

DECREE
of the National Bank of Slovakia
of 24 November 2009

amending the Decree of the National Bank of Slovakia No. 18/2008 on Bank and Foreign Bank Affiliates Liquidity and on Risk Management Procedures of Bank and Foreign Bank Affiliates Liquidity and on amending the Decree of the National Bank of Slovakia No. 11/2007 on Explanatory Records, Reports and Other Reports by Banks, Foreign Bank Affiliates, Investment Firms and Foreign Investment firms Affiliates for the Purposes of Performing Supervision and for Statistical Purposes

The National Bank of Slovakia pursuant to Article 27 (14)(b)(c) and (d) of Act No. 483/2001 Coll. on Banks and on amendments to certain laws, as amended, stipulates as follows:

Section I

The Decree of the National Bank of Slovakia of 28 October 2008 No. 18/2008 on Bank Liquidity and Foreign Bank Affiliates Liquidity and on Procedures of Risk Management of Bank Liquidity and of Foreign Bank Affiliates Liquidity and on amending the Decree of the National Bank of Slovakia No. 11/2007 on Explanatory Records, Reports and Other Reports by Banks and Foreign Bank Affiliates, Securities Dealers and Foreign Securities Dealers for the Purposes of Performing Supervision and for Statistical Purposes (Announcement No. 423/2008 Coll.) is amended as follows:

1. In the Article 3 (1)(a) in the second point the following words are added at the end:
“as well as ensuring organisation of risk management of liquidity in accordance with the Article 4a, corresponding to the extent and complexity of bank activity and enabling performance of acceptable strategy of liquidity risk management,”.
2. In the Article 3 (1)(b), the introductory sentence is as follows:
b) “identification, measurement, monitoring and limiting of liquidity risk, especially”.
3. In the Article 3 (1)(b), in the third point, the word "identification" is added following the word “for”.
4. In the Article 4, in the introductory sentence following the word “in the process of approval”, the words “and at least once during the corresponding accounting period evaluated” are added.
5. In the Article 4, (a) and (b) is as follows:
“a) goals of the bank defined in writing regarding liquidity risk management and regarding bank tolerance of
liquidity risk towards liquidity risk,
b) methods of identifying, measuring and liquidity risk monitoring in order to create and re-evaluate scenarios,”.

6. Following the Article 4, the Article 4a is added with the following wording:

“Article 4a

**Liquidity Risk Management
Organisation**

(1) Liquidity risk management includes especially

- a) ensuring performance of the strategy for liquidity risk management and creating corresponding organisational bank structure including identifying of employees and head employees responsible for liquidity risk management,
- b) engaging responsible employees and bank departments in the process of liquidity risk management,
- c) organisational and personnel division of activities and responsibilities of bank departments so that conflict of interest is always avoided, especially division of business activities and activities ensuring bank liquidity and activities connected with liquidity risk management,
- d) creating adequate flow of information between relevant employees, head employees in the area of liquidity risk management and departments responsible for liquidity risk management,
- e) informing all responsible bank employees about approved strategy of liquidity risk management in the bank.

(2) Division of business activities and activities ensuring bank liquidity and activities connected with liquidity risk management in accordance with the Paragraph 1 (c) will be ensured to the highest possible level of management.

(3) Business activity for the purposes of organizational and personnel separation of activities is understood as close-out of deals exposing the bank to risk.”.

7. In the Article 5 (f) the words in the “basic scenario” are replaced by words “in scenarios”.
8. In the Article 6 (1) the words “and to truthfully measure, monitor, manage and control liquidity” is replaced by words “and to truthfully identify, measure, monitor and limit the liquidity risk and manage and control liquidity”.
9. In the Article 8 (2)(b) at the end, the dot is replaced by a semi-colon and the following words are added: “alternative scenarios considering also factors impacting the stability of the financial market, factors impacting the level of bank liquidity risk and mutual combinations of these two categories of factors”.
10. In the Article 11 (1) is being supplemented by Letter (e) wording of which is as follows:
“e) rules of informing bank employees about emergency situations and changes in the bank working procedures.”
11. In the Article 12 (1) following (a), (b) is inserted with the following wording:
“(b) regular and independent inspection for ensuring bank liquidity by internal control department and self-audit department of the bank,”.

The current Letter (b) is marked as Letter (c).

12. In the Article 13 (11)(d) the following words are added at the end:
 “ and apart from those bound in the form of mortgage or subject of ensuring transition of the rights to the benefit of the Ministry of Finance of the Slovak Republic or to the benefit of the State Treasury related to operations on the financial market carried out in their name by the Debt and Liquidity Management Agency,”.
13. In the Article 13 (11)(e) following the word “mortgage”, the words “or subject of collateral transition of the right” is inserted.
14. In the Article 13 (11)(g) is being inserted with the following wording:
 “g) receivables from obligations of the International Bank for Reconstruction and Development, European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank to provide a credit that can be drawn within one month; the calculation will only include receivables resulting from contracts that the body providing the credit cannot withdraw from.”
15. In the Article 13 (12) is as follows:
 “(12) For the purposes according to Paragraph 11, the table is laid down as follows:

Table

Securities	Issuer or guarantor	Deduction (%)
Treasury notes	Countries of the Eurosystem, the United States of America, Canada, The United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland and Central banks of countries of the Eurosystem, of the United States of America, of Canada, the United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland	1%
Bonds with a variable coupon or coupon bonds with remaining period of fixation of coupon of one year including or coupon-free bonds with remaining period of fixation of up to one year including issued or guaranteed to 100% of the amount of principal and bond payments	Countries of the Eurosystem, the United States of America, Canada, The United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland and Central banks of countries of the Eurosystem, of the United States of America, of Canada, the United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland	1%
Mortgage bonds, communal obligations or bonds issued by a foreign bank, if finances received through issue of bonds issued by a foreign bank are invested in such assets that cover obligations of the bond of the issuer to maturity date and that may be in case of insolvency of the issuer preferentially used to pay the nominal value of bonds and the revenue from the bonds, and in case supervision if performed over such foreign bank protecting the interests of bond owners (hereinafter the “foreign covered bonds”), with remaining maturity of	Mortgage banks and foreign bank seated in a country of the European Economic Area, in the United States of America, in Canada, Japan and Switzerland	1%

Coupon bonds with a remaining time of coupon fixation from one to five years including, or coupon-free bonds with a remaining maturity from one to five years including issued or guaranteed to 100% of the volume of principal as well as coupon payments	Countries of the Eurosystem, the United States of America, Canada, The United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland and Central banks of countries of the Eurosystem, of the United States of America, of Canada, the United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland	3%
Mortgage bonds, communal obligations or foreign covered bonds with remaining maturity from one to five years including	Mortgage banks and foreign bank seated in a country of the European Economic Area, in the United States of America, in Canada, Japan and Switzerland	3%
Coupon bonds with remaining period of coupon fixation from five to ten years including or coupon-free bonds with remaining maturity from five to ten years including issued or guaranteed to 100% of the principal as well as coupon payments	Countries of the Eurosystem, the United States of America, Canada, The United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland and Central banks of countries of the Eurosystem, of the United States of America, of Canada, the United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland	6%
Mortgage bonds, communal obligations and foreign covered bonds with remaining maturity from five to ten years including	Mortgage banks and foreign bank seated in a country of the European Economic Area, in the United States of America, in Canada, Japan and Switzerland	6%
Coupon bonds with remaining period of coupon fixation more than ten years or coupon-free bonds with a remaining maturity of more than ten years issued or guaranteed to 100% of the volume of principal and coupon payments	Countries of the Eurosystem, the United States of America, Canada, The United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland and Central banks of countries of the Eurosystem, of the United States of America, of Canada, the United Kingdom of Great Britain and Northern Ireland, Japan and Switzerland	10%
Mortgage bonds, communal obligations or foreign covered bonds with remaining maturity over ten years	Mortgage banks and foreign bank seated in a country of the European Economic Area, in the United States of America, in Canada, Japan and Switzerland	10%
Other bond securities listed on regulated markets, cleared as financial instruments and priced in real value against profit and loss and financial instruments for sale		20%
Other bond securities listed on regulated markets cleared as financial instruments and held until the maturity date and as deposits and loans		20%
Other capital securities listed on regulated markets		30%

16. In the Article 13, Paragraph 13 is inserted after Paragraph 12 with the following wording:

„(13) Securities according to the table indicated in the Paragraph 12 with a remaining maturity of more than one month and without remaining maturity, apart from those by which a failure occurred that were provided by the bank as collateral or subject of securing transition of rights for refinancing of operation with the National Bank of Slovakia and

that were not yet used for refinancing within these operations for the purposes of calculation of aggregate of liquidity assets according to the Paragraph 11 (e) such securities are considered that were not provided as a collateral or subject of guaranteed transition of rights."

Current Paragraphs 13 to 15 are marked as Paragraphs 14 to 16.

17. In the Article 13 (14)(b) after the words "Debt and Liquidity Management Agency", the following words are inserted "obligations of inferiority towards legal entities and obligations towards the International Bank for Reconstruction and Development, the European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank" and at the end, the following words are added: "apart from obligations in the value corresponding with the value of such liquid assets of bank that are not bound by a form of collateral or subject of guaranteed transition of rights for the benefit of the Ministry of Finances of the Slovak Republic and for the benefit of the State Treasury with regards to operations on the financial market performed in their name by the Debt and Liquidity Management Agency,".
18. In the Article 13 (14)(f) after the words "Debt and Liquidity Management Agency", the words "obligations of inferiority towards legal entities and obligations towards the International Bank for Reconstruction and Development, the European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank," are inserted.
19. In the Article 13 (14) (k) is omitted.

Current Letters (l) and (m) are marked as Letters (k) and (l).

Section II

This Decree shall enter into force on 1 January 2010.

Ivan Šramko m. p.
Governor

Issuing department: Regulatory and Risk Management Methodology Department

Tel.: +421 2 5787 3301

Fax:+421 2 5787 1118