

## MMLC Sterling Money Markets Turnover Survey, May 2015

### Guidance Notes for Survey Respondents

#### Section A. Reporting Details

The survey form is intended to collect information on turnover in sterling money markets during the month of May 2015. Data will be collected over a one-month period in order to reduce the likelihood that very short-term variations in activity might distort the data. The data collected for the survey should therefore reflect **wholesale money market transactions, denominated in sterling, where the trade execution date falls in the calendar month of May 2015.**

For the May 2015 survey, data will be collected in the attached interactive Excel form, comprising a cover page and two data entry sheets. **Please read the ‘Read Me’ tab of the interactive survey form before completing the form.**

If you have any questions on how to fill in the survey, or on the functioning of the interactive reporting form, please contact your firm’s Bank of England relationship manager in the first instance, or email [MMLGsurveyqueries@bankofengland.co.uk](mailto:MMLGsurveyqueries@bankofengland.co.uk).

#### Section B. General Notes on Completing the Survey

This is a survey of turnover in sterling money markets in London. Only **sterling transactions** should be reported.

##### Recording of transactions

- B.1 The data to report are **nominal** amounts, for cash transactions only. For secured transactions, please report the nominal cash value of the repo, not the value of the collateral.
- B.2 Values of transactions should be recorded in **millions of pounds sterling**. The survey form will automatically round data to the nearest million (though you may choose to use a greater level of accuracy).

**Example 1:** Entering a value of 1325.55 (representing a total value of GBP1,325,550,000), for a given cell will appear as **1,326**.

- B.3 The “Quantitative questions” page of the form should be completed on a **daily average** basis, calculated by dividing relevant monthly totals **by the number of business days in the reporting month. There are 19 business days in May 2015.**

**Example 2(a):** The total value of overnight interbank lending by your institution in the reporting month was GBP10 billion. For the 19 business days in May 2015, the average daily turnover to be reported would be: GBP10 billion / 19 = GBP526.32 million = **526.32** on the form.

**Example 2(b):** The total number of overnight unsecured lending trades executed by your institution in the reporting period was 12. For the 19 business days in May 2015, the average daily number of trades you should record would be 12/19 = 0.63 on the form

- B.4 Turnover is defined as the gross value of all transactions where the **trade execution date** falls within the survey period, whether in primary or secondary markets. Transactions related to the **roll-over of previous positions (including evergreen deals)** should also be reported as new activity where the rolled-over *trade execution date* falls within the survey period.

**Example 3(a):** A single overnight loan of GBP1 billion on the first day of the reporting month would be included in the overnight maturity as  $\text{GBP1 billion} / 19 = \text{GBP52.63 million} = 52.63$  on the form

**Example 3(b):** An overnight loan of GBP1 billion on the first day of the reporting month subsequently rolled forward each day for the entire reporting month would be reported in the overnight maturity as  $19 \times \text{GBP1 billion} / 19 = \text{GBP1 billion} = 1000$  on the form;

**Example 3(c):** A single 1-month loan of GBP1 billion would be included in the '1 month to <3 months' maturity as  $\text{GBP1 billion} / 19 = \text{GBP52.63 million} = 52.63$  on the form.

### Coverage

- B.5 Only trades transacted in the **money market** in your **institution's own name** should be reported. Returns should take into account all turnover activity traded across the **main money market desk(s)** of your **London (or UK) operation**. **“Own-name” money market trades associated with custodial services provision and stock lending programmes should be included, along with trades executed in the UK but booked elsewhere** (as long as they are executed in your institution's own name).
- B.6 Where certain elements of your institution's sterling money market activity are not recorded in the quantitative section of the survey on the basis that they are not executed via your main London (or UK) money market desk(s), please record the details in the qualitative section of the form (see description of survey items 7 and 8 below).
- B.7 **Intra-group transactions are excluded** from the scope of this survey. You should therefore **exclude**:
- 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 subsidiaries.
- B.8 **Retail deposits and retail loans should be excluded**. As a guide, we consider the following to be key aspects of retail transactions::
- business booked through your branch banking network;
  - any transactions booked via a centralised lending/deposit gathering centre on a regular rollover basis;
  - transactions where the prevailing rate is provided to counterparties on a non-negotiable basis;
  - non-treasury business booked through your sales desks.
- B.9 All transactions undertaken **as part of the Bank of England's sterling market operations should be excluded completely from the survey**. However, you should **include**:
- sterling money market transactions with the UK Debt Management Office;
  - commercial trades in sterling with central banks and monetary authorities **other** than the Bank of England;

- commercial trades in sterling with supranational organisations, such as EBRD or EIB.

Please note that for the purposes of the survey, sterling transactions with these types of institutions should be classed as **‘other financial’** trades, NOT interbank trades (see Paragraph C.9 of these Notes).

### Maturities

- B.10 Transactions should be classified and reported according to the **original maturity** of the trade. For example, extendible (or putable) CDs would be reported according to the maturity identified on the trade date, rather than the subsequent (or previous) maturity implied by the potential extension (or early redemption) of the CDs.
- B.11 Forward-starting cash trades should be reported if the **trade date** falls within the survey period. The maturity of forward transactions is determined by the number of days between the settlement date and the final maturity date, even if that settlement date falls outside the survey period.

**Example 4:** Your institution enters an agreement to provide GBP1 billion of three month unsecured funding to another bank in six months’ time. This counts as funding with a three-month maturity, not nine months. It should be therefore be included as GBP1 billion / 19 = **GBP52.63 million in the 3 months to < 6 months maturity (52.63 on the form)**

- B.12 **Open ended contracts** should be categorised as overnight transactions with a 1-day maturity. This includes any Open DBV Repos under ‘of which is DBV’.
- B.13 For secured transactions, **term DBV Repos** should be included in the maturity column representing their **final maturity** under ‘of which is term DBV’.

**Example 5.** A single GBP1 billion 1-week term DBV should be included as GBP1 billion / 19 = **GBP52.63 million in the ‘Tom-next to <2 weeks’ maturity (52.63 on the form)**, rather than a series of rolled overnight transactions.

- B.14 Transactions with maturities up to **and including** one year should be included.

### Section C. Form Definitions

These notes refer to the cell references found in the first column of the interactive survey form.

#### Types of transaction

- C.1 **‘Unsecured borrowing’** (Item 1) covers cash deposits, and issuance/sales of money market paper such as CP and CDs.
- C.2 **‘Unsecured lending’** (Item 2) covers cash loans, and purchases of money market paper.
- C.3 **‘Secured borrowing’** (Item 3) covers all sterling secured money market transactions for cash where your institution is the cash **borrower**, irrespective of the original denomination of the collateral. Please **include**:
- repo transactions either against general collateral or specials;
  - sell/buy-backs;
  - securities lending against cash.

- Secured commercial paper (CP)

Please **exclude**:

- secured transactions where assets are sold against other securities;
- outright sales of assets (e.g. gilts) by your repo desk.

C.4 **‘Secured lending’** (Item 4) covers all sterling secured money market transactions for cash where your institution is the cash **lender**, irrespective of the original denomination of the collateral. Please **include**:

- repo transactions either against general collateral or specials;
- buy/sell-backs;
- securities borrowed against cash.
- Secured commercial paper (CP)

Please **exclude**:

- secured transactions where assets are purchased against other securities;
- outright purchases of assets (e.g. gilts) by your repo desk.

C.5 **‘Daily average number of Trades’** (Items 1f, 2f, 3f, 4f). Please report the total number of trades at each maturity for each of the main types of transaction in the survey (unsecured borrowing, unsecured lending, secured borrowing and secured lending). **Issuance and purchases of CP and CDs should be excluded** from this calculation due to the difficulties in identifying the number of individual sales when issuing from an ECP programme.

C.6 **‘Commercial paper (CP)’** (Items 1d, 2d) includes CP issued in sterling from ECP programmes, as well as any other issuance of sterling CP. **MTNs and FRNs should be excluded**, even if under one year’s maturity.

C.7 **‘Certificates of Deposit (CDs)’** (Items 1e, 2e) includes CDs issued in sterling from ECP programmes, as well as any other issuance of sterling CDs.

#### Counterparty breakdowns

C.8 **‘Interbank’** (Items 1a, 2a, 3a, 4a) covers sterling transactions with banks and building societies. As explained in Section D, for the purposes of the survey ‘interbank’ **excludes**:

- intra-group transactions;
- transactions with the Bank of England and other central banks (see Paragraph C.9);
- CCP repo transactions, even where the ultimate counterparty is known to be another bank;
- transactions involving another bank acting as lending agent, where the ultimate counterparty is not a bank (see example 6);
- transactions involving non-bank entities within other banking groups – such transactions would usually be recorded as deals with ‘other financials’ (see example 7);
- balances left at clearing banks.

**Example 6.** Non- financial firm A lends cash unsecured to Bank B, via Bank C, which acts as lending agent on behalf of A. **Bank C should not report the lending in the MMLG survey,** because it is not an own name transaction. **Bank B should report the unsecured borrowing as a deposit from a non-financial.**

**Example 7.** An unsecured transaction in which a money market fund owned by a Bank A lends to Bank B. **Bank B should record this transaction as unsecured borrowing from an ‘other financial’.** **Bank A should not report the transaction at all.**

C.9 **‘Other financials’** (Items 1b, 2b) covers sterling **non-retail** transactions with financial institutions other than banks and building societies. These are defined as financial limited and unlimited liability partnerships which are engaged principally in financial activities other than deposit-taking. These will include (but not necessarily be limited to):

- money market funds (MMFs) and other unit trusts;
- insurance companies and pension funds;
- securities dealers;
- investment trusts and other investment firms;
- credit unions;
- leasing companies;
- financial auxiliaries (e.g. direct trades with infrastructure companies such as LIFFE).

**For the purposes of the survey,** please also include:

- Central banks and monetary authorities other than the Bank of England;
- Supranationals such as EBRD and EIB.

C.10 **‘Non-financials’** (Items 1c, 2c) covers all remaining sterling **non-retail** transactions other than those detailed in C8-C9. This will include (but not necessarily be limited to) transactions with:

- private non-financial corporations;
- UK government departments and agencies;
- public corporations;
- local authorities.

C.11 **‘Bilateral repo’** (Items 3b, 4b) includes all sterling secured transactions executed on a wholly bilateral basis. Repo with the Bank of England should be **excluded**. This is the sum of Items 3bi-3biii and 4bi-4biii respectively.

C.12 **‘Triparty repo’** (Items 3c, 4c) includes all sterling secured transactions executed using a triparty agent. DBV trades should only be reported as triparty repos where a triparty agent has been used.

C.13 **‘CCP repo’** (Items 3d, 4d) includes all sterling secured transactions executed via Central Counterparties. Please include transactions concluded via the matching of trade details as well as those novated into a central counterparty arrangement. A list of Central Counterparties can be found at:

[http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks\\_id=24&language=0&pageName=CENTRAL\\_COUNTERPARTIES\\_Display&subsection\\_id=0](http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=24&language=0&pageName=CENTRAL_COUNTERPARTIES_Display&subsection_id=0)

This is the sum of Items 3di-3diii and 4di-4diii respectively.

### Settlement mechanism

- C.14 **‘of which is DBV’** (Items 3bi, 3di, 4bi, 4di) includes all sterling transactions executed using the CREST delivery-by-value (DBV) settlement mechanism.
- C.15 **‘of which is Term DBV’** (Items 3bii, 3dii, 4bii, 4dii) includes all sterling transactions executed using the CREST Term delivery-by-value (Term DBV) settlement mechanism.
- C.16 **‘other’** (Items 3biii, 3diii, 4biii, 4diii) includes all other secured sterling transactions executed bilaterally or via CCPs that are not included in C.14 or C.15. This will include Specific Collateral trades where the underlying collateral is specified by the collateral receiver at the point of striking the trade.

### Collateral breakdowns

- C.17 **‘UBG-eligible collateral’** (Items 3e, 4e) includes all secured sterling transactions where the collateral would be eligible to be included in the Unstripped British Government Stock DBV category; specifically, when secured against:
- unstripped gilts;
  - sterling Treasury Bills;
  - Bank of England securities.

**NOTE:** all repo using these collateral types should be included in this category, rather than just DBV repo.

**Example 8(a).** A single GBP1 billion 1-week DBV from the UBG bucket would be included in this category as  $\text{GBP1 billion} / 19 = \text{GBP52.63 million in the ‘Tom-next to <2 weeks’ maturity}$ .

**Example 8(b).** A single GBP1 billion **non-DBV** 1-week repo against gilts would also be in this category as  $\text{GBP1 billion} / 19 = \text{GBP52.63 million in the ‘Tom-next to <2 weeks’ maturity}$ .

- C.18 **‘Other narrow collateral’** (Items 3f, 4f) includes all **sterling** secured transactions against collateral otherwise eligible for the narrow collateral set in the Bank’s OMOs, other than that recorded under ‘UBG-eligible collateral’, namely:
- gilt strips;
  - HM government non-sterling marketable debt;
  - sterling-denominated securities issued by European Economic Area (EEA) central governments and major international institutions;
  - euro-denominated securities (including strips) issued by EEA central governments and central banks and major international institutions where they are eligible for use in Eurosystem credit operations;
  - all domestic currency bonds issued by other sovereigns eligible for sale to the Bank.
- C.19 **‘Other collateral’** (Items 3g, 4g) includes all secured transactions against any other collateral not listed under C.14 or C.15.

## **Section D. Specific Cells**

**Item 1: Unsecured money market borrowing.** This is the sum of Items 1a to 1e.

**Item 1d: CP issuance.** Report CP issued in sterling from ECP programmes, as well as any other issuance of sterling CP, and secondary market sales of other banks' or building societies' sterling CP. For consistency, secondary market sales of other CP (for example, issued by OFCs or PNFCs) should be excluded.

**Item 1e: CD issuance.** Report CDs issued in sterling from ECP programmes, as well as any other issuance of sterling CDs, and secondary market sales of other sterling CDs.

**Item 2: Unsecured money market lending.** This is the sum of Items 2a to 2e.

**Item 2d: CP purchases.** Report CP issued in sterling by other banks and building societies which were purchased by your institution during the reporting period. Purchases of paper in both primary and secondary markets should be included.

**Item 2e : CD purchases.** Report CDs issued in sterling by other banks and building societies which were purchased by your institution during the reporting period. Purchases of paper in both primary and secondary markets should be included

**Item 3: Secured borrowing.** This is the sum of all Items 3b to 3d but should also equal the sum of Items 3e to 3g, subject to any rounding errors.

**Item 3a: Interbank secured borrowing.** Report all secured borrowing cleared bilaterally or via a triparty arrangement where the **ultimate counterparty** is a bank or building society. Exclude secured borrowing transacted via CCP, even where the ultimate counterparty is known to be a bank or building society.

**Item 4: Secured lending.** This is the sum of all Items 4b to 4d but should also equal the sum of Items 4e to 4g, subject to any rounding errors.

**Item 4a: Interbank secured lending.** Report all secured lending cleared bilaterally or via a triparty arrangement where the **ultimate counterparty** is a bank or building society. Exclude secured lending transacted via CCP, even where the ultimate counterparty is known to be a bank or building society.

**Items 5 and 6: Market functioning.** Please answer questions 5a-f and 6a-f on the basis of your institution's *own experience*. Record your view on how conditions at the end of the reference period compare with conditions six months previously by ticking one box for each question. Answer question 5g and 6g on the basis of conditions at the end of the reference month.

Each question in items 5 and 6 has an associated free text box (denoted with the letter "t"). Please use the text boxes associated with questions 5a-f and 6a-f to note any specific factors driving the results you record. Use the free text boxes associated with questions 5g and 6g to make comments about overall secured and unsecured market functioning.

**Items 7 and 8: Sterling money market activity not executed via your institution's main London (or UK) money market desk(s).** Certain elements of your institutions' sterling money market activity may not be captured in the quantitative part of the survey, if they are not executed via your institution's main London (or UK) desk(s). Please record the approximate proportion of your institution's total sterling money market activity not captured in the quantitative section of the survey. In the associated free text box, please describe the type and approximate magnitude of the sterling money market activity not captured.

**Item 10: Change in the number of banks with which you hold credit limits to lend sterling unsecured.** This question is designed to help improve our understanding of changes to the sterling market structure. Your answer should consider only limits that allow your institution to lend sterling unsecured to a bank. Please also indicate whether there are any specific factors affecting the result.