

[Sender Name]
[Sender Title]
[Institution Name]
[Date]

[Recipient Name]
[Recipient Title]
[Recipient Institution]
[Address]

RE: Notice of Capital Liquidity Impact - Sovereign Debt Crisis

Dear [Recipient Name],

We are writing to formally notify you of the significant impact that the current sovereign debt crisis in [Affected Region/Country] is having on our capital liquidity and institutional operations.

Due to the volatility in the sovereign bond markets and the subsequent devaluation of government-backed securities, our institution is experiencing the following liquidity constraints:

- Reductions in high-quality liquid asset (HQLA) valuations.
- Increased haircuts on collateralized borrowing and repurchase agreements.
- Heightened counterparty risk assessments affecting interbank lending.
- Restricted access to international capital markets.

In response to these conditions, we have activated our Liquidity Contingency Plan. This includes the preservation of cash reserves, a temporary suspension of [Specific Activity/Distribution], and the prioritization of essential settlement obligations.

We are closely monitoring the fiscal policy updates from [Government/Central Bank] and will provide further communication as the situation stabilizes or if further restrictive measures are required.

Should you require detailed data regarding our current Tier 1 capital ratios or liquidity coverage ratios (LCR), please contact our Treasury Department.

Sincerely,

[Signature]

[Sender Name]
[Institution Name]