

Paperwork Requirement
Funding and Liquidity Risk Management Guidance
(FR 4198; OMB No. 7100-NEW)

Section 14 of the Guidance - Strategic Planning and Budgeting Processes

- Institutions should consider liquidity costs, benefits, and risks in strategic planning and budgeting processes.
- Significant business activities should be evaluated for liquidity risk exposure as well as profitability.
- More complex and sophisticated institutions should incorporate liquidity costs, benefits, and risks in the internal product pricing, performance measurement, and new product approval process for all material business lines, products and activities. Incorporating the cost of liquidity into these functions should align the risk-taking incentives of individual business lines with the liquidity risk exposure their activities create for the institution as a whole.
- The quantification and attribution of liquidity risks should be explicit and transparent at the line management level and should include consideration of how liquidity would be affected under stressed conditions.

Section 20 of the Guidance - Liquidity Risk Reports

- Liquidity risk reports should provide aggregate information with sufficient supporting detail to enable management to assess the sensitivity of the institution to changes in market conditions, its own financial performance, and other important risk factors.
- Institutions should also report on the use of and availability of government support, such as lending and guarantee programs, and implications on liquidity positions, particularly since these programs are generally temporary or reserved as a source for contingent funding.