



Instructions for Memorandum items (PRA 108)

These data provide information on various memorandum and off balance sheet items, as previously reported in the Memorandum items section of the FSA001 (Balance sheet return as submitted between 2008 and 2017).

Currency

Firms should report in the currency of their annual audited accounts. All figures should be reported in units.

46-53 Derivatives

This provides further information on over-the-counter (OTC) derivatives. Firms should allocate the contracts to the bands as accurately as possible but, if some of the breakdowns are not available, they should report on the basis of the predominant type of derivative.

A – Notional contract amount

Firms should provide this amount, if available, or their best estimate of it from internal sources.

B – Assets

Firm should use the value placed on these contracts in the balance sheet, before accounting netting.

C – Liabilities

Firm should use the value placed on these contracts in the balance sheet, before accounting netting.

53B/53C Total after netting

This is the value of derivatives, for columns B and C, after accounting netting.

Other items

Do not include any items in this section which have already been reported as Derivatives in rows 46-53.

54A Direct credit substitutes

Report here those direct credit substitutes which do not appear on the face of the balance sheet.

Direct credit substitutes relate to the financial requirements of a counterparty, where the risk of loss to the firm on the transaction is equivalent to a direct claim on the counterparty, ie the risk of loss depends on the creditworthiness of the counterparty.

Report instruments such as:

- a) acceptances granted and risk participations in bankers' acceptances. Where a firm's own acceptances have been discounted by that institution, the nominal value of the bills held should be deducted from the nominal amount of the bills issued under the facility and a corresponding on-balance sheet entry made;
- b) guarantees given on behalf of customers to stand behind the current obligations of the customer and to carry out these obligations should the customers fail to do so, eg a loan guarantee;
- c) guarantees of leasing operations;
- d) guarantees of a capital nature such as undertakings given to firms authorised under the Financial Services and Markets Act 2000 (FSMA) which are considered as capital;
- e) letters of credit not eligible for inclusion in 56A;
- f) standby letters of credit, or other irrevocable obligations, serving as financial guarantees where the firm has an irrevocable obligation to pay a third party beneficiary if the customer fails to repay an outstanding commitment, eg letters of credit supporting the issue of commercial paper, delivery of merchandise, or for stock lending (standby letters of credit which are related to non-financial transactions should be reported in 55A below);
- g) reinsurance or window letters of credit;
- h) acceptances drawn under letters of credit, or similar facilities where the acceptor does not have specific title to an identifiable underlying shipment of goods (eg sales of electricity); and
- i) confirmations of letters of credit.

55A Transaction-related contingents

Report here those transaction-related contingents which do not appear on the face of the balance sheet.

Transaction-related contingents relate to the ongoing trading activities of a counterparty where the risk of loss to the firm depends on the likelihood of a future event which is independent of the creditworthiness of the counterparty. They are essentially guarantees which support particular non-financial obligations rather than supporting customers' general financial obligations. Report such items as:

- a) performance bonds, warranties and indemnities (indemnities given for lost share certificates or bills of lading and guarantees of the validity of papers rather than of payment under certain conditions should not be reported);
- b) bid or tender bonds;
- c) advance payment guarantees;
- d) VAT, customs and excise bonds. The amount recorded for such bonds should be the firm's maximum liability (normally twice the monthly amount being guaranteed); and
- e) standby letters of credit relating to a particular contract or to non-financial transactions (including arrangements backing, inter alia, subcontractors' and suppliers' performance, labour and materials, contracts, and construction bids).

56A Trade-related contingents

Report here those trade-related contingents which do not appear on the face of the balance sheet.

Report short-term, self-liquidating trade-related items such as documentary letters of credit issued by the firm which are, or are to be, collateralised by the underlying shipment, ie where the credit provides for the firm to retain title to the underlying shipment.

Letters of credit issued by the firm without provision for the firm to retain title to the underlying shipment or where the title has passed from the firm should be reported under direct credit substitutes (54A). A memorandum of pledge and a trust receipt are not regarded as giving the firm title, and transactions secured by these should be shown under 54A.

Letters of credit issued on behalf of a counterparty back-to-back with letters of credit of which the counterparty is a beneficiary ('back-to-back' letters) should be reported in full.

Letters of credit advised by the firm or for which the firm is acting as reimbursement agent should not be reported.

57A Asset sales with recourse

Report here those asset sales with recourse which do not appear on the face of the balance sheet.

Report put options written where the holder of the asset is entitled to put the asset back to the firm, eg if the credit quality deteriorates. Also report put options written by the firm attached to marketable instruments or other physical assets.

58A Forward asset purchases

Report here those forward asset purchases which do not appear on the face of the balance sheet.

Include commitments for loans and other on-balance sheet items with certain drawdown. Exclude foreign currency spot deposits with value dates one or two working days after trade date.

59A Forward forward deposits placed

Report here those forward forward deposits placed which do not appear on the face of the balance sheet.

This covers agreements between two parties whereby one will pay, and the other receives an agreed rate of interest on a deposit to be placed by one with the other at some predetermined date in the future. Exclude foreign currency spot deposits with value dates one or two working days after trade date.

60A Uncalled partly-paid shares and securities

Only report if there is a specific date for the call on the unpaid part of the shares and securities held. If there is no specific date, the unpaid part should be treated as a long-term commitment (see 63A).

61A NIFs and RUFs

Report here those Note Issuance Facilities (NIFs) and Revolving Underwriting Facilities (RUFs) which do not appear on the face of the balance sheet.

Note issuance facilities and revolving underwriting facilities should include the total amounts of the firm's underwriting obligations of any maturity. Where the facility has been drawn down by the borrower and the notes are held by anyone other than the firm, the underwriting obligation should continue to be reported at the full nominal amount.

62A Endorsements of bills

Report here those endorsed bills which do not appear on the face of the balance sheet.

Endorsements of bills (including per aval endorsements) should be reported at the full nominal amount, less any amount for bills which the firm now holds but had previously endorsed.

63A Other commitments

Report here other commitments which do not appear on the face of the balance sheet, and are not reported in items 54A to 62A above.

The firm is regarded by the PRA as having a commitment regardless of whether it is revocable or irrevocable, conditional or unconditional and, in particular whether or not it contains a 'material adverse change' clause.

Include unused credit card lines.

Commitments for loans and other on-balance sheet items with certain drawdown should not be reported here but under 58A.

64A Client money held

Provide the total amount of client money held at the reporting date. Firms should be identifying this already to ensure compliance with the Client Assets part of the FCA Handbook (CASS). For consolidation group reports, firms should only include client money to which CASS applies.

65A Number of UK retail customers

This is intended to identify the number of UK retail customers. Firms should use their best estimate for this, which might even be based on the number of accounts. It can even be the firms most reasonable approximation, based on whatever information they can use. We recognise that this may lead to firms duplicating customers who have a number of different products or accounts and thus we are provided with the number of total customers, rather than different customers. We do not expect firms to develop systems to give precise numbers, although obviously we would prefer the figures to be as reliable as possible.

This figure should be reported in units.

Validations

Validation number	Data element		
1	52A	=	46A + 47A + 48A + 49A + 50A + 51A
2	52B	=	46B + 47B + 48B + 49B + 50B + 51B
3	52C	=	46C + 47C + 48C + 49C + 50C + 51C

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