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LCR Classification (LCR)

... Data to Meet the Requirements of Basel III

- Determination of liquidity levels
- Daily updates
- Automatic classification of new financial instruments

The turbulences on the financial markets have revealed the effects of the liquidity risk and the importance of efficient liquidity management for the stability of banks. With the implementation of Basel III/ CRD IV, throughout Europe, banks must meet more requirements, e.g. regarding the structure and use of the liable equity capital.

The liquidity levels are supposed to ensure sufficient dispositive liquidity and that banks are at all times solvent. Yet, the analysis of liquidity levels is a complex challenge for all institutions. The aim of the new provisions is to avoid liquidity shortages in periods of stress.

On 1 October 2015, the LCR standard will be introduced as generally binding requirement. However, the minimum requirements will be increased gradually. This means that a 100% LCR must be achieved not earlier than in 2009.

With the new product LCR classification (LCR), based on the COMISSION DELIGATED REGULATION (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/ 2013, WM Datenservice provides information for the consideration of active securities/ financial instruments in line with the LCR determination.

Due to its comprehensive database, specialist and technical expertise, WM Datenservice determines a LCR classification for active financial instruments.

The financial instruments are classified in three liquidity levels:
Very high liquidity = level 1
High liquidity = levels 2A and 2B

There will be one classification per active issue/ISIN. Based on the classification criteria, the LCR classifications will be checked and updated per issue on a daily basis.

The selection of the liquidity level is not effected by WM Datenservice as per the delegated regulation Second Best, but the customer himself.

For the derivation of the classification, WM uses different master data, e.g. guarantors, remaining term and credit rating. It is always the LCR classification, with consideration of the ratings, which is supplied. The agencies, e.g. Fitch, Moody's and Standard & Poor's are taken into consideration, depending on the individual customer wishes.

Bezeichnungen/Information	Ausprägung
WKN:	A1G0WC
ISIN:	DE000A1G0WC7
GD270A:	Siemens Finan.maatschappij NV
GD270B:	DL-Bonds 2012(19) wW
LCR Level (Liquiditätsstufe):	2B
LCR Gesetzesverweis:	Art12=>Abs1=>Buchst_b
LCR Verwendetes Rating :	Instrument_LT
LCR Wert Haircut KI:	50
LCR Wert Haircut CIU:	55

We will provide the above mentioned data in the LCR classification. We will be happy to provide you with test data.

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