



**BANK OF ENGLAND**

# **Sterling Money Market Data Collection**

## **Reporting Instructions**

For Form SMMH

**Version 3.1**

**February 2019**

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## Document version and change control

Version no.	Date applicable	Change log
2.0	1 July 2016	Separation into three separate documents: each outlining the instructions for reporting the three forms for Sterling Money Markets Data collection: Forms SMMA, SMMH and SMMD.
2.1	13 October 2016	To replace original transmission arrangements with reference to an excel-based form.
2.2	18 November 2016	To add an omitted field to the secured segment template in Annex 1. Clarify where turnover and number of trades information is required.
2.3	08 June 2018	Privacy notice added.
3.0	17 October 2018	Change nature of form SMMH to be solely a qualitative data collection.
3.1	28 February 2019	Minor updates to sections 2.2 and 3.2 in anticipation of the UK's planned withdrawal from the EU.

## 1. Introduction and purpose

### 1.1. Purpose of the Sterling Money Market data collections

The Bank of England's analysis of monetary and financial conditions is a key input to the Monetary Policy Committee's and Financial Policy Committee's policy decisions. An important component of that analysis is an assessment of conditions in sterling money markets – where short-term wholesale borrowing and lending takes place.

In order to secure and improve the information available to it on conditions in sterling money markets, the Bank collects money market data from banks, building societies and major investment firms on their secured and unsecured sterling money market activity.

This information provides the Bank with a better understanding of developments in short-term interest rates, benefiting the Bank's analysis of both monetary and financial conditions. It also provides a richer picture of activity in the sterling money market, enabling the Bank to better assess overall market effectiveness.

In addition, the Bank will use a subset of these data – those which relate to transactions in overnight unsecured money market – to form the basis of a reformed SONIA benchmark interest rate, from mid-2017.

The information is collected by the Bank exercising its statutory powers under the Bank of England Act 1998. More information can be found in section 1(a) of the General Notes and Definitions, which apply to all forms contained in the Statistical "Yellow Folder", available at: [https://www.bankofengland.co.uk/-/media/boe/files/statistics/data-collection/def\\_gene2014.pdf](https://www.bankofengland.co.uk/-/media/boe/files/statistics/data-collection/def_gene2014.pdf)

### 1.2. Structure of the Sterling Money Market data collections

The Sterling Money Market (SMM) data collection comprises three parts: the daily Form SMMD, the semi-annual Form SMMH and the annual Form SMMA, summarised below.

The primary component of the collection is Form SMMD. This is a daily, transaction-level, collection, covering the most significant segments of the sterling money markets.

In order to ensure that reporting burdens are proportionate to the levels of activity in sterling money markets, Form SMMA, an annual return, is used to identify who are the most active participants in the key money market segments, and thus required to report Form SMMD.

Form SMMH, a semi-annual return, enables the Bank to monitor activity in those segments of the sterling money markets not covered by Form SMMD; to the extent an increase in use of a particular segment is observed via Form SMMH, the Bank may decide to include that market segment in future reporting of Forms SMMA and SMMD.

Form	Description
Form SMMA	An annual return, summarising gross turnover and the number of transactions in the key sterling money markets, over the previous year.

Form SMMD	A daily return containing transaction-level data on the key sterling money markets.
Form SMMH	<b>A semi-annual return, requiring responses to a set of qualitative questions related to market functioning and activity in sterling money markets not covered by Form SMMD.</b>

**This document provides instructions for institutions reporting Form SMMH.** It describes the population of institutions who will be required to report Form SMMH, on what frequency, the detailed definitions of the fields required and how it is to be reported.

### *1.3. Structure of the document*

The remainder of this document is arranged as follows:

- Section 2 defines the reporting population for the SMMH return and the institutional arrangements for reporting.
- Section 3 defines the scope of qualifying money market transactions, including maturities and counterparties.
- Section 4 outlines the fields and definitions for the semi-annual return.
- Section 5 presents the arrangements for the transmission of data.

### *1.4. Changes to the document and points of contact with queries*

This document may be updated from time-to-time, for example, as the Bank's policy in respect of collecting money market data develops. This may not necessarily impact reporting requirements unless mandatory fields are introduced. Where the Bank intends to make material changes to the reporting framework, it will endeavour to consult with affected institutions, which will also be notified by the Bank of any changes.

In the event of queries related to transmission arrangements queries, please contact [SMMReporting@bankofengland.co.uk](mailto:SMMReporting@bankofengland.co.uk).

In the event of requests for clarification regarding the definitional aspects of this document, the primary point of contact will be the Sterling Markets Division of the Bank, via email to [sterlingdepositrates@bankofengland.co.uk](mailto:sterlingdepositrates@bankofengland.co.uk).

The Bank has produced a Frequently Asked Questions document related to the suite of Sterling Money Market data collections, which is regularly updated. It is available at:

[https://www.bankofengland.co.uk/-/media/boe/files/statistics/data-collection/smm/smm\\_faq.pdf](https://www.bankofengland.co.uk/-/media/boe/files/statistics/data-collection/smm/smm_faq.pdf)

## 2. Reporting population

This section outlines the precise definitions of the population of institutions that will be required to report money market activity to the Bank across the three returns.

### 2.1. Institutions required to report Form SMMH

In order to ensure that reporting burdens are proportionate to the levels of activity in sterling money markets, there will be two tiers of reporting institutions for the Sterling Money Market suite of returns. The institutions that are most active in sterling money markets, based on the results of Form SMMA, will be required to report Forms SMMD and SMMH.

The reporting population for Forms SMMD and SMMH is chosen to capture all institutions whose activity at either overnight or all maturities (up to one year) falls within the top 95% of activity as reported in the SMMA. This applies to the secured and unsecured sterling money markets separately. For example, an institution identified from their Form SMMA return as active in the secured segment will only be required to report secured transactions under Form SMMD, and the relevant secured sections of Form SMMH.

At the Bank's discretion, other SMMA reporters not otherwise captured may be required to report Forms SMMD and SMMH in order to support the Bank's understanding of the sterling money market.

Institutions selected to report Forms SMMH and SMMD will be notified within one month of the completion of the annual return. For institutions whose money market activity reduces to the extent where daily reporting is no longer required, they will be notified by the Bank within one month of the annual return.

The Bank reviews the population of reporters to Forms SMMD and SMMH annually, with reference to the results of the annual return. However, to avoid reporting institutions entering and exiting the sample too frequently, the Bank anticipates that changes to the daily reporting population will usually only be made every three years, unless there is a strong case to make changes prior to that.

### 2.2. Institutional arrangements for reporting

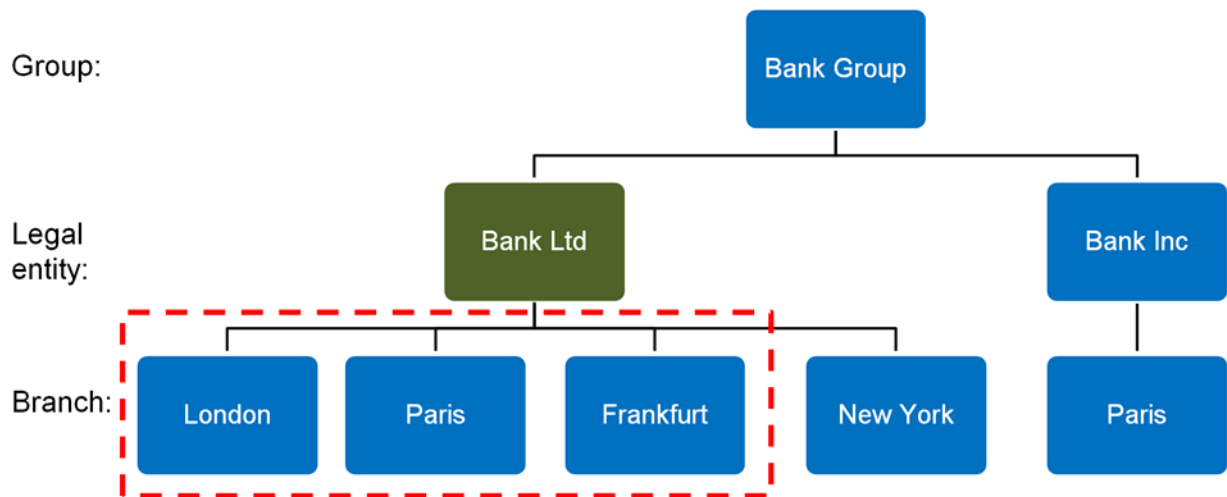
The reporting of money market data will take place at legal entity level, rather than a consolidated group level, for all institutions. Different legal entities that are part of the same banking group, if included in the list of institutions in the reporting population, will be required to report separately.

Reporting will include all transactions conducted in the money market, booked by the legal entity of the reporting institution, or by any branches of the legal entity located in the UK or European Economic Area (EEA). The qualifying principle for reporting is the location where the transactions are booked and not where the transactions are originated or executed. At the reporting institution's discretion, they can also report trades booked to non-UK or non-EEA branches.

As an example, **Figure 1** below shows an illustrative banking group structure where both Bank Ltd and Bank Inc. legal entities are incorporated outside the UK. The Bank Ltd legal entity

would be captured as a bank incorporated outside the UK authorised to accept deposits through a branch in the UK. Transactions booked to the UK and EEA-located head office/branches of Bank Ltd should therefore be reported i.e. London, Paris and Frankfurt. It would be at the discretion of Bank Ltd as to whether to report applicable transactions booked at its New York branch. No transactions booked to Bank Inc. should be reported.

**Figure 1 – Example reporting institution and qualifying transactions**



Only trades transacted in the sterling money market where the individual legal entity acts as principal should be reported. Money market trades associated with the provision of custodial services and stock lending programmes should only be included where the reporting institution acts as principal in the transaction.

### 3. Scope of reporting

This section outlines the scope of the transactions to be included. It specifies the types of transactions to be captured in each money market segment, as well as detailing counterparties to relevant transactions.

Form SMMH contains two parts:

- Questions on segments of the sterling money markets which are not captured by Form SMMD, such as certificate of deposit, commercial paper and cash lending activity; and
- Questions to capture market participants' perceptions of the functioning of the sterling money market.

#### 3.1. Reporting period

The Form SMMH should usually be completed twice a year, based on the money market activity conducted during May and November, although if the Bank judge conditions warrant it the frequency may be varied, with appropriate notice given. Reporting institutions will have 10 working days from the end of May and the end of November to complete the collection and return it to the Bank.

#### 3.2. Money market segments

The money market reporting is broken down into two segments, defined as follows.

##### 3.2.1. Secured money market

The secured money market reporters should consider the change in the weighted average maturity and value of daily trades when compared to six months ago in the following instruments:

- All secured borrowing and lending of sterling cash backed by non-gilt collateral, transacted with participants classified as 'wholesale' (see below). Transactions should include repo, reverse repo, sell/buy-back and buy/sell-back agreements. The collateral would be classified as Level A eligible collateral under the Bank's Sterling Monetary Framework<sup>1</sup>, but **not** including securities eligible to be included in the Unstripped British Government Stock (UBG) DBV class. It should also include any other type of collateral not included in either the UBG DBV class or Level A eligible collateral. This includes collateral denominated in any other currency and beyond just fixed income securities.
- Securities borrowing/lending, where securities are lent or borrowed as collateral against sterling cash. Securities that would be eligible to be considered include Level A eligible collateral under the Bank's Sterling Monetary Framework<sup>2</sup>. It should also include any other type of collateral not included in either the UBG DBV class or Level A eligible collateral. This includes collateral denominated in any other currency and beyond just fixed income securities. Note that securities borrowing/lending should be reported with

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<sup>1</sup> For further details, see: <https://www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/level-a-collateral.pdf>

<sup>2</sup> For further details, see: <https://www.bankofengland.co.uk/-/media/boe/files/markets/sterling-monetary-framework/level-a-collateral.pdf>



reference to the cash leg: that is, securities borrow against cash should be reported as lending in the secured money markets.

### 3.2.2. Unsecured money market

The unsecured money market reporters should consider the change in the weighted average maturity and value of daily trades when compared to six months ago in the following instruments:

- All negotiated **cash lending** transactions denominated in sterling, to participants classified as 'wholesale' (see below). Balances held in call and/or nostro accounts should not be considered. The following lending activity should be considered:
  - Interbank lending, to other Monetary Financial Institutions, as defined by the European System of Accounts 2010;
  - Other financial lending, to Other Financial Institutions, as defined by the European System of Accounts 2010, which includes:
    - Money market funds, S123;
    - Non-MMF investment Funds, S124;
    - Other financial intermediaries, S125;
    - Financial auxiliaries, S126;
    - Captive financial institutions and money lenders, S127;
    - Insurance corporations, S128;
    - Pension funds, S129
  - Non-financial lending, unsecured lending to all other 'wholesale' market participants, defined as non-financial corporations and any other counterparty not classified as retail or SME, according to the Basel III Liquidity Coverage Ratio framework as implemented by the nationalised version of the Capital Requirements Regulation.
- The issuance and purchase (i.e. borrowing and lending sterling cash) of short-term money market instruments denominated in sterling. Firms should report:
  - Certificates of Deposit (CDs) issued in sterling from ECD programmes, as well as any other issuance of sterling CDs or secondary market sales of other sterling CDs.
  - CDs purchased by the reporting institution during the reporting period, which were issued in sterling by other banks and building societies. Purchases of paper in both primary and secondary markets should be included.
  - Commercial paper (CP) issued in sterling from ECP programmes, as well as any other issuance of sterling CP. MTNs and FRNs should be excluded, even where the maturity is less than one year.
  - CP purchased by the reporting institution during the reporting period, which were issued in sterling by other banks and building societies. Purchases of paper in both primary and secondary markets should be included

### 3.3. *Relevant counterparties to transactions*

Transactions to be considered are those conducted by the reporting institution with 'wholesale' market participants. This includes: other monetary financial institutions (MFIs), other financial corporations, insurance corporations, pension funds, central and local government or central banks for investment purposes, non-financial corporations and any other counterparty not classified as retail or SME, according to the Basel III Liquidity Coverage Ratio framework as implemented by the nationalised version of the Capital Requirements Regulation.<sup>3</sup>

Intra-group transactions should be excluded. For example:

- trades that are executed as back-to-back deals;
- trades to facilitate internal bookkeeping and internal risk management within a given institution or banking group;
- internal trades between desks and offices of the reporting institution;
- trades with other subsidiaries within the same group.

All transactions undertaken as part of the Bank of England's Sterling Monetary Framework should also be excluded.

## **4. Reporting requirements and transmission arrangements**

This section outlines the requirements and transmission arrangements for all reporting institutions in completing the semi-annual money market return, Form SMMH.

### *4.1. Notification and timeliness*

Institutions required to complete SMMH will be contacted by the Bank via email in the month prior to the reporting period, usually April and October each year. Reporting institutions will normally be required to complete the return twice per year.

Institutions will have ten working days from the end of the activity month, usually May and November to complete Form SMMH.

### *4.2. Responses to qualitative questions*

Form SMMH requires institutions to provide a response to a set of questions regarding conditions in the secured and unsecured money markets. These will include questions regarding market activity, functioning and market structure.

The set of questions will be specific to either secured or unsecured money markets; with questions on each relevant segment(s) being presented to those respondents to that particular segment(s). For example, an institution required to report secured market data will only be required to answer questions related to the secured market.

Each question will require a response from five pre-defined options and should be answered on the basis of each institution's own experience.

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<sup>3</sup> See point (8) of Article 3 of the Commission Delegated Regulation (EU) 2015/61, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015R0061>

Questions also contain an associated free text box. Please use the text boxes to note any specific factors driving the results you record.

#### *4.3. Delivery arrangements*

The data collection for Form SMMH is via Key Survey. The Bank of England will email each reporting institution a unique reference to complete the survey.

#### *4.4. Privacy Notice*

How we use your information - This notice only covers the information you submit to us for the purpose of being able to communicate with you regarding the SMMH form. If you are unable to locate a relevant notice or would like to find out more, you can get in touch via our website at [www.bankofengland.co.uk/privacy](http://www.bankofengland.co.uk/privacy)

Information we collect – Through your engagement with us, the Bank of England ('we' or the 'Bank') collects personal data about you. This information includes your name and business contact information.

Why we need your personal data - We collect your personal data to be able to communicate with you. The processing of your personal data is necessary for the performance of a task carried out in the public interest or in the exercise of official authority of the Bank. That is, to support the monetary and financial stability of the UK.

What we do with your personal data – We use your data to be able to communicate with you regarding the SMMH form.

Your rights - You have a number of rights under data protection laws (for example, you have the right to ask us for a copy of the personal data the Bank holds about you). This is known as a 'Subject Access Request'. You can ask us to change how we process or deal with your personal data, and you may also have the right in some circumstances to have your personal data amended or deleted.

To find out more about those rights, to make a complaint, or to contact our Data Protection Officer, please see our website at [www.bankofengland.co.uk/privacy](http://www.bankofengland.co.uk/privacy)