel III: The Net Stable Funding Ratio</i> ", issued by the <i>Basel Committee</i> in October 2014. Available at: http://www.bis.org/bcbs/publ/d295.htm
OIB	Overseas Incorporated Bank
Overseas Incorporated Branch	Person incorporated overseas that is registered to conduct business in a Jersey branch under the <i>Banking Law</i> .
PIC	personal investment company
PIC deposit	a deposit from a <i>PIC</i>
Predicted Inflow	The amount of inflows for <i>LCR/LMR</i> purposes, required to be reported for all items. Unless otherwise specified, this should be derived from the <i>Contractually Due Inflow</i> multiplied by the relevant <i>Adjustment Factor</i> . Required to be reported for each item unless otherwise specified.
Predicted Outflow	The amount of outflows for <i>LCR/LMR</i> purposes, required to be reported for all items. Unless otherwise specified, this should be derived from the <i>Contractually Due Inflow</i> multiplied by the relevant <i>Adjustment Factor</i> . Required to be reported for each item unless otherwise specified.
PSE	Public sector entity
Realisable Value	For each component of <i>HQLA</i> , the amount that is potentially eligible, based on the value that can be realised (by sale or repo), being the higher of (if applicable) the <i>repo value</i> and the <i>sale value</i> .
Rehypothecated Holdings	For each component of <i>HQLA</i> , any relevant amounts received as collateral and subsequently rehypothecated by the <i>JIB</i> , net of any re-pledged as collateral.

relevant amount	Amount required to be reported by an <i>OIB</i> in its prudential return (See Appendix I ' <i>Overseas Bank Reporting</i> ').
Relevant percentage	Percentage required to be reported by an <i>OIB</i> in its prudential return (See Appendix I ' <i>Overseas Bank Reporting</i> ').
repo value	the maximum amount that would be received under a repo, applying prevailing market values and haircuts
Required Stable Funding	Denominator used in calculating the NSFR
RMBS	residential mortgage backed securities
RSF	Required Stable Funding
RSF Factor	Modifier used when calculating the <i>RSF</i> .
RW	risk weight
sale value	the current bid-price of the asset
Secured funding	Liabilities and general obligations that are collateralised by legal rights over specifically designated assets owned by the borrowing institution in the event of bankruptcy, insolvency, liquidation or resolution.
short term transactions	Transactions with a maturity date up to and including 30 calendar days.
significant counterparty	A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the <i>JIB's</i> total balance sheet (see Appendix D ' <i>Funding Concentrations Guide</i> ').
Significant currency	A currency where the aggregate liabilities denominated in that currency amount to 5% or more of the <i>JIB's</i> total liabilities (see Appendix D ' <i>Funding Concentrations Guide</i> ').
Significant product	A single instrument/product or group of similar instruments/products that in aggregate amount to more than 1% of the <i>JIB's</i> total balance sheet (see Appendix D ' <i>Funding Concentrations Guide</i> ').
Small businesses	All businesses where either: <ul style="list-style-type: none"> › The business also borrows money from the <i>JIB</i> and that borrowing meets the rules for the definition of 'retail' for capital adequacy purposes; or › The business does not borrow from the <i>JIB</i> but its deposits are managed as retail deposits, <p>Provided the total aggregated funding raised from any one business or group of connected businesses does not exceed €1 million (on a consolidated basis where applicable).</p>
Sound Principles	' <i>Principles for Sound Liquidity Risk Management and Supervision</i> ', issued by the <i>Basel Committee</i> in September 2008. Available at: http://www.bis.org/publ/bcbs144.htm
SPE	special purpose entity

SREP	supervisory review and evaluation process
Tri-Party Group	comprised of the <i>GFSC</i> , <i>IOMFSC</i> and <i>JFSC</i>
Unencumbered Holdings	For each component of <i>HQLA</i> , the <i>JIB</i> 's own holdings, net of any amount pledged as collateral.
Value	Used when calculating the <i>NSFR</i> , being the relevant <i>balance sheet asset/liability</i> or <i>nominal</i> for an item.