General Notes and Definitions

This general section of the notes and definitions applies to all forms contained in the Statistical "Yellow Folder".

All returns should be completed in accordance with a schedule of end-month reporting dates under which the reporting date may fall on any day of the week, i.e. the last calendar day of the month, which will include weekends and bank holidays. All institutions should report as at the last calendar day of the month.

Definitions of specific liabilities and assets are given in the notes to Form BT. These definitions are not generally repeated at length in the notes to other forms; instead, cross-references are given to the notes to Form BT.

Added o/a Stats Notice 2014/06

The Bank expects statistical returns to be completed with due care and attention.* However, as a result of its quality assurance process and subsequent dialogue with the reporter, revisions may be required. Alternatively, the reporter may identify potential revisions independently and should raise these with the Bank prior to resubmission. If requested to do so by the Bank, reporters must be able to provide corrected returns. Reporters should not put in place any processes or systems that restrict or discourage the resubmission of statistical returns.

In general, data should be reported on the forms in £ thousands unless otherwise stated. Reporting institutions should also be aware that the Bank will consider specific requests to report in figures rounded to the nearest million. In those cases, figures need to be reported with 000 added to fit in with current software (e.g. £1,246million would be reported as 1246000). Reporting institutions that wish to adopt this practice are required to write to the Bank setting out their proposed rounding parameters: whether or not the Bank grants the request will depend on the size of the institution (reporting in £ millions is unlikely to be admissible for institutions with balance sheet footings of under £1,000 million, at least on the core returns), and on whether any important series could be materially impaired.

1 Information powers of the Bank; offences; restrictions on onward disclosure of information

(a) The Bank of England Act 1998 gives the Bank powers to obtain information, in Section 17 (for the Bank's monetary policy function) and Schedule 2 (for calculation of cash ratio deposits); the Bank of England (Information Powers) Order 1998, which came into force on 1 June 1998, specifies the types of financial affairs about which the Bank may require information under Section 17 of the Act. With effect from the Bank's Statistical Notice 1998/05 these powers have been exercised so as to require the provision of the information collected on the forms in this folder, where applicable.

Sections 38 and 39 of the Act define the offences of failing to supply the information "without reasonable excuse", and of knowingly or recklessly supplying information which is "false or misleading in a material particular", and the penalties. Given the good reporting record of most reporting institutions, we do not envisage that it will be necessary to invoke these sections of the Act; and we would intend to issue written warnings to poor reporters, before taking any legal action.

Schedule 7 of the Act restricts the onward disclosure of information relating to the business or affairs of any person obtained by the Bank under these powers, unless (a) the information has been made available

*While these general notes and definitions refer to statistical reporting, the Bank also expects regulatory returns to be completed with due care and attention. Reporters should not put in place any processes or systems that restrict or discourage the resubmission of regulatory returns.

to the public from other sources or (b) is summarised or collected in a form so that no information on a particular person can be ascertained from it or (c) the Bank has gained the consent of the supplier of the information and, if different, the person to whom the information relates. The Bank may nonetheless disclose the restricted information to enable or assist it to discharge its functions as a monetary authority or as a supervisor of payment systems. The Bank may also disclose the information for certain other purposes specified in Schedule 7; for example it may disclose information to other authorities listed in paragraph 3 of Schedule 7 (e.g. the Financial Services Authority and the Office for National Statistics) to enable or assist those authorities to discharge certain specified functions. In particular, the Bank will in the ordinary course pass all the information collected on reporting forms or relating thereto to the FSA.

(b) The Data Protection Act 1998

The personal details of the contact person(s) at your institution are held in accordance with current data protection legislation. The Bank's Statistics & Regulatory Data Division (SRDD) may share this information with other parts of the Bank and the Financial Services Authority. Individuals have the right to ask for a copy of information held about them in our records, for which they may be charged a small fee, and to require us to correct any inaccuracies, by writing to the Data Protection Officer, Bank of England, Threadneedle Street, London EC2R 8AH.

2 Electronic reporting

Amended o/a Stats Notice 2014/06

The Bank sees electronic reporting as a key means of speeding up the production of statistics and ensuring their accuracy. With the introduction of the OSCA system, the Bank no longer accepts paper submissions (please see Statistical notice 2014/05) unless previously agreed with the Bank.

3 Reporting institutions

The statistical framework covered by these instructions involves all institutions authorised to carry out deposit taking in the UK (and certain former banks). These are defined for the purposes of these instructions as:

(1) firms with a permission under Part IV of the Financial Services and Markets Act 2000 to accept deposits other than (i) credit unions; (ii) firms whose permission to accept deposits is only for the purpose of carrying on insurance business' and (iii) friendly societies;

(2) persons not falling within (1), but who continue to have a liability in respect of a deposit held under the Banking Act 1979 or the Banking Act 1987 (in respect only of those persons who formerly fell within (1) above) or a permission under Part IV of the Financial Services and Markets Act 2000; and

(3) EEA credit institutions with a permission under Schedule 3 of the Financial Services and Markets Act 2000 to accept deposits through a UK branch.

However, not all institutions are asked to complete every return. The current reporting thresholds can be found at *www.bankofengland.co.uk/statistics/reporters/defs/defs.htm.* All reporters (but not former banks under (2) above unless otherwise instructed) will be required to complete at least the Form BT quarterly.

(a) Coverage of branch offices

Returns by a UK institution should cover all its branches in Great Britain and Northern Ireland. Branches in the Channel Islands and the Isle of Man should not be included in the returns, and transactions with them should be treated as transactions with non-residents (non-resident offices), as these offshore islands are classified as part of the non-residents sector for all statistical returns. However, for the purposes of consolidated returns (such as Forms CE and C1) the business of these branches in the Channel Islands and the Isle of Man should be **included**. Apart from items in transit, inter-office balances between the reporting office and the institution's other offices covered by the return should be excluded. Where a non-resident institution sets up more than one branch in the UK, one branch will be responsible for reporting aggregates for all UK branches. See section 4(b) for the definition of a branch.

(b) Consolidation of subsidiaries/group figures

Subject to certain restrictive conditions, SRDD will consider written applications from reporting institutions to consolidate in their statistical returns UK non-bank, non-building society subsidiaries which are effectively warehousing certain transactions with third parties which would otherwise appear on the parent's balance sheet.

Reporting institutions may wish to make such applications where consolidation would simplify their reporting arrangements, eg. because it would no longer be necessary to remove the subsidiary from consolidated data produced for management information and other purposes. Applications should be addressed to the Head of Statistics & Regulatory Data Division, HO-5, Bank of England, Threadneedle Street, London, EC2R 8AH, and should be made at least one month before the first reporting date from which permission to consolidate is being sought.

Successful applications will satisfy the conditions set out below. Reporting institutions should declare that conditions (a), (b), (d), (e), (h) and (i) are met, and should provide a full description of the subsidiary's business and pro-forma BT returns showing both unconsolidated and consolidated data for the latest reporting date, (or a projection to the first reporting date in the case of a newly-created subsidiary) which will be used in assessing compliance with conditions (c), (f) and (g).

a) The company proposed to be consolidated in statistical returns meets the definition of a subsidiary set out in Section 736 of the Companies Act 1985, as amended by Section 21 of the Companies Act 1989 - relevant extracts from this legislation are reproduced in the definitions to Form HF;

b) the subsidiary is resident in the UK;

c) the subsidiary is a financial institution but <u>not</u> an insurance company, pension fund, unit or investment trust, securities dealer or other class of undertaking which might be required to contribute to statistical inquiries currently conducted by the Office for National Statistics;

d) the subsidiary is wholly funded by the reporting institution;

e) the management of the subsidiary is under the effective direction of the reporting institution;

f) the nature of the assets of the subsidiary is such that any source of statistical information from its counterparties would treat the corresponding liabilities as due to the reporting institution (ie. a bank or building society) rather than a non-bank, non building society financial institution;

g) consolidation will not reduce the level of reported eligible liabilities;

h) the reporting institution undertakes to inform the Bank immediately if any of the above conditions cease to be fulfilled;

i) the reporting institution acknowledges that circumstances may necessitate withdrawal at any time of the facility to consolidate non-bank, non building society subsidiaries in statistical returns;

j) the reporting institution accepts that SRDD's decision in respect of any application to consolidate is final.

Generally speaking, subsidiaries and other related companies within a group, which are not members of the UK banking or building society sector, should not be covered by these returns. Thus, if a group of companies has within it a company which is an authorised institution, these returns should cover only the activities of that institution. See section 4(a) for the definition of a subsidiary.

Amended o/a Stats Notice 2008/11

An exception to the above is covered bond LLPs; these should always be reported on a consolidated basis.

Added o/a Stats Notice 2009/08

In situations where two reporters within the same banking group are involved in a covered bond issue (for instance with one reporter issuing bonds and a different reporter having transferred the assets) and the necessary grossing up would lead to a mismatch between assets and liabilities on either balance sheet, reporters should record a loan between the two institutions equal to the value of the asset pool.

(c) Transactions as agent ("fiduciary" funds)

Removed o/a Stats Notice 2009/10

The returns should cover only transactions which pass through the reporting institution's own books, i.e. where it acts as a principal. Agency (or "fiduciary") funds should not be included in the returns made by the agent although certain items held on behalf of customers who are non-residents should be reported on Forms BT (items A and B), CA, CC, PL and BG. ~~But where a reporting institution undertakes agency business resulting from collateral management, i.e. where customers or clients place collateral with the collateral manager in order to generate income, the institution should report a separate Form BT and associated returns.~~

~~Where the reporting institution places **funds** with another UK reporting institution in its own name on behalf of a customer, it is most important that it should attach a standard schedule to its own Form BT listing the total amount of such customers' funds which have been placed in its own name, analysed by institutional sector and, where applicable, by country of origin and by currency. A copy of the schedule is included within the Yellow Folder; guidance on its completion (and further copies) is available from the SRDD Helpdesk (020 7601 5360). The receiving institution should report the funds as a deposit from a UK bank or building society.~~

Added o/a Stats Notice 2009/10

Where a transaction is undertaken with another reporting institution that is acting as agent the counterparty should be reported as the principal rather than the agent. Information on the principal should be available from the agent in line with the Agency Lending Disclosure of Principal (ALDOP) initiative implemented by the FSA from January 2010.

Where deposits are placed with the reporting institution by fund managers on behalf of a client, the reporting institution should classify these according to the sector of the client if known. Otherwise, the deposit should be regarded as coming from the fund manager itself.

(d) Money management funds, executor and trustee companies, nominee companies and other similar group activities

Figures relating to these operations should be included in the returns only to the extent that they are entered in the books of the reporting institution. Any such funds not entered in the institution's books, but placed in its name, should be treated as agency funds - see 3(c) above.

(e) Custodial holdings of stocks

Custodial holdings, including partly paid stocks held in allotment letter form and other bearer stocks, where the reporting institution (including any of its nominee companies) is acting on behalf of non-residents, should be excluded from the reporting institution's balance sheet, but are required as supplementary information on certain forms, such as Appendix 1 of Form BT. In the case of partly paid stocks, the valuation should be based upon the proportion paid up, not on the full 100% nominal value.

(f) Participations/syndications

When the reporting institution acts as manager or co-manager of a loan financed by more than one institution, deposits received from the other participating institutions (representing their shares of the amount to be lent) should not be included as deposit liabilities, nor should their shares of the loan be included in assets. Where a reporting institution buys all or part of a loan from another institution, including loans transferred under transferable loan instruments, it should report its holdings as an advance to the ultimate borrower and not as an advance to the institution from which it has purchased the loan. In cases where such loans were bought from a UK reporting institution, the seller or transferer of the loan should report only that part of the loan, if any, which it retains (its own participation). The reporting institutions concerned should check their reporting arrangements are consistent to ensure that the same loan, or part of a loan, is not reported twice.

(g) Securitisation Special Purpose Vehicles

Added o/a Stats Notice 2009/08

The Bank's intention is to capture all loans held on the balance sheet of any securitisation special purpose vehicle that is related to the reporting institution. Reporting institutions should therefore include within their reporting forms any loans that have been transferred or securitised to their own securitisation special purpose vehicles (SPVs), and should not apply the derecognition criteria laid down in International Accounting Standard 39 or any similar standard (for instance FRS 5 or FAS 140). As a result, the Bank of England's framework for statistical reporting may involve institutions reporting on balance sheet assets that would qualify for derecognition in financial reporting.

Definitions of Securitisation and Securitisation Special Purpose Vehicles can be found in section 4(e); for further details about reporting of securitisations please see section 17.

Added o/a Stats Notice 2010/08

(h) Exchange Equalisation Account ("EEA")

As reporters are generally unlikely to be able to distinguish the EEA positions from positions vis a vis the Bank, any EEA positions should be included under "Bank of England". The Bank will make the necessary adjustments to the aggregate data.

4 Definitions

(a) Subsidiaries

A subsidiary of a reporting institution is either a company in which the institution holds more than half the nominal value of the total ordinary share capital, or one in which, although its shareholding is less than 50%, it nevertheless controls the composition of the board of directors.

Updated in

Removed 'non resident offices of the reporting institution'

Statistical Notice 2013/01

(b) Branches

Wherever a "branch" is referred to in the forms or their instructions it means a permanent establishment as defined for the purpose of UK taxation, that is an establishment having, and habitually exercising, general authority to negotiate and conclude contracts on behalf of its company. Where an establishment does not have such an authority, it should be regarded as an agent or agency of the company.

(c) Spot liabilities and assets

Spot liabilities and assets comprise all liabilities and assets which stand as spot balances in the books of the reporting institution on the day of the report, after the entries for that day have been made. Neither unmatured spot, nor forward, liabilities and assets should be included insofar as forward liabilities and assets are included as derivatives instruments within the relevant returns (ie. Forms BT, DQ, C1 and CE).

(d) Direct investment

Direct investment items should be reported in line with the definition of a direct investment relationship, which is defined as a 10% or greater holding of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise) in a related or subsidiary non-resident company.

(e) Securitisation

Added o/a Stats Notice 2009/08

For the purposes of this reporting scheme:

'Securitisation special purpose vehicle' means any undertaking:

(a) which is organised to carry out one or more securitisation transactions; and

(b) which issues, or may issue, securities and / or which holds, or may hold, assets underlying the issue of securities that are offered for sale to the public, sold on the basis of private placements, or held by the institution that originated the underlying assets.

Any UK resident bank or building society is not itself included in the definition of a securitisation special purpose vehicle, nor are covered bond limited liability partnerships.

Amended o/a Stats Notice 2010/03

'Securitisation' means a transaction or scheme whereby the credit risk of an asset or a pool of assets is transferred to an **external undertaking (the securitisation special purpose vehicle or structure), which then transfers this credit risk onwards to investors in securities issued by that undertaking. The investors in the securities may be either** external investors, **or the institution that originated the underlying assets. A securitisation will also have** ~~and which has~~ the following characteristics:

(a) the transfer of credit risk is achieved either by:

- the economic transfer of the assets being securitised to a special purpose vehicle, accomplished by the transfer of ownership of the securitised assets from the originator or through sub-participation; or

- the use of credit derivatives, guarantees or any similar mechanism;

(b) the securities issued do not represent payment obligations of the originator;

(c) any special purpose vehicle is insulated from the risk of the originator's bankruptcy or any other default.

'Transferor' means the reporting institution that transferred (either directly or indirectly) the pool of assets or the credit risk on the pool of assets to the securitisation structure.

A reporting institution's 'Own securitisation special purpose vehicle' is any securitisation special purpose vehicle which holds assets transferred by that reporting institution (in the sense of the previous paragraph).

In the case of takeovers/mergers, where the business of one reporting institution (say institution A) is transferred to another reporting institution (say institution B), then institution B should also consider as its own SPVs any SPVs that hold assets previously transferred by institution A.

Updated in Statistical Notice 2013/01

The Bank of England will maintain a list of securitisation special purpose vehicles at its website, from the first quarter of 2010 onwards - reporting institutions should ensure that all of their securitisation special purpose vehicles are on this list, and inform the Bank if they set up any new securitisation special purpose vehicles or covered bond LLPs **(by filling out the Form VP which can be found at *http://www.bankofengland.co.uk/statistics/Pages/reporters/defs/default.aspx* and emailing this to *DataReception@bankofengland.co.uk*).** For each vehicle, reporting institutions will be required to provide information on the company name and address, the type of loans held and the ISIN codes for any securities issued by that vehicle.

5 Relationship to published accounts and regulatory data

The statistical returns sometimes require items to be treated in a way which differs from both the reporting institution's normal practice for published annual accounts and also from the data required for regulatory purposes. Attention is particularly drawn to some differences between set-offs allowable on the core regulatory returns and those described below, and to the general notes below on valuation.

6 Set-off arrangements

On the majority of returns in this folder, debit balances on accounts with the reporting institutions may be offset against credit balances on other accounts with that institution only where all the following criteria are met. This does not always apply to Forms PL and ER, see individual form definitions for further details.

a) A legal right of set-off exists, and the reporting institution has obtained an opinion from its legal adviser(s) to the effect that its right to apply set-off is legally well-founded in all relevant jurisdictions and would be enforceable in the default, liquidation or bankruptcy of the customer(s) or in the liquidation or bankruptcy of the institution itself. For a group facility, the arrangement must be supported by a full cross guarantee structure.

b) Both the debit and credit balances are denominated in the same currency. Thus, for example, a debit balance in sterling may not be offset against a credit balance in another currency.

c) The debit and credit balances relate to the same customer, or to customers in the same company group, e.g. a parent company and its subsidiary. For all customers, the netted accounts should be managed and controlled on a net basis, and in the case of a group facility, the facility should be advised in the form of a net amount.

d) The customer (or customers) involved in the transaction has UK resident status. No "set-offs" are allowed in respect of balances relating to non-resident customers, even if one of the parties is a UK resident. In particular, the debit and credit balances of branches, subsidiaries or associates of the reporting institution outside the UK must always be reported on a gross basis, and not offset against each other. Debit balances that are not offset must appear on the assets side under item 23 or item 29 of Form BT as appropriate.

The reporting institution's application of these principles must remain consistent, whatever credit conditions or controls are in force. Where these rules require a legal opinion to be sought, such opinions should meet the requirements of the Financial Services Authority, from whom further guidance may be obtained. It is up to the reporting institutions to satisfy themselves that the rules for set-off arrangements are met. Only in exceptional circumstances (probably involving transactions within the same banking group) will the Bank consider netting outside these criteria for statistical reporting.

The above guidance has remained unchanged following the adoption of International Financial Reporting Standards (IFRS) since 2005. IAS 32 sets stricter criteria for offsetting assets and liabilities than those currently permitted for statistical reporting, offering the potential for balance sheets to be inflated. During working discussions with banking industry representatives over IFRS implementation, banks indicated a preference for retaining the existing Yellow Folder guidance for statistical reporting ie they were willing to apply separate netting rules for statistical and financial reporting – the basis for this preference is a general view amongst banks that the statistical netting rules better capture the economic reality of the institution/customer relationship.

7 Valuation

(a) Basic terminology

The following terms, in line with current accounting practice, are used throughout the definitions -

Updated in Statistical Notice 2013/01

(i) Revaluation

This refers to alterations in the reported value of an asset or liability to bring it into line with its current value, e.g., the periodic alteration in the value of fixed assets, the alteration in the value of negotiable instruments in line with changes in their market prices, and the alteration of spot and forward exchange positions in line with the spot market rates for those items. Revaluation accounts are identified on Form BT **within items 19CD5B and 19CD5C.**

(ii) Translation

This refers to the expression of assets and liabilities denominated in one currency in terms of another, e.g., the reporting of euro or "other currency" items in sterling terms in the Bank of England returns.

(iii) Conversion

This refers only to the contractual exchange of assets and liabilities in one currency for assets and liabilities in another currency, e.g., the sale of US dollars for sterling.

(b) Method

Updated o/a Stats Notice 2010/04

Updated in Statistical Notice 2013/01

The method of valuation is determined by the international standards for aggregate economic statistics. The general rules are that deposits and loans (including those containing embedded derivatives) should be reported at nominal value, and securities held as assets (including paper, derivatives, certificates of deposits and shares) at market value or - where there is no recognised market value – at a current realistic value as far as possible, and that values should be reported gross of any provisions. Reporters' own issues of securities (including paper, derivatives, certificates of deposits and shares) should be reported at nominal value, **except for paper issued at a discount – see items 7(v) and 7(vi) below.** See also Item 15(e) below regarding embedded derivatives.

More detail is set out in the notes to individual forms (especially Form BT item 32), and there are also the following exceptions and additions to these general rules:

(i) Currencies other than sterling

Outstanding spot and forward liabilities and assets in currencies other than sterling should be translated into sterling at the middle market spot rate pertaining in the London market at 4pm London time on the last working day of the London market in the period covered by the report; this applies to all returns.

Transactions in currencies other than sterling reported on Forms PL and CX should ideally be translated into sterling at the closing middle market spot rate on the day of the transaction. If, however, data at these rates are not readily available or quickly calculable, the closing middle market spot rate on the last day of the reporting period may be used for Form CX and the average spot rate for the quarter may be used for Form PL. On Form HF, however, capital transactions should always be translated at the closing middle market spot rate of the day of the transaction, and current transactions always at the closing middle market spot rate on the last day of the reporting period.

(ii) Gold bullion and gold coin

Outstanding spot and forward liabilities and assets in gold bullion and gold coin should be translated into sterling at the closing spot price on the day of the report. See also section 11 for the treatment of gold.

(iii) Partly-paid securities

Where only part of the total amount payable on a security has been called by the issuer, only the proportion actually paid by the reporting day should be shown, both when the reporting institution is the issuer and when it is a holder.

(iv) Accruals accounting

Accrued interest receivable/payable and other accrued amounts (fees and commissions etc) should be entered separately under items 19CC, 35C and 35D (for assets and liabilities) on Form BT. The value of outstanding individual liabilities and assets should not include interest or dividends due but not yet debited or credited, nor should it include interest accruing or accrued but not yet due. (Note that specific arrangements exist for some liabilities and assets - see last part of this section - and for interest paid via a discount - see (v) below). Interest payments on secured lending which are received monthly (e.g. as part of a standard repayment schedule for mortgages), but for which interest is applied only annually or semiannually should be included within the value of the outstanding asset and not included within item 35CA on the Form BT.

All accrued interest should also be included on Forms PL and BG (which use data from the profit and loss account), as these Forms are completed on an accruals basis.

Where a liability or asset is valued at a market price which by custom indistinguishably includes interest, however, such accrued interest may form part of the valuation.

(v) Interest paid via discount

Where interest is paid by means of a discount (e.g. Treasury bills, zero-coupon CDs), such interest should be included in the valuation of the asset. This treatment also applies to zero-coupon bonds and strips (see paragraph (vi) below).

(vi) Zero-coupon bonds, deep-discount securities and strips

The discount applied to zero-coupon or deep-discount bonds is accrued over the life of the security as interest, and should be included in the valuation of the security according to standard market practice, in line with (v) above. This interest should not additionally be reported within BT items 19CC or 35C - it will, however, need to be reported separately as interest in the entries for amounts payable/receivable on Forms PL and BG.

Stripping is the process of splitting a standard coupon bond into its individual coupon and principal payments, which can then be separately held and traded in their own right, effectively as zero-coupon bonds. The treatment of all strips should, therefore, follow the treatment of other zero-coupon bonds, with the market valuation reflecting the discount accrued over the life of the bond as interest, and this entered on the PL and BG.

(vii) Derivatives

See definitions for Form DQ.

8 Currencies

In nearly all returns provision is made for reporting sterling and euro items separately from other currencies.

In the sterling column	• All business denominated in sterling
In the euro column	• All business denominated in euros (which will automatically include business previously denominated in ecus) with all counterparties
In the other currencies column	• All business denominated in currencies of EU countries outside monetary union • All business denominated in currencies of countries outside the EU • All business in gold bullion and gold coin (both UK and foreign).

Composite currency units (i.e. SDRs) should be reported under "other currencies" unless they are specifically identified on separate forms. Sterling assets held as part of a "basket" matching liabilities in composite currencies should be classed as sterling and not as "other currencies". Securities should be classified according to the currency of denomination, irrespective of any option for principal to be repaid, or premia or interest to be paid, in another currency.

9 Maturity of liabilities and assets

On Form BT, liabilities are classified with respect to their original maturity rather than remaining maturity **(with the exception of the memorandum item BT49).**

Updated in Statistical Notice 2013/01

Sight deposit liabilities on Forms BT and BE are defined as balances which are transferable or withdrawable on demand without interest penalty (or interest indemnity), including money at call (except where there is an agreement not to withdraw before a certain date or only call at a specific number of days' notice), and money placed overnight. Deposits placed with an original maturity longer than overnight are, however, time deposits and are not to be included in sight deposits even on the day before they mature. Should a deposit which would be classified as a sight deposit under all other circumstances not be available on the following day because of a bank holiday (even, in some instances, if this bank holiday only results in certain reporting institutions closing, and not the entire UK bank and building society sector, or if the bank holiday is in another country), then the deposit should not be reclassified as a time deposit, but rather should remain as a sight deposit.

Deposits with the reporting institution are to be entered in Forms BT and BE according to their earliest repayment date. In this context, the earliest repayment date means the first roll-over date or the shortest period of notice required to call or exercise a break clause, where applicable (this rule applies, for example, even where a guarantee has been received that certificates of deposit will be taken up on roll-over).

Loans by the reporting institution are to be entered according to their original maturity. For fixed-term loans, purely technical break facilities should be disregarded.

Updated in Statistical Notice 2013/01

Where a reporting institution has loans outstanding at the reporting date under revolving credit lines, **and does not expect** that they will be renewed upon maturity, these loans should be entered according to their immediate maturity; loans that the reporting institution **expect to** be routinely renewed on maturity should be entered according to the end date of the credit facility.

Updated in Statistical Notice 2013/01

Where the borrower has notified the reporting institution that funds will be repaid on a specific date in advance of final maturity, the specific date should be taken as the maturity date. **~~Where a loan is repayable in instalments, the amounts should be reported in accordance with the maturity pattern of outstanding instalments.~~** Securities with optional redemption dates should be classified as to the final date.

On Forms C1 and CE, however, liabilities and assets should be classified according to their remaining maturity and not according to their original maturity.

10 Note issuance and similar facilities

(i) Holdings by the reporting institution of assets issued under note issuance facilities, revolving underwriting facilities, note purchase facilities and other similar arrangements should be classified according to the type of instrument held and the sector of the borrower. Thus, for example, holdings of certificates of deposit drawn under such a facility should be included in Form BT under market loans (item 23). In all cases, regard should be paid to the detailed notes to the forms.

(ii) For treatment of bills accepted by the reporting institution under revolving underwriting facilities and other similar arrangements, and the amount of loan and acceptance facilities outstanding, see notes to Form BT, items 41 and 43.

11 Gold

All liabilities and assets in gold should be entered as "other currencies". Liabilities and assets in unallocated gold (where there is no ownership of physical gold) should be classified by the industrial sector of the customer in the same way as all loans and deposits in "other currencies" (the reporting institution's own physical holdings of bullion and coin will be allocated gold reported within other assets). Updated February 2010. **Do not include liabilities (or assets) where specific gold bars or coins are held in custody for individual named customers**.

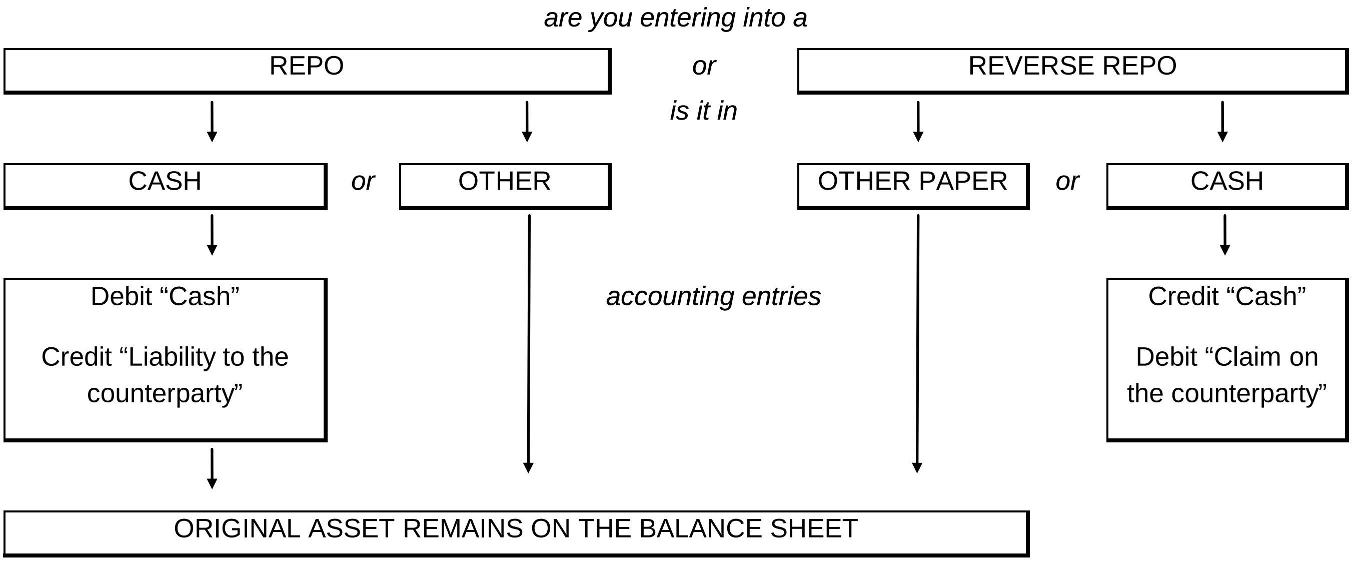
12 Commodities other than gold

Silver and any other commodities should not be treated in the same way as gold. Instead, any net spot holdings beneficially owned should be shown as assets; thus, assets in whatever form, net of liabilities, should be included in item 35, "other assets", on Form BT. Commodities, other than gold bullion or gold coin, paid for in currencies other than sterling, should be entered in the other currencies column. An oversold position should be shown as a minus, even when this gives rise to a net negative total holding.

13 Transferable loan instruments

Loans which are transferable as a result of an agreement between the borrower and the lending institution(s) - and the transferable loan certificates or instruments which give title rights under these loan agreements - should be classified as market loans (BT item 23) or as other loans and advances (BT item 29) as applicable to the borrower; they should not be included under investments.

14 Sale and repurchase agreements



The following requirements apply to repos and reverse repos where there is a firm commitment to repurchase at a fixed price, security lending and security borrowing, and buy/sell backs. They apply to transactions where although the purpose is to lend against collateral the legal arrangement is that of repo, e.g. transactions referred to as "tripartite secured lending", where a third party manages the "collateral", but which are nevertheless covered by a PSA/ISMA repo agreement. Sale and repurchase agreements, where there is only an option to repurchase, should be reported as outright transactions in the underlying security, as should agreements where the repurchase price is not fixed at the outset, e.g. is defined as the market value of the securities at the end of the repo period. Throughout, repo is understood to cover also security lending; reverse repo will cover also security borrowing.

Reporting institutions which have sold securities or other assets for a finite period with a commitment to repurchase (i.e. a repo) should report the security or asset as remaining on the balance sheet. Where the securities or other assets are sold under a repo for cash, a liability to the counterparty should be recorded in item 6 of Form BT. Where securities or other assets are sold under repo in exchange for other securities, the securities received should not be included on the balance sheet, and no liability or claim should be reported. Where securities or other assets are sold under a repo with no exchange of collateral, the security should remain on the balance sheet and no liability should be reported in item 6.

Reporting institutions which have bought securities or other assets with a commitment to re-sell (i.e. a reverse repo) should not report them on the balance sheet. Where the securities or other assets were bought under a repo for cash, a claim on the counterparty should be recorded in item 30 of Form BT. Where securities or other assets are bought under repo in exchange for other securities the latter should continue to be included on the balance sheet, and no claim or liability should be reported. Where securities or other assets are bought under a repo with no exchange of collateral, they should not be included on the balance sheet and there should be no claim recorded reported in item 30.

15 Derivative instruments

The current marked-to-market value of all derivative instruments (including OTC and exchange traded contracts) should be included as spot liabilities and assets, on a net and a gross basis on the Form BT, and on a gross basis (i.e. the gross positive market value and gross negative market value) on other returns as specified in the notes and definitions to those returns.

The following specific instructions also apply.

The current marked-to-market value of futures, forwards and options contracts, whether in foreign exchange, interest rates, commodities, equities or other financial assets, either on the London markets, with UK counterparties or with non-resident counterparties or markets should be included as spot liabilities and assets, either on a net and a gross basis (as on the Form BT), or on a gross basis. Spot foreign exchange transactions are not considered to be derivative instruments.

Returnable initial margin or any other margin placed or held as collateral in the form of cash and relating to futures, forwards or options contracts should be included among deposit liabilities (margins held) and assets (margins placed), under the appropriate heading, depending on whether the amounts are due to or owed by a customer, another institution in the UK monetary financial institutions sector, or the London Clearing House. The LCH is not a member of the UK banking sector and should be treated as an 'other UK resident' - a financial corporation other than monetary financial institutions (and within this sector, as a financial auxiliary). Initial margin payments should be classified as deposits denominated in the currency of payment, irrespective of the subject of the underlying contracts

The margin due on exchange-traded instruments will normally be calculated at the end of each day but may not be settled until the following day, in which case the contract may have outstanding value at close of business on the reporting date.

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Gains and losses impacting upon the profit and loss account from the marked-to-market revaluation of derivative contracts should be entered in BT19CD5B. Any revaluations not affecting profit and loss should be entered in BT19CD5C.

The following examples are intended as guidance only:

Example 1: Treatment of a forward Yen/US$ deal over a three month period.

On 31 October the reporting institution arranges a forward foreign exchange deal to sell ¥20,964 for US$ 3 months forward at ¥/US$ rate of 0.94.

a) At 31 October the forward contract has no value as the 3 month rate is the same as that arranged.

b) If on 30 November the two month forward ¥/US$ rate was 0.93, the value of the forward contract would be (¥20,964/0.94 less ¥20,964/0.93) = minus US$239.808. Record the sterling equivalent of US$239.808 as a positive entry in 19B (as it is a negative asset).

c) The effect of the revaluation on the balance sheet from end-October to end-November should be entered in BTC19CD5B (- US$239.808).

(a) Swaps

A swap is a contract to exchange cash flows (usually interest rate based) with a counterparty, and may not include initial and closing exchanges of principal. The following treatment also applies for swaps in which cash flow streams are based on a rate of return on a given index, e.g. equity swaps.

The marked to market value of swaps (the net present value of the future cash flows, including final reexchanges of principal if appropriate) should be included on the appropriate forms.

In addition to the exchange of interest streams described above, swaps may include exchanges of principal (for example cross currency interest rate swaps), which may be notional or involve actual exchanges of cash. Notional exchanges should be excluded entirely from Form BT. Actual exchanges of principal should be recorded to reflect the realisation of one asset and the acquisition of another on the balance sheet - therefore only the composition of assets will change, and that only for the lifetime of the swap (e.g. a shift in cash balances in the case of a sale of euro for yen). Such exchanges of principal should not give rise to deposits from and loans to the swap counterparty

(b) A forward rate agreement (FRA) is defined as a contract whereby two parties agree on a fixed interest rate that is to be paid on a notional deposit of a specified maturity commencing at a specific time in the future.

The marked to market value of FRAs should be included within the forms in a manner consistent with all other derivatives.

(c) Credit derivatives

Reporting institutions should report positions arising through credit derivatives. International statistical standards regard instruments as credit derivatives rather than, say, insurance products or guarantees if they are recognisable as derivatives, tradeable or capable of being offset in the market, and capable of being given an arms-length value. Credit derivatives include total return products such as total return swaps and credit spread derivatives. They also include credit default products such as credit default options, credit default swaps and credit linked notes. Where institutions have doubts about the definition, they should contact the Bank's derivatives analyst.

(d) Embedded derivatives

IAS 39 prohibits the separation of derivatives contracts within structured Loans, Deposits and Securities where there are close economic links between the derivative and the host instrument. In all other cases, IAS 39 provides for fair valuation of the derivative, either separately or within the fair valuation of the composite instrument.

For statistical reporting purposes, the embedded derivative contract should be reported at fair value in those instances when the reporting institution is separating the derivative from the parent instrument to comply with IAS 39. In all other cases, the derivative will be included within the value of the parent instrument, and subject to the specific guidance applicable (e.g. on form BT).

16 Mortgage cash backs

A mortgage cash back may be offered by a lending institution to a borrower as an extra incentive to enter into a mortgage contract. The amount extended may vary according to market circumstances. The borrower is required to repay all or part of the sum extended under the cash back if during a defined period (the "tie in" period) the mortgage is redeemed or the terms of the mortgage are changed.

For statistical purposes, a cash back is to be reported as a separate transaction, and not netted against the loan. Since for accounting purposes the nature of a cash back is more of a front-end expense than an interest-free loan, the treatment on form BT follows the implicit guidance in the SORP (Statement of Recommended Practice). An individual reporting institution may choose either to charge the entire cash back to the profit and loss account at the outset, or to amortise the cash back during the tie in period. The examples below indicate the entries to be made in either case.

Note that the recording (in form PL on an accruals basis) of mortgage interest receivable on the parent loan should be unaffected.

Scenario: £5,000 cash back extended to borrower; tie in period of five years

Example 1 Cash back extended to borrower and entire amount charged simultaneously to profit and loss account.

Debits to BT21 and BT19CD5B

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Liabilities		Assets	
BT 19CD5B	-5,000	BT 21	-5,000

Example 2 Cash back extended to borrower and amount charged initially to sundry debtors/creditors; amortised subsequently to profit and loss account on a straight line basis. Entries are shown cumulatively over the five year period in order to make the example self-balancing.

Initial debits to BT21 and BT19CD4 . For subsequent amortisation, credits to BT19CD4 and debits to BT19CD5B.

Updated in Statistical Notice 2013/01

Liabilities (end-year 0)		**Assets**	
BT 19CD4	-5,000	BT 21	-5,000
(end-year 1)			
BT 19CD4	-4,000		
BT 19CD5B	-1,000		
(end-year 2)			
BT 19CD4	-3,000		
BT 19CD5B	-2,000		
....			
(end-year 5)			
BT 19CD4	0		
BT 19CD5B	-5,000		

Reclaims of cashbacks during the tie in period should be recorded as follows:

Any sum not already amortised to be discharged directly to the profit and loss account; the sum repaid to be recorded against assets, and matched by a credit to the profit and loss account. Taking example 2, above; the cash back falls due for repayment at the beginning of year 3 but only a proportion of the original advance, £3,000, is required to be repaid.

Updated in Statistical Notice 2013/01

BT19CD4	+3,000	BT21	+3,000
BT 19CD5B }	-3,000		
BT 19CD5B }	+3,000		

17 Reporting of Securitisations

Added o/a Stats Notice 2009/08

As stated in section 3(g), any loans that have been transferred or securitised to a reporting institution's own securitisation special purpose vehicle should continue to be reported on that institution's reporting forms.

When a securitised loan is kept on balance sheet, a corresponding liability to the SPV will also be introduced, and should be reported on all statistical reporting forms. The loans brought back on balance sheet should be reported at nominal book value, in line with the instructions in section 7(b).

Where multi-transferor vehicle structures exist, which hold assets securitised/transferred by a number of institutions, reporters should only report their own share of the total, that is, the assets that they have transferred. Any institution involved with a multi-transferor securitisation should contact the Bank of England to discuss how this should be reported, to ensure that there is no double-counting amongst the reporting population.

In the case of a synthetic securitisation, even though there is no legal transfer of loans to the SPV, all liabilities to, claims on and securities issued by the SPV should still be reported in the relevant "of which" BT form items.

In the case where a reporting institution sells one of its own SPVs, the Bank of England should be notified of this transaction.

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Please see "SPV reporting scheme worked examples" document for examples of how securitisations should be reported **(located at *http://www.bankofengland.co.uk/statistics/Pages/reporters/defs/default.aspx*).**