

Regulatory

Developments

CBIRC releases Regulations on Liquidity Risk of Commercial Banks

The revision mainly includes the following contents. First, it introduces three quantitative indicators, that is, Net stable funding ratio (NSFR) applies to commercial banks with RMB200 billion or more assets, High-quality Liquidity Asset Adequacy Ratio (HQLAAR) applies to commercial banks with less than RMB200 billion assets, and Liquidity Matching Rate (LMR) applies to all commercial banks. Second, it further improves the liquidity risk monitoring system. The calculating methods of some monitoring indicators are optimized to emphasize their effect in risk management and regulation. Third, it further details liquidity risk regulations, including daytime liquidity risk management and financing management.

[\(CBIRC News\)](#) (Currently Available in Chinese)

CBIRC releases Guidelines on Management of Interest Rate Risk in Banking Books of Commercial Banks (revised)

To urge commercial banks to better manage the interest rate risk in their banking books and make up for the regulatory weak links, China Banking and Insurance Regulatory Commission (CBIRC) revised the Guidelines on Management of Interest Rate Risk in Bank Accounts of Commercial Banks (Yin Jian Fa [2009] No.106), solicited public opinions, and released the Guidelines on Management of Interest Rate Risk in Banking Books of Commercial Banks (revised).

In view of the actual situation of Chinese banking industry and in reference to international standards, the *Guidelines* revised mainly in the following aspects. (1) It details the requirements on risk management, standardizes the risk governance structure and management policies and procedures, strengthens systematic construction, modeling and data management, and specifies the internal application and reporting requirements of the measured results. (2) It standardizes risk measurement, specifies the requirements and factors for selecting interest rate shock scenarios and pressure scenarios, and designs differentiated framework of regulatory statement according to the bank's systematic importance and business complexity. (3) It intensifies supervision and examination, lays down the requirement for regulators to regularly evaluate the risk status of commercial banks and corresponding regulatory measures, and demands more frequent submission of off-site regulatory statement.

[\(CBIRC News\)](#) (Currently Available in Chinese)

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