



**ISLE OF MAN
FINANCIAL SERVICES AUTHORITY**

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Feedback Statement

Updating the Liquidity Framework for Banks

Implementation of a Net Stable Funding Ratio

FS25-02

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Glossary

(The) Authority	Isle of Man Financial Services Authority
Available Stable Funding (ASF)	The portion of capital and liabilities expected to be reliable over the one-year time horizon considered by the NSFR.
Bank / reporting bank	In the context of the NSFR Reporting Form this is the Isle of Man incorporated entity that has been issued with a Class 1(1) or Class 1(2) (Deposit Taking) licence under the Financial Services Act 2008 and includes branches of that entity.
Basel Committee	The Basel Committee on Banking Supervision (“BCBS”) being the primary global standard setter for the prudential regulation of banks, which provides a forum for regular cooperation on banking supervisory matters.
FSA08	Isle of Man Financial Services Act 2008
HQLA	High Quality Liquid Assets
Liquidity Coverage Ratio (“LCR”)	The LCR, developed by the Basel Committee, is one of the minimum standards for funding liquidity with the specific purpose of promoting short-term resilience of a bank’s liquidity risk profile by ensuring that it has sufficient high-quality liquid assets (“HQLA”) to survive a significant stress scenario lasting for one month. See DP25-01 for further information.
Multilateral Development Bank (“MDB”)	An institution created by a group of countries that provides financing and professional advice for economic and social development projects. MDBs have large sovereign membership and may include both developed and/or developing countries. Each MDB has its own independent legal and operational status, but with a similar mandate and a considerable number of joint owners.
Net Stable Funding Ratio (“NSFR”)	A measure developed by the Basel Committee to promote resilience over a longer time horizon of one year. The amount of available stable funding relative to the amount of required stable funding.
NSFR Standard	The Net Stable Funding Ratio Standard, also referred to as the NSFR Standard, means the NSFR Standard as it was incorporated into the consolidated Basel Framework and which contains frequently asked questions and responses, effective 15 December 2019. The NSFR Standard can be found at: https://www.bis.org/basel_framework/standard/NSF.htm
Required Stable Funding (RSF)	The amount of stable funding required, being a function of the liquidity characteristics and residual maturities of the various assets held by a bank as well as those of its off-balance sheet exposures.

1. Background

This Feedback Statement is issued by the Isle of Man Financial Services Authority following Discussion Paper DP25-02¹.

The purpose of the Discussion Paper was to seek views on proposals to implement a Net Stable Funding Ratio (“**NSFR**”) requirement (including reporting forms, guidance, and core regulatory requirements) for banks incorporated in the Isle of Man, in line with the Basel III NSFR Standard.

The consultation period ran for a 6-week period, until 29 August 2025.

The Authority has contacted the recipients listed in [Appendix A](#) directly to provide a link to this Feedback Statement.

2. Summary of Responses

Responses were received from all five banks incorporated in the Island. No other responses to the consultation were received.

2.1 Proposed Core Regulatory Requirements for the NSFR

Question 1

Do you agree with the proposed core regulatory requirements in respect of the NSFR? If not, please provide additional information.

All five banks confirmed agreement to the proposed core regulatory requirements, noting one wished to receive clarity on “other liquidity monitoring metrics” (which will form part of a further discussion paper), and one raised 3 specific questions which have been addressed directly with that bank.

Question 2

Do you have any other observations to make in relation to these proposals?

Four banks did not raise any other observations regarding the core regulatory requirements.

One bank noted that the LCR requires HQLA to be measured at fair value, whereas within the NSFR they are required to be measured at accounting value, which may vary for some banks. The bank asked if it would be better to align the measurement method.

The Authority does not consider that it would be appropriate to align the measurement method for HQLA. HQLA are reported at accounting value in the NSFR because the NSFR is

¹ See [DP25-02](#)

a long-term ratio focused on structural funding, while fair value is used in the LCR because the LCR is a short-term ratio that requires a precise, stress-tested value of assets available to be sold quickly in a 30-day crisis. Fair value reflects the potential market price of an asset during a stressful period, whereas accounting value is used for the NSFR to ensure a bank's stable funding supports its long-term assets (accounting value is the standard measure for long-term assets). For some banks, the accounting value may equal fair value.

2.2 Proposed Reporting Forms and Guidance

Question 3

Do you have any comments / observations in relation to the proposed NSFR Reporting Form and guidance (including the proposed decision not to exercise the national discretions referenced above)? If so, please provide further information, including identification of any errors.

All five banks did not make any other substantive comments.

2.3 NSFR Proposed Frequency of Reporting

Question 4

Do you agree with the proposal to implement quarterly reporting as standard (with submissions due within one month), consistent with the Basel Committee NSFR Standard?

All five banks confirmed agreement to the proposed approach, noting one requested consideration be given to reporting only half yearly. The Authority considers quarterly reporting remains appropriate.

Question 5

Would you be able to increase the frequency of reporting, for example to monthly, or even weekly if required to do so by the Authority (on an exceptional basis)?

All five banks confirmed they would be able to increase the frequency of reporting (by exception) to monthly, noting some operational constraints in reporting weekly.

2.4 Transition and Implementation

Question 6

Do you agree with the proposal to start reporting NSFR information to the Authority in alignment with the LCR (expected Q1 or Q2 2026)? If this proposed date(s) would cause you difficulties, please provide an alternative date for commencing reporting and summarise the reasons why.

All five banks agreed with the proposal to align reporting of the NSFR with the LCR, with some expressing a preference for Q2 2026. The Authority expects to have a final suite of reporting forms and guidance for NSFR and LCR available before the end of 2025, in preparation for reporting to the Authority from Q2 2026 (also see question 7 below).

Question 7

Do you agree with the proposal to introduce the proposed regulatory requirements for NSFR in 2026 aligned to the final agreed first reporting date? If this proposed date would cause you difficulties, please provide an alternative date and summarise the reasons why.

All five banks had no objection to aligning the introduction of the regulatory requirements with the reporting requirement (per question 6). If a bank cannot fully comply with the LCR or NSFR regulatory requirement (but is able to report the return to the Authority), the Authority has flexibility to delay the “switching on” of the regulatory minima on an individual bank basis as part of the transitional arrangements.

3. Changes to the Proposals

3.1 Proposed Core Regulatory Requirements for the NSFR (Q1 & 2)

No changes are proposed to the core regulatory requirements for the NSFR, noting that the Authority will remain flexible in respect of the implementation date (**see section 3.4 below**), including any transition that may be required on a specific bank basis.

3.2 Proposed Reporting Forms and Guidance (Q3)

No changes are proposed to the reporting forms and guidance for the NSFR. As part of introducing one integrated reporting template and guidance for banks incorporated in the Island (i.e. covering LCR, NSFR, and other liquidity monitoring metrics²), some minor changes may be made to the reporting forms and guidance. Any changes from the original versions will be made clear to banks.

² To be consulted on.

3.3 NSFR Proposed Frequency of Reporting (Q4 & 5)

No changes are proposed to the frequency of reporting (quarterly, due within one month). The guidance will be updated to make it clear that reporting on a more frequent basis (by exception), may be made on a simplified basis.

3.4 Transition and Implementation (Q6 & 7)

The Authority wishes to aim for implementation by end June 2026 (at least for reporting of NSFR and LCR) but notes that it may need to be flexible as to when the regulatory requirements come into force. The Authority will also be able to “switch on” the regulatory requirements at various times for different banks if absolutely necessary.

4. Next Steps

The Authority will prepare final reporting forms and guidance for the NSFR and will clearly set out any changes from the versions issued with the Discussion Paper. These changes will not be material.

The Authority will embed the final NSFR reporting forms into one integrated reporting template and guidance for banks incorporated in the Island (i.e. covering LCR, NSFR, and, eventually, other liquidity monitoring metrics).

By the end of 2025, the Authority expects to have issued an integrated reporting template and guidance for NSFR and LCR (“version 1”) which banks can use (the other liquidity monitoring metrics will then be added as a “version 2”). The Authority will also continue its work in enhancing its guidance in relation to the internal liquidity adequacy assessment process. This is likely to be incorporated into the existing ICAAP guidance with the document to be renamed ‘internal capital and liquidity adequacy assessment process’ (“ICLAAP”).

The Authority will also continue to remain flexible in the implementation date of the regulatory and reporting requirements.

5. Questions

In case of any query on this Feedback Statement please contact —

Mr Andrew Kermode

Head of Division – Prudential Supervision Division

Isle of Man Financial Services Authority

PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT

Email: andrew.kermode@iomfsa.im **Telephone:** +44 1624 689320

If you have a query in relation to how the related consultation was carried out, please contact the Authority’s Policy & Risk Division by email at Policy@iomfsa.im or by telephone on +44 1624 646000.

Appendix A – List of Specific Recipients

- Isle of Man Bankers' Association
- Individual Class 1(1) and Class 1(2) Deposit Takers (Banks) incorporated in the Isle of Man