

SIGNIFICANT AND / OR STRATEGIC PROPOSALS FOR BANK OF ENGLAND REPORTING IN TIMING ORDER

Planned for the next 18 months – that is to end Q1 2011.

1. Rolling Review of Statistical Returns

Forms MM and MQ

Reporters' securitisation SPVs will no longer need to report these forms with effect from January 2010 reporting. Forms MM and MQ will continue to be reported by other specialist mortgage institutions. The reviews of these forms remain on hold for the time being.

Forms C1 and CE

The review of Form C1 is still on-going and has reached the point of consultation with external users, namely the Financial Services Authority. Progress has been affected by changing priorities following the financial turmoil. Likewise, following the recent financial turmoil it has been decided to postpone the review of Form CE until 2010 to allow a more considered review of the data collected on the form. These forms are also used by the FSA and MFSD will be liaising with them as part of the review

Form HC

The review of HC is now complete following consultation and agreement with the form's primary user: the ONS. The Holding Companies will be contacted towards the end of 2009 advising them of the reporting changes for reporting year 2010 in Spring 2011.

Form PL and ER

Both reviews are now near completion having been delayed from 2007 due to the volume of work stemming from other form reviews. Recommendations were put to the BBA Statistical Advisory Panel in October 2009 with a view to implementation from the start of 2011.

2. New Standard Industrial Classification (SIC 2007)

New reporting forms AD and AL, together with new validations and a new Part IV of the Classification of Accounts guide, were issued in a Statistical Notice in 2009/09. The new forms will become effective from end-January 2011 reporting.

3. Financial Soundness Indicators (FSIs)

Preliminary Financial Soundness Indicators for 2008 H2 were supplied to the IMF in May 2009. Data are sourced from the Financial Services Authority, the Office for National Statistics and from existing Bank of England data sources such as the BT, BE and PL.

4. Foreign Affiliates Statistics (FATS)

Under Regulation (EC) No 716/2007, Eurostat has introduced new requirements to ascertain the extent of EU wide business between foreign affiliates.

These regulations require key statistics on foreign affiliates operating within the UK and UK owned affiliates operating abroad. The key statistics for foreign affiliates operating in the UK are already collected by the Bank. The main implication for the banking sector is, therefore, that larger banks will be required to report the following items annually for their foreign affiliates abroad:

- Number of institutions
- Turnover (net interest income, fees receivable, dividends receivable, dealing profits and other operating income)
- Number of employees

The new FT form was made publicly available following publication of Statistical Notice 2009/04. FATS reporting commences for the reporting period 2009 and is due to be reported in July 2010. MFSD has spoken to all the banks required to report this additional information. Banks will be asked to report on a consolidated basis for the whole banking group.

5. Co-Ordinated Direct Investment Survey (CDIS)

The Coordinated Direct Investment Survey (CDIS) has been outlined by the IMF, currently as a one off survey, designed to compare geographic direct investment data supplied by different countries.

Under the agreement UK owned banks are required to undertake a CDIS in respect of the end-2009 reference year, for both inward and outward FDI positions. The major difference from current reporting requirements is that FDI stocks should be valued on an *Own Funds at book value (OFBV) basis*.

For inward investment, the CDIS will be completed using information from existing statistical returns (Form HI). For outward investment, the data will be collected on the new form DI. The new DI form was made publicly available following publication of Statistical Notice 2009/06. Banks required to report the form have been separately contacted. Reporting will be on a consolidated basis for all UK resident institutions within the group of the reporting enterprise.

6. BIS Triennial Survey of Foreign Exchange and Derivatives

The next BIS triennial survey of foreign exchange and derivatives market activity will place in 2010 covering turnover in foreign exchange and derivatives during April 2010 and outstanding positions in the OTC derivatives market at end –June 2010. The reporting population has been identified and the Bank is in the process of establishing reporting contacts as each institution. Further details of reporting requirements will follow before the end of 2009.

7. ONS use of BT accruals data

In 2002 the Bank devised a method to allocate the accrual items on Form BT across sectors. The ONS anticipate taking this methodology on board in the near future. In preparation for this, some further research has been undertaken, for example to aid allocation of interest to parent items. The Bank does not expect that this will result in changes to Form BT.

8. Agency business

Following a Bank survey about reporters' agency business, it appears that the majority of reporters that undertake agency stock borrowing/lending and repo business will be able to look through to the ultimate counterparty by January 2010. The latter is in response to FSA requirements in line with the Agency Lending Disclosure of Principal (ALDOP) initiative. The Bank intends to change the relevant definitions for statistical reporting, so that they will become based on the ultimate counterparty early in 2010. In the meantime, reporting institutions should contact the Bank if they foresee any problems this revised reporting may cause them. Martin Udy is the contact person for the reporting of agency business (email: martin.udy@bankofengland.co.uk or telephone: 020 7601 4731).

Appendix 1

Changes required were the UK to join EMU

EMU returns and reserve requirement base

A revised set of (two) EMU returns together with amendments to the Form BT for reserve requirements and to several other returns were issued to banks in December 2003. These new and amended forms are required to be completed only if the UK joins European Monetary Union. Further consultation on the precise requirements for reporting for a short (possibly 3 month) period prior to entry would need to take place if entry seemed imminent. At this point, the existing forms would be reviewed and updated in light of new ECB requirements. Also required if the UK joins EMU is a switch to reporting in euro and the removal of sterling boxes. Banks and building societies (as well as money market funds and electronic money issuers) will be kept informed of changed requirements as appropriate.

Improved coverage for portfolio investment flows and stocks

If the UK were to join EMU, it would become mandatory to achieve the minimum quality threshold (quarterly stocks, security-by-security) required by the ECB (*Guideline* ECB/2004/15). The ONS and the Bank undertook a joint feasibility study to find a cost effective strategy to meet this requirement. The preferred approach is that quarterly stocks data would be collected, security-by-security, from end-investors (banks and non-banks). Quarterly flows would be *derived* from stocks data, at least for banks. To meet the ECB requirement for timely, monthly portfolio investment flows for the euro area balance of payments, the study envisaged that monthly stock data would be collected, security-by-security, from *custodians* (including securities in own-custody for the largest players, if relevant) with monthly flows *derived* from stock data, as is permitted under the *Guideline*.