

# Finansinspektionen's regulation

Publisher: Finansinspektionen, Sweden, www.fi.se  
ISSN 1102-7460



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## Finansinspektionen's regulations regarding reporting of liquidity risk;

**FFFS 2007:3**

Published  
29 January 2007

decided 22 January 2007.

Finansinspektionen prescribes the following pursuant to Chapter 5, section 2, sub-section 9 of the Banking and Financing Business Ordinance (2004:329), section 2, sub-section 11 of the Securities Market (Trading and Services) Ordinance (1991:1007) and section 30, sub-sections 39 and 40 of the Capital Adequacy and Large Exposures Ordinance (2006:1533).

### Chapter 1 Scope

**Section 1** The regulations specify the information concerning liquidity risk that shall be reported to Finansinspektionen.

The regulations shall be applied by:

1. credit institutions in accordance with the definition in Chapter 1, section 3, sub-section 12 of the Capital Adequacy and Large Exposures Act (2006:1371) and investment firms in accordance with the definition in Chapter 1, section 2, first paragraph, point 2 of the Securities Business Act (1991:981),
2. branch offices to foreign credit institutions that are referred to in Chapter 4, section 4 of the Banking and Financing Business Act (2004:297) and branch offices to foreign companies carrying on securities business in accordance with Chapter 2, section 7 of the Securities Operations Act, and
3. financial groups in accordance with the definition in Chapter 9, section 1 and section 2, first paragraph, point 1 of the Capital Adequacy and Large Exposures Act.

The provisions shall not be applied by individual firms which are part of a financial group.

**Section 2** However, the regulations only apply to firms and financial groups with a balance sheet total of over SEK 5 billion.

**Section 3** The liquidity risk shall be reported as of 31 March, 30 June, 30 September and 31 December. Finansinspektionen shall have received the report at the latest by 30 April, 10 August, 31 October and 31 January, respectively. If the balance date coincides with the annual accounting date, Finansinspektionen shall have received the report at the latest on the twentieth day of the second month following the balance sheet date.

Information shall be submitted via Finansinspektionen's website, [www.fi.se](http://www.fi.se). See the form in the *appendix*.

**Section 4** Finansinspektionen decides on exceptions from these regulations where special grounds exist.

### Definitions

**Section 5** In these regulations the terms and expressions shall have the following meaning.

*Cash flow*: All payments made to and from a firm during a certain period of time.

*Credit facility*: Agreed but as yet undrawn credit for which the borrowing firm normally pays a (annual) fee. It shall be possible to utilise this facility at short notice and it shall not be associated with special terms and conditions that may prevent the firm from receiving the money.

*Liquidity*: The firm's capacity to meet its payment obligations on a timely basis.

*Liquidity reserve*: Funds that may be used to secure the firm's short-term capacity to pay.

*Liquidity risk*: The risk of not being able to meet payment obligations on their due dates without the cost of obtaining the funds increasing considerably.

*Modelled cash flow*: Payments for which the firm has made its own assumptions regarding future payment dates.

## Chapter 2 Basic requirements for reporting liquidity risk

**Section 1** The firm shall calculate and report to Finansinspektionen the total net cash flow the firm current business operation generates in the future periods set out in Chapter 3, section 3. See the appendix.

**Section 2** The firm shall also report the liquidity reserve and any undrawn credit facilities remaining in each future period after the net cash flow has been taken into account.

## Chapter 3 Principles for forecasting future cash flows

**Section 1** The calculation shall cover all cash flows generated under normal business conditions by current business contracts in accordance with the firm's own estimates.

**Section 2** Cash flows in different currencies shall be aggregated to a total net cash flow in SEK. Current rates at the time of calculation shall be used for the conversion to SEK.

**Section 3** Forecasted future cash flows shall be reported for the following six periods:  
day 1, > 1 day <= 1 week, > 1 week <= 1 month, > 1 month <= 3 months,  
>3 months <= 6 months, > 6 months <= 12 months.

**Section 4** When reporting cash flows the firm shall differentiate between contracted cash flows with set payment dates and modelled cash flows. The firm's modelling principles shall be notified to Finansinspektionen.

Information regarding future cash flows shall be submitted in SEK thousands, converted from foreign currency where appropriate.

#### **Chapter 4 Information regarding lenders and loan markets**

**Section 1** The firm shall submit information regarding the total outstanding gross liability to its five largest lenders as well as the amount due to its largest lender.

**Section 2** The firm shall submit information concerning outstanding liabilities

1. on the interbank market in SEK
  - of which fall due the next day in SEK
2. on the interbank market in foreign currencies
  - of which fall due the next day in foreign currencies
3. in the form of money market instruments, maximum one-year original maturity, issued in SEK
4. in the form of money market instruments, maximum one-year original maturity, issued in foreign currencies.

Information regarding liabilities shall be submitted in SEK thousands, converted from foreign currency where appropriate.

#### **Chapter 5 Archiving**

**Section 1** The data that forms the basis for reporting to Finansinspektionen shall be documented in a manner that enables control at a later date. For this reason the data shall be stored for at least one calendar year.

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These regulations shall enter into force on 1 February 2007.

INGRID BONDE

Göran Nirdén

**LIQUIDITY RISK REPORT**

INSTITUTION	
HANDLED BY	TELEPHONE NUMBER

PERIOD
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INSTITUTION NUMBER
COMP. REG. NO.

Amounts indicated in SEK thousands without decimals

Totals shall balance

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PERIOD
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INSTITUTION NUMBER
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### A. CASH FLOW FORECAST

	1	2	3	4
	Opening balance	day 1	>day 1 <=1 week	>1 week <=1 month
<b>A1</b> Cash flow net				
<b>A2</b> - of which modelled cash flow				
<b>Liquidity reserve</b>				
<b>A3</b> Treasury bills and other eligible securities				
<b>A4</b> Lending to credit institutions				
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<b>A10</b> Liquidity reserve + available credit facilities as % of net cash flow <span style="float: right;">((A7 +A8) / A1 * 100)</span>				

		5	6	7
		>1 month <=3 months	> 3 months <=6 months	> 6 months <=12 months
<b>A1</b>	Cash flow net			
<b>A2</b>	- of which modelled cash flow			
<b>Liquidity reserve</b>				
<b>A3</b>	Treasury bills and other eligible securities			
<b>A4</b>	Lending to credit institutions			
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**B. INFORMATION REGARDING OUTSTANDING LIABILITIES****Information regarding outstanding liabilities as of reporting day**

<b>B1</b>	Borrowed on the interbank market in SEK	<input type="text"/>
<b>B2</b>	- of which falls due the next day in SEK	<input type="text"/>
<b>B3</b>	Borrowed on the interbank market in foreign currency	<input type="text"/>
<b>B4</b>	- of which falls due the next day in foreign currency	<input type="text"/>
<b>B5</b>	Borrowed against money market instrument with maximum one year original maturity in SEK	<input type="text"/>
<b>B6</b>	Borrowed against money market instrument with maximum one year original maturity in foreign currency	<input type="text"/>
<b>B7</b>	Gross financial liability to the firm's largest lender	<input type="text"/>
<b>B8</b>	Total gross liability to the firm's five largest lenders	<input type="text"/>