

Completion Instructions

Return of External Positions Form MA(BS)9

Introduction

1. **This return consists of two parts: Part I External Liabilities and Claims and Part II Cross-border Claims. Authorized institutions (AIs) are required to report both parts according to the completion instructions below.**
2. **Part I External Liabilities and Claims** collects information on the external liabilities and claims of an AI. Data in aggregate form will be reported to the Bank for International Settlements as part of an international cooperative effort to compile and publish worldwide data on country exposures **for the purpose of monitoring cross-border capital flows. The data are also used for compiling and evaluating the coverage of balance of payments and external debt statistics.**
3. **Part II Cross-border Claims** collects information on AIs' exposures to foreign counterparties on which the ultimate risk lies **for assessing country credit risk exposures. Data in aggregate form will also be reported to the Bank for International Settlements, for compiling and publishing worldwide data on country credit risk exposures.**

Section A: General Instructions

4. All AIs are required to complete **Part I** showing the position of their Hong Kong offices as at the last calendar day of each **quarter**. The return should be submitted not later than **1 month after the end of March, June, September and December**.
5. **The reporting requirements for Part II are as follows:**

	<u>Coverage</u>	<u>Reporting frequency and submission deadline</u>
(a) All AIs	Position of the Hong Kong offices.	Quarterly; not later than 1 month after the end of March, June, September and December.
(b) Licensed banks incorporated in Hong Kong	Consolidated position in addition to Hong Kong office position in (a) above. Consolidated position should include all branches and subsidiaries worldwide.	Quarterly; not later than 6 weeks after the end of March, June, September and December.

6. If the submission deadline falls on a public holiday, it will be deferred to the next working day.
7. Amounts should be shown to the nearest million, in HK\$ or HK\$ equivalents in the case of foreign currency items, before deduction of any provisions. The closing middle market T/T rates prevailing at the reporting date should be used for conversion purpose. Where claims are acquired at less than their nominal value, the discounted value should be shown.
8. **All external positions (i.e. external liabilities/claims and cross-border claims)** should be reported according to the status of the counterparty and his address. This means, in the case of a company with branches, the business address of the office with which the reporting institution has the claims on/liabilities to and in the case of an individual, his home address. Temporary or correspondence addresses should be disregarded. All claims/liabilities which cannot be properly classified into a particular country should be reported in aggregate under the "unallocated" category (code 5M).

Section B: Specific Instructions for Part I External Liabilities and Claims

9. For the purposes **of Part I** of this return:
 - (i) “Liabilities” refer to all external liabilities of the reporting institution. These may include, for example:
 - equities, securities and capital instruments (e.g. perpetual and subordinated debts), issued by the institution and they should be allocated by country, as far as feasible, on the basis of the residence of the holder. If difficulties are encountered in ascertaining the residence of the holder, the place of issue can be used as a proxy;
 - all accrued interest payable on the external liabilities.
 - (ii) “Claims” refer to all external assets of **the reporting** institution. These may include, for example:
 - foreign currency bank-notes which should be reported as claims on the issuer, usually the central bank of the country of issue;
 - equities, debt securities, and capital instruments (e.g. perpetual and subordinated debts), issued by an institution abroad;
 - accrued interest and overdue interest on an external claim except those credited to interest in suspense account;

- items in the course of collection which represent a claim on an obligor outside Hong Kong.

Holdings of fixed assets and gold are excluded.

- (iii) “Banks” refer to institutions which are regarded **as such** by the appropriate supervisory authorities in their place of incorporation. These include the head office and any branch outside Hong Kong of the reporting institution. Central banks should also be included and shown under their respective countries irrespective of their locations.
- (iv) “International organisations” are those organisations listed in Annex 1, **and should be classified into banks and non-banks accordingly**. They may include other organisations which are not given in Annex 1 but are regarded as such by the Hong Kong Monetary Authority. **The segregation of such organisations into banks and non-banks is for purposes of this return only.**
- (v) **“Related foreign offices” include head offices, branch offices and subsidiaries.**
- (vi) **“Official monetary authorities” refer to central banks or similar national and international bodies, such as the Bank for International Settlements.**
- (vii) **“Loans” should comprise those financial assets which are created through the lending of funds by a creditor (lender) to a debtor (borrower) and which are not represented by negotiable securities. “Deposits” should comprise all claims reflecting evidence of deposit (including non-negotiable certificates of deposit) which are not represented by negotiable securities. “Loans and deposits” should include interbank borrowings and loans, inter-office balances, foreign trade-related credits, sale and repurchase transactions (repos), and borrowing and lending of securities and gold with cash collateral. The cash collateral should be regarded as a collateralised deposit/loan and reported under section B on loans and deposits according to the location of the counterparty to the transaction. Transactions without cash collateral should not be reported. Securities which have been lent should remain as the reporting institution’s assets while securities which have been borrowed should not be reported as the reporting institution’s assets. The reporting institution’s holdings of notes and coins in foreign currencies should be recorded as claims on central banks in the form of loans and deposits. Funds received by the reporting institution from non-residents on a trust basis represent external liabilities under section B on loans and deposits. Funds deposited with non-residents on a trust basis in the reporting institution’s own name but on behalf of third parties represent external assets under section B on loans and deposits. Loans which have become negotiable de facto should be classified under debt securities. “Loans and deposits” vis-à-vis “banks” and “non-banks” are to be reported separately.**

For trade-related credits granted directly by a reporting bank to a domestic exporter, these credits may be extended on the basis of a trade bill which is drawn by the exporter on the importer and subsequently acquired by the reporting bank. These credits may therefore be treated as external or domestic assets depending on whether the residence of the drawee (who is the final debtor) or of the presenter of the bill (who has guaranteed payment by endorsing the bill) is used as the criterion for geographical allocation. For the purpose of this return, these credits should be allocated according to the residence of the drawee, but not the presenter of the bill.

Reporting institutions that find it administratively easier to do so, may derive the country breakdown of "loans and deposits" by obtaining a country breakdown of "other assets and liabilities" and deducting them together with the country breakdown of "debt securities" from total external claims and liabilities of each country. "Other assets" mainly comprise equity shares (including mutual and investment fund units and holdings of shares in the reporting institution's own name but on behalf of third parties), participations and working capital supplied by head offices to their branches abroad. "Other liabilities" include working capital received by local branches from their head offices abroad. Accrued interest and items in the course of collection also fall into category of "other assets and liabilities".

- (viii) *"Debt securities" held comprise all negotiable short-term and long-term debt instruments, including negotiable certificates of deposit, but excluding equity shares, investment fund units and warrants. The reporting institution's holdings of debt securities should include those held in its own names but on behalf of third parties as part of trustee business. Debt securities held on a purely custodial basis for customers should not be included. The reporting institution's own issues of debt securities comprise all negotiable short- and long-term debt securities, including subordinated issues and issues in its own name but on behalf of third parties.* Debt securities which are issued by the reporting institution and held by non-residents are to be reported as either liabilities to banks or liabilities to non-banks. Debt securities which are issued by non-residents and held by the reporting institution are to be reported as either claims on banks or claims on non-banks.

10. In columns (1), (2), (3), (7), (8) and (9), liabilities and claims should be reported according to the location of the branch of a bank which makes or accepts the deposit, and not by the country of incorporation of the bank concerned e.g. a claim on the London branch of a U.S. bank should be reported as a claim on the United Kingdom, and not on the U.S.A.
11. Report the difference between the sum of external liabilities (the sum of columns (1) to (6)) and the sum of external claims (the sum of columns (7) to (12)) in column (13). Where the sum of external liabilities exceeds that of total claims, it should be reported in brackets.

12. The external liabilities and claims to be reported in this return should be cross referenced to the relevant items in the Return of Assets and Liabilities for Hong Kong Offices (Form MA(BS)I). Details are given at [Annex 3](#).

Specific Instructions for Part II: Cross-border Claims

13. Claims should be reported in column (2), (3), (4) or (5) according to their maturity. The maturity breakdown of claims should be provided on the basis of remaining or residual maturities, i.e. the time to final payment of the relevant claim. Loans with scheduled payments such as monthly instalments should be reported according to the time to final payment, i.e. the maturity of the final instalment. No effort is required to classify each repayment tranche separately. This reporting requirement differs from that for the purposes of the Maturity Profile Return (MA(BS)IG). For the purposes of this return, overdue claims and claims that are repayable on demand should be allocated to the “up to and including one year” maturity bracket. Claims that cannot be classified by maturity such as equity should be assigned to the category of “unallocated”. The reporting requirement for claims that cannot be classified by maturity and claims that are repayable on demand are in line with that of the Maturity Profile Return. The reporting requirement for overdue claims however differs in that the Maturity Profile Return requires “assets which are overdue or non-performing” to be reported under “balancing amounts” of the maturity ladder.

14. Transfer of risk

- Certain claims reported in columns (6), (7) and (8) should be transferred from one country to another in accordance with the instructions in columns (9) to (12). Such transfer of risk should be made only if the claims concerned are either:
 - guaranteed by a party in another country;
 - or made with an overseas branch of a bank whose head office is located in another country.
- Claims guaranteed by parties in different countries should be transferred to the country of each guarantor according to the amounts being guaranteed. In case where the guarantors' liabilities are joint and several, the transfer of risk to the country of the guarantors should be reported at the reporting institution's best estimation. No transfer will be required for any collateralised claims which do not meet the above criteria.

15. Locally incorporated AIs with overseas branches or subsidiaries should exclude from reporting those claims of their overseas branches and overseas subsidiaries which are due from local residents and are denominated and funded in the local currency.

16. For the purposes **of Part II** of this return, “claims” include the following types of assets:

- receivables and loans and advances;
- balances due from banks;

- holdings of certificates of deposit, bills, promissory notes, commercial paper, other debt instruments **and investments**.

“Claims” also include accrued interest and overdue interest on **the above** assets. However, any accrued interest or overdue interest which has not been recognised in the profit & loss account but credited as interest in suspense should be netted off against the corresponding account whether or not it has been capitalised. Off-balance sheet items are excluded.

17. “International organisations” (**Section A**): please refer to **paragraph 9 (iv)**.
18. “Banks” (column **6**) refer to institutions which are regarded as such by the appropriate supervisory authorities in their place of incorporation. They include AIs in Hong Kong and banks which are owned by the central, local and state governments of a country (other than the central bank of that country). **For Hong Kong office position**, any claims on its head office and branches outside Hong Kong should be reported under column **(6)**. **“Banks” also include international organisations defined as such in Annex 1.**
19. “Public sector” (column **7**) refers to the central, local and state governments of a country and includes enterprises and agencies which are owned/controlled by these governments. It includes also the central bank of that country. Banks owned by the central, local or state government of a country (other than the central bank) should however be reported under column **(6)**.
20. **“Others” (column 8) of Section A refers to “non-bank” international organisations defined in Annex 1.** “Others” (column **8**) of **Section B** refers to customers other than banks and public sector entities.

21. Columns (1) to (5)

Report in column (1) the total claims. Provide in columns (2) to (5) maturity breakdowns of claims as to “up to and including one year”, “over one year and up to and including two years”, “over two years” and “unallocated”.

22. Columns (6) to (8)

Report in **Section A** all claims on “international organisations”. **“International organisations” should be classified as “banks” or “others” (i.e. “non-banks”) in the sectoral classification of claims.**

Report in columns **(6) to (8) of Section B** claims on counterparties in each country according to their addresses and status as “banks”, “public sector”, and “others”.

Claims on a counterparty (other than a “bank” as defined under **paragraph 18**) in a country which is partially owned by the central, local or state government of the country should be reported under column **(7)** according to the proportion of their ownership. The remaining portion should be reported in column **(8)**. Claims on a counterparty (other than a bank as defined under **paragraph 18**) which is operating in one country but is owned by

the central, local or state government of another country should be reported under column (8) against the first-mentioned country.

23. Claims in the form of certificates of deposit or other debt instruments should be reported in the country where the issuer is situated, e.g. CDs issued by the London branch of an U.S. bank should be reported as a claim on U.K. in column (6).

24. In the case of export trade bills purchased/negotiated/discounted by the reporting institution, the claims should be reported according to the address of the drawee, or if the bills are drawn under letters of credit or accepted by banks, the address of the letter of credit (LC) issuing bank or accepting bank, as the case may be. Bills drawn under confirmed letters of credit may be reported according to the address of the LC issuing bank or that of the confirming bank. For export bills discounted with recourse to the drawer unless they are drawn under letters of credit issued by banks or accepted by banks.

25. Column (9)

Report in column (9) the amounts reported in column (6) that represent:

- claims on a bank whose head office is located in another country; or
- claims on a bank where the claim is guaranteed by a guarantor in another country.

26. Column (10)

Report in column (10) the amount reported in column (9) according to the address of the head office or the guarantor which is in a country other than that of the borrower. For example, a placement with the Brazil branch of a U.S. bank; an entry to “Brazil” should be made under column (9) and an entry to “U.S.A.” should be made under column (10). But if the placement is guaranteed by a Japanese guarantor, an entry under column (10) should be made against “Japan” instead of “U.S.A.” to indicate that the ultimate risk lies with Japan. Where the Japanese guarantor is a branch of a bank, the ultimate risk should lie with the country of the head office of such bank.

27. Column (11)

Report in column (11) the amounts reported in columns (7) and (8) which are guaranteed by a third party in another country.

28. Column (12)

Report in column (12) the amount reported in column (11) according to the address of the guarantor which is in a country other than that of the borrower. For example, in the case of a loan to a company in the Philippines which is guaranteed by a Japanese holding company, an entry to “Philippines” should be made under column (11) and an entry to “Japan” should be made under column (12).

29. Column (13)

The amounts to be reported in this column should be calculated as:

Column **(1)-(9)+(10)-(11)+(12)**

This represents the total cross-border claims of the reporting institution on each country.

30. **Column (14)**

Report in column **(14)** the provisions established for country risks (i.e. exclude provisions for commercial risks or credit risks).

31. Claims on counterparties in Hong Kong

The country line for Hong Kong should be completed only in respect of risk transfers into or out of Hong Kong i.e. a claim on an overseas counterparty where the ultimate risk would be transferred back to Hong Kong or vice versa. For example, a claim on the U.S. branch of a Hong Kong incorporated bank should be included against "U.S.A." in columns **(6) and (9)** and against "Hong Kong" in column **(10)**. On the other hand, a claim on a counterparty in Hong Kong which is guaranteed by a guarantor in Japan should be included against "Hong Kong" in column **(6), (7) or (8)** as the case may be and against "Japan" in **column (10) or (12)**.

32. Country breakdown

Please refer to Annex 2 for guidance on allocation in respect of specific countries.

33. Consistency check

The amount reported in the columns indicated below should be consistent:

- In the country line for Hong Kong

column (6) = column (9)

columns (7) + (8) = column (11)

columns (10) + (12) = column (13)

- In the line "Total of Section B"

column (9) = column (10)

column (11) = column (12)

column (1) = column (13)

34. Undistributed credit commitments and back-up facilities

Report in column (15) amounts in respect of unutilised portion of legally binding contractual obligations and irrevocable credit commitments, and back-up facilities (including those under note issuance facilities and revolving underwriting facilities) in all currencies vis-à-vis residents of other countries broken down by individual counterparty country. If the credit commitments or the back-up facilities are utilised,

they should be reported as claims. The definition of undistributed credit commitments and back-up facilities is consistent with that in the Maturity Profile Return (MA(BS)1G) and the Quarterly Analysis of Loans and Advances and Provisions (MA(BS)2A).

35. Arrangements in lieu of provisioning requirement

For the purpose *of Part II* of this return, “subordinated deposit in lieu of provision” means a subordinated deposit from the shareholders of the AI which has been accepted by the Monetary Authority as an alternative to provisions against the debts of countries experiencing repayment difficulties.

Hong Kong Monetary Authority
March 2004

International Organisations

The following international organisations should be treated as “banks” in the sectoral classification of claims and liabilities.

African Development Bank Group
Andean Development Corporation (ADC)
Arab Bank for Economic Development in Africa (BADEA)
Arab Fund for Economic and Social Development (AFESD)
Arab Monetary Fund (AMF)
Asian Clearing Union (ACU)
Asian Development Bank (ADB)
Caribbean Development Bank (CDB)
Central African States’ Development Bank (CASDB)
Central American Bank for Economic Integration (CABEI)
East African Development Bank (EADB)
European Bank for Reconstruction and Development (EBRD)
European Investment Bank (EIB)
Inter-American Development Bank (IADB)
International Bank for Reconstruction and Development (IBRD)
International Development Association (IDA)
International Finance Corporation (IFC)
International Monetary Fund (IMF)
Islamic Development Bank (IsDB)
Latin American Reserve Fund (LARF)
Nordic Investment Bank (NIB)
OPEC Fund for International Development (OFID)
West African Clearing House (WACH)
West African Development Bank (BOAD)
West African Monetary Union (WAMU)

The following international organisations should be treated as “non-bank” for Part I and “others” for Part II in the sectoral classification of claims and liabilities.

Association of South East Asian Nations (ASEAN)
Caribbean Community (CARICOM)
Central American Common Market (CACM)
Colombo Plan
Council of Europe (CE)
Economic Community of West African States (ECOWAS)
European Atomic Energy Community (EURATOM)
European Coal and Steel Community (ECSC)

(Con’t overleaf)

European Free Trade Association (EFTA)
European Organization for Nuclear Research (CERN)
European Space Agency (ESA)
European Telecommunications Satellite Organization (EUTELSAT)
European Union (EU)
Food and Agriculture Organization (FAO)
Intergovernmental Council of Copper Exporting Countries (CIPEC)
International Atomic Energy Agency (IAEA)
International Civil Aviation Organization (ICAO)
International Cocoa Organization (ICCO)
International Coffee Organization (ICO)
International Cotton Advisory Committee (ICAC)
International Fund for Agricultural Development (IFAD)
International Jute Organization (IJO)
International Labour Organization (ILO)
International Lead and Zinc Study Group (ILZSG)
International Maritime Organization (IMO)
International Maritime Satellite Organization (INMARSAT)
International Natural Rubber Organization (INRO)
International Olive Oil Council (IOOC)
International Red Cross (IRC)
International Rubber Study Group (IRSG)
International Sugar Organization (ISO)
International Telecommunications Union (ITU)
International Tin Council (ITC)
International Wheat Council (IWC)
Latin American Association of Development Financing Institutions (ALIDE)
Latin American Economic System (SELA)
Latin American Energy Organization (OLADE)
Latin American Integration Association (LAIA)
League of Arab States (LAS)
North Atlantic Treaty Organization (NATO)
Organization for Economic Co-operation and Development (OECD)
Organization of African Unity (OAU)
Organization of American States (OAS)
Organization of Arab Petroleum Exporting Countries (OAPEC)
Organization of Central American States (OCAS)
Organization of Eastern Caribbean States (OECS)
Organization of the Petroleum Exporting Countries (OPEC)
South Asian Association for Regional Cooperation (SAARC)
United Nations (UN)
United Nations Children's Fund (UNICEF)
United Nations Conference on Trade and Development (UNCTAD)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
Universal Postal Union (UPU)
West African Economic Community (WAEC)
Western European Union (WEU)

(Con't overleaf)

World Council of Churches (WCC)
World Health Organization (WHO)
World Intellectual Property Organization (WIPO)
World Meteorological Organization (WMO)
World Trade Organization (WTO)

Country Breakdown

<i>Australia (AU)</i>	<i>Includes Christmas Islands, Cocos Islands, Norfolk Islands, Heard and McDonald Islands, Territory of Ashmore and Cartier Islands and Territory of Coral Sea Islands.</i>
<i>China (CN)</i>	<i>Excludes Taiwan, which should be reported separately.</i>
<i>Cyprus (CY)</i>	<i>Includes Republic of Cyprus and Turkish Republic of Northern Cyprus.</i>
<i>Denmark (DK)</i>	<i>Excludes Faroe Islands and Greenland.</i>
<i>Eastern Europe – others (2E)</i>	<i>Includes positions with the successor republics of the former Soviet Union and the former Czechoslovakia, other than Russia and Czech Republic.</i>
<i>Finland (FI)</i>	<i>Includes Aland Islands.</i>
<i>France (FR)</i>	<i>Includes French Guiana, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, Reunion and St. Pierre and Miquelon.</i>
<i>Germany (DE)</i>	<i>Includes the European Central Bank and Helgoland.</i>
<i>India (IN)</i>	<i>Includes Sikkim and Goa.</i>
<i>Indonesia (ID)</i>	<i>Includes Portuguese Timor.</i>
<i>Ireland (IE)</i>	<i>Formerly Republic of Ireland.</i>
<i>Malaysia (MY)</i>	<i>Includes Sabah and Sarawak.</i>
<i>Netherlands Antilles (AN)</i>	<i>Includes Bonaire, Curacao, Saba, St. Eustatius and St. Maarten.</i>
<i>New Zealand (NZ)</i>	<i>Includes Cook Islands, Minor Islands, Niue, Ross Dependency and Tokelau.</i>
<i>Norway (NO)</i>	<i>Includes Bouvet Islands, Svalbard and Jan Mayen Islands.</i>

(Con't overleaf)

<i>Panama (PA)</i>	<i>Includes Panama Canal Zone.</i>
<i>Spain (ES)</i>	<i>Includes Balearic Islands, Canary Islands and Ceuta and Melilla.</i>
<i>Switzerland (CH)</i>	<i>Includes Bank for International Settlements.</i>
<i>United Kingdom (U1)</i>	<i>Excludes Guernsey, Isle of Man and Jersey.</i>
<i>United States (US)</i>	<i>Includes American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, US Virgin Islands and Wake Islands.</i>
<i>Western Europe – others (2B)</i>	<i>Includes the positions with the former Yugoslavia and International Bank of Economic Cooperation (IBEC).</i>
<i>Yemen (YE)</i>	<i>Formerly Republic of Yemen.</i>

Cross Reference with Return of Assets and Liabilities**Part I External Liabilities / Claims**

<u>Items in the Return of Assets and Liabilities</u>	<u>to be included</u>	<u>to be excluded</u>
<u>Part I Liabilities</u>		
1. Capital and reserves	held by non-residents* <i>(include in other liabilities)</i>	held by residents*
2. Qualifying capital instruments	held by non-residents* <i>(include in other liabilities)</i>	held by residents*
3. Other capital-type instruments	held by non-residents* <i>(include in other liabilities)</i>	held by residents*
4. Notes in circulation	-	all balance
6. Deposits from customers	deposits from non-residents* <i>(include in loans & deposits)</i>	deposits from residents*
7. Amount payable under repos	due to non-residents* <i>(include in loans & deposits)</i>	due to residents*
8. Due to banks	items 8.3 & 8.4 <i>(include in loans & deposits)</i>	items 8.1 & 8.2
9. Negotiable debt instruments issued & outstanding	held by non-residents* <i>(include in debt securities)</i>	held by residents*
10. Other liabilities	due to non-residents* <i>(include in other liabilities)</i>	due to residents*

(Con't overleaf)

Part I External Liabilities / Claims

<u>Items in the Return of Assets and Liabilities</u>	<u>to be included</u>	<u>to be excluded</u>
<u>Part II Assets</u>		
12. Cash	foreign currency notes <i>(include in loans & deposits)</i>	notes and coins of Hong Kong
13. Government certificate of indebtedness for notes issued	-	all balance
15. Loans and advances to customers	due from non-residents* <i>(include in loans & deposits)</i>	due from residents*
16. Amount receivable under reverse repos	due from non-residents* <i>(include in loans & deposits)</i>	due from residents*
17. Due from banks	items 17.3 & 17.4 <i>(include in loans & deposits)</i>	items 17.1 & 17.2
18. Negotiable certificate of deposits held	<i>claims on non-residents* (include in debt securities)</i>	claims on residents*
19. All negotiable debt instruments held	<i>claims on non-residents* (include in debt securities)</i>	claims on residents*
20.1 Investments in shareholdings	those which are issued by non-residents* <i>(include in other assets)</i>	those which are issued by residents*
20.2 Other investments	those which are issued by non-residents* <i>(include in other assets)</i>	claims on residents*

(Con't overleaf)

Part I External Liabilities / Claims

<u>Items in the Return of Assets and Liabilities</u>	<u>to be included</u>	<u>to be excluded</u>
21. Interest in land & buildings	-	all balance
22.1 Accrued interest receivable	claims on non-residents* <i>(include in other assets)</i>	claims on residents*
22.2 Fixed assets	-	all balance
22.3 Suspense items	claims on non-residents* <i>(include in other assets)</i>	claims on residents*
22.4 Others	claims on non-residents* <i>(include in other assets)</i>	claims on residents*

* residents/non-residents of Hong Kong